

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ZOOM VIDEO COMMUNICATIONS, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7370
(Primary Standard Industrial
Classification Code Number)

61-1648780
(I.R.S. Employer
Identification Number)

**55 Almaden Boulevard, 6th Floor
San Jose, California 95113
(888) 799-9666**
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Eric S. Yuan
President and Chief Executive Officer
Zoom Video Communications, Inc.
55 Almaden Boulevard, 6th Floor
San Jose, California 95113
(888) 799-9666
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Jon C. Avina
Calise Y. Cheng
Bradley M. Libuit
Alex K. Kassai
Cooley LLP
3175 Hanover Street
Palo Alto, California 94304
(650) 843-5000

Aparna Bawa
General Counsel
55 Almaden Boulevard, 6th Floor
San Jose, California 95113
(888) 799-9666

Allison B. Spinner
Shannon R. Delahaye
Catherine D. Doxsee
Wilson Sonsini Goodrich & Rosati, P.C.
650 Page Mill Road
Palo Alto, California 94304
(650) 493-9300

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

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

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

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

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

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

Large accelerated filer 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 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Class A Common Stock, \$0.001 par value per share	\$100,000,000	\$12,120

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase to cover over-allotments, if any.

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

[Table of Contents](#)

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and neither we nor the selling stockholders are soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued March 22, 2019

Shares



Zoom Video Communications, Inc. is offering _____ shares of our Class A common stock, and the selling stockholders are offering _____ shares of Class A common stock. We will not receive any proceeds from the sale of shares by the selling stockholders. This is our initial public offering, and no public market currently exists for our shares of common stock. We anticipate that the initial public offering price will be between \$ _____ and \$ _____ per share.

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 10 votes per share and is convertible into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately _____ % of the voting power of our outstanding capital stock immediately following this offering.

We have applied to list our Class A common stock on The Nasdaq Global Select Market under the symbol “ZM.”

We are an “emerging growth company” as defined under the federal securities laws. Investing in our Class A common stock involves risks. See “[Risk Factors](#)” beginning on page 14.

PRICE \$ _____ A SHARE

	<u>Price to Public</u>	<u>Underwriting Discounts and Commissions(1)</u>	<u>Proceeds to Zoom</u>	<u>Proceeds to Selling Stockholders</u>
Per Share	\$ _____	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____	\$ _____

(1) See the section titled “Underwriters” for a description of the compensation payable to the underwriters.

We and the selling stockholders have granted the underwriters the right to purchase up to an additional _____ shares of Class A common stock to cover overallocments, if any.

The Securities and Exchange Commission and state regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock to purchasers on _____, 2019.

MORGAN STANLEY J.P. MORGAN GOLDMAN SACHS & CO. LLC CREDIT SUISSE
BofA MERRILL LYNCH RBC CAPITAL MARKETS WELLS FARGO SECURITIES
JMP SECURITIES KEYBANC CAPITAL MARKETS PIPER JAFFRAY STIFEL WILLIAM BLAIR

_____, 2019





Thank you to our employees

zoom

TABLE OF CONTENTS

Prospectus			
<u>Page</u>	<u>Page</u>		
PROSPECTUS SUMMARY	1	CERTAIN RELATIONSHIPS AND RELATED PARTY	
RISK FACTORS	14	TRANSACTIONS	114
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	45	PRINCIPAL AND SELLING STOCKHOLDERS	117
MARKET AND INDUSTRY DATA	46	DESCRIPTION OF CAPITAL STOCK	120
USE OF PROCEEDS	47	SHARES ELIGIBLE FOR FUTURE SALE	127
DIVIDEND POLICY	47	MATERIAL U.S. FEDERAL INCOME TAX	
CAPITALIZATION	48	CONSEQUENCES TO NON-U.S. HOLDERS OF OUR CLASS A COMMON STOCK	130
DILUTION	50	UNDERWRITERS	134
SELECTED CONSOLIDATED FINANCIAL DATA	52	LEGAL MATTERS	143
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	54	EXPERTS	143
A LETTER FROM ERIC S. YUAN	74	WHERE YOU CAN FIND MORE INFORMATION	143
BUSINESS	75	INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1
MANAGEMENT	91		
EXECUTIVE COMPENSATION	99		

Neither we, the selling stockholders, nor any of the underwriters have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we, the selling stockholders, nor any of the underwriters take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock. Our business, financial condition, results of operations and future growth prospects may have changed since that date.

Through and including _____, 2019 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

For investors outside the United States: Neither we, the selling stockholders, nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our Class A common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Our fiscal year ends on January 31. Unless the context otherwise requires, all references in this prospectus to “we,” “us,” “our,” “our company” and “Zoom” refer to Zoom Video Communications, Inc. Unless otherwise indicated, references to our “common stock” include our Class A common stock and Class B common stock.

ZOOM VIDEO COMMUNICATIONS, INC.

Our mission is to make video communications frictionless.

We provide a video-first communications platform that delivers happiness and fundamentally changes how people interact. We connect people through frictionless video, voice, chat and content sharing and enable face-to-face video experiences for thousands of people in a single meeting across disparate devices and locations. Our cloud-native platform delivers reliable, high-quality video that is easy to use, manage and deploy, provides an attractive return on investment, is scalable and easily integrates with physical spaces and applications. We believe that rich and reliable communications lead to interactions that build greater empathy and trust. We strive to live up to the trust our customers place in us by delivering a communications solution that “just works.” Our goal is to make Zoom meetings better than in-person meetings.

We believe that our platform transforms how organizations communicate and work to create opportunities that were not possible before. We are witnessing the rapid adoption of video communications inside traditional organizations, enabling far greater effectiveness and intimacy in human-to-human interactions over a distance. In addition, we are enabling new use cases for how people are carrying out their work. For example, a technology customer with approximately 1,000 employees has been able to grow and maintain its culture even with an all-remote employee base by running all of its meetings on Zoom. A hospital, using Zoom, has been able to reduce the number of and time in surgeries by connecting specialists live into the operating room. A university uses Zoom to encourage participation and inclusion for students in its night program who have family and work constraints that would otherwise prevent them from participating in class.

We believe that our customers are delighted when they use our platform. Since our founding in 2011, our platform has been used to conduct tens of billions of meeting minutes. We believe that our success results from a culture that is focused on customer and employee happiness, a video-first cloud architecture, recognized market leadership, viral demand, an efficient go-to-market strategy and robust customer support.

Our architecture is video-first, cloud-native and optimized to dynamically process and deliver reliable, high-quality video across devices. Our approach to video has been substantially different from that taken by others who have attempted to add video to an aging, pre-existing conference call or chat tool. We developed a proprietary multimedia router optimized for the cloud that separates content processing from the transporting and mixing of streams. Our globally distributed cloud architecture delivers a differentiated user experience.

The cornerstone of our platform is Zoom Meetings, around which we provide a full suite of products and features designed to give users a frictionless communications experience. Users are comprised of both hosts who organize video meetings and the individual attendees who participate in those video meetings. Many customers also choose to implement Zoom Rooms, our software-based conference room system, which enables users to

easily experience Zoom Meetings in their physical meeting spaces. We also recently launched Zoom Phone, a cloud-based PBX system, which complements Zoom Meetings. Our robust integrations and partner ecosystem enable organizations to connect Zoom seamlessly with third-party applications that their employees already use, reducing friction and increasing employee happiness and productivity.

The happiness we bring is recognized by customers and industry analysts alike. In 2018, our average customer Net Promoter Score (NPS) was over 70. Gartner has named Zoom a Leader in its Magic Quadrant for Meeting Solutions based on our “ability to execute” and “completeness of vision.” Zoom also has consistently high scores across customer review sites, including Gartner Peer Insights, TrustRadius and G2 Crowd. We have been recognized as a 2018 Gartner Peer Insights Customers’ Choice for Meeting Solutions (Web Conferencing). G2 Crowd recognized Zoom as the leading pacesetter in the industry in its 2018 Momentum Grid of Video Conferencing.

We have a unique model that combines viral enthusiasm for our platform with a multipronged go-to-market strategy for optimal efficiency. Viral enthusiasm begins with our users as they experience our platform – it just works. This enthusiasm continues as meeting participants become paid hosts and as businesses of all sizes become our customers. Our sales efforts funnel this viral demand into routes-to-market that are optimized for each customer opportunity, which can include our direct sales force, online channel, resellers and strategic partners. Our sales model allows us to efficiently turn a single non-paying user into a full enterprise deployment. For the fiscal year ended January 31, 2019, 55% of our 344 customers that contributed more than \$100,000 of revenue started with at least one free host prior to subscribing. These 344 customers contributed 30% of revenue in the fiscal year ended January 31, 2019.

We believe that we have built a scalable and sustainable business model. We have thousands of customers of all sizes across industry verticals and geographies. We are experiencing rapid revenue growth and are generating positive cash flow from operations. Much of the primary capital that we have raised in recent years remains on our balance sheet, demonstrating the cash flow efficiency of our business. Our revenue was \$60.8 million, \$151.5 million and \$330.5 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively, representing annual revenue growth of 149% and 118% in fiscal 2018 and fiscal 2019, respectively. We had a net loss of \$0.0 million and \$3.8 million for the fiscal years ended January 31, 2017 and 2018, respectively, and net income of \$7.6 million for the fiscal year ended January 31, 2019. Cash provided by operations was \$9.4 million, \$19.4 million and \$51.3 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively.

Industry Trends in Our Favor

Communication is at the Center of Organizational Performance

Communication is fundamental for organizations. High-quality communication increases happiness throughout teams and, when coupled with strong execution, can improve business performance. The evolving nature of the modern workforce has made communication even more important than it has been in the past.

Communication and Collaboration Must Evolve as the Nature of Work is Changing

The way people work is changing. Organizations must evolve their approach to communication and collaboration in response to the following trends:

- ***Employees are increasingly distributed.*** Historically, teams were physically located together, even in the largest organizations, to drive productivity. Mobile and cloud technologies and ubiquitous network connectivity have enabled modern organizations to be increasingly distributed.

- **Organizations seek to drive deeper engagement with employees, customers and partners.** People derive more personal satisfaction and are more productive when they engage at a deeper level across internal and external business relationships. With increasingly distributed workforces, maintaining this level of engagement is difficult. Video is a rich form of interaction as it allows the communication of facial expressions, emotions, body language and the surrounding environment. However, the lack of reliable business solutions has limited the adoption of video in the workplace.
- **Workforce demographics are changing.** Shifting demographics alongside increasingly distributed workforces increase the need for effective ways to communicate beyond in-person meetings. For example, millennials currently make up 35% of the U.S. workforce. This population values agility and flexibility in their work environment, and millennials expect technology to meet their needs and work seamlessly.
- **Employees are influencing IT decisions.** Employees are increasingly the primary force for IT modernization at work as they bring the latest technologies from their personal lives to their jobs. Employees often expect to seamlessly communicate on any device and across mediums and, as a result, are increasingly influencing IT decisions.

Organizations Need a Comprehensive Platform that Enables Modern Communication

Legacy approaches to workplace communication have failed to address the evolving nature of work. Legacy communication tools have been ineffective due to substandard technology, expensive deployments, complicated interfaces and aging, proprietary architectures. This dynamic has resulted in organizations deploying disparate and siloed technologies to address each of the various ways in which people communicate, including video, voice, email, chat and content sharing. These disparate technologies are difficult for employees to adopt and navigate and cumbersome and expensive for IT to support and manage.

To effectively enable modern communication, a comprehensive platform must have the following qualities:

- **Reliable, high-quality communications.** Organizations have a significant need for a platform that reliably delivers high-quality video and voice, even with varying levels of network performance.
- **Easy to use.** To drive broad adoption, a platform's user interface must be intuitive and easily navigable. In addition, users want solutions that have feature parity across devices and seamlessly integrate with their calendars, contacts and overall workflows.
- **Easy to deploy and manage.** Organizations want a single platform that is easy to deploy, leverages existing network infrastructure and conference room hardware and is simple to manage at scale through an intuitive administrative console and reporting system.
- **Attractive return on investment.** Organizations want a single platform that not only reduces the costs of proprietary infrastructure and conference room investments but also provides other opportunities for further cost savings, such as reducing unnecessary and expensive business travel.
- **Scalability.** Organizations need a communications platform that can be optimized for their footprint and scales as they grow.
- **Integrated.** Organizations need a platform that integrates with their physical workspaces and existing business applications.
- **Flexible terms.** Organizations also want to purchase technology under flexible terms that are right-sized for their business needs.

Our Platform

We provide a video-first communications platform that delivers happiness and fundamentally changes how people interact by connecting them through frictionless video, voice, chat and content sharing. Our cloud-native

platform enables face-to-face video experiences and connects thousands of users across disparate devices and locations in a single meeting. We strive to make Zoom meetings better than in-person meetings.

Key benefits of our platform include:

- **Reliable, high-quality communications that enable productivity, connectedness and trust.** Our platform delivers a high-quality, reliable communications experience across devices even with varying bandwidths and network performance. In fact, our platform can continue to deliver a productive meeting experience even with up to 40% packet loss.
- **Easy to use.** We provide a consolidated, intuitive interface for video, voice, chat and content sharing that can be easily navigated even by first time users. We enable calendar integration, easy synchronization with conference room equipment and feature parity across devices.
- **Easy to deploy and manage.** Our cloud-native platform is easy to deploy and manage by both IT administrators and business users, even when integrating with existing infrastructure. Our platform removes the need for the integration of disparate communications tools, product-specific knowledge and high-touch user support and troubleshooting.
- **Attractive return on investment.** Our platform drives higher employee engagement and improved collaboration, resulting in increased organizational productivity. Switching to our platform also reduces the costs associated with expensive on-premises infrastructure and continual maintenance.
- **Scalability.** Our cloud-native platform was purpose-built to scale with organizations as they grow in size and complexity. Our platform delivers the highest quality experience for organizations of all sizes and for meetings, whether with two or thousands of users.
- **Integrated.** Our platform integrates with cloud software applications provided by companies such as Atlassian, Dropbox, Google, LinkedIn, Microsoft, salesforce.com, Slack and others. We also have an ecosystem of hardware partners through which we deploy our Zoom Rooms and Conference Room Connector offerings.
- **Flexible terms.** Customers can subscribe to our communications platform based on the number of hosts that they require on a month-to-month basis or purchase one- to multi-year subscriptions.

Our Competitive Strengths

We believe that we have a number of competitive advantages that will enable us to maintain and extend our leadership in communications. Our competitive strengths include:

- **Video-first cloud architecture.** We built our platform from the ground up to be cloud-native and video-first, unlike other approaches that have attempted to add video to an aging, pre-existing conference call or chat tool. Our unique architecture was built by our talented team, led by a founding group of engineers who have extensive expertise in real-time communications technology.
- **A recognized market leader.** We have been recognized by industry analysts as a market leader.
- **Viral demand driven by individual users.** Our rapid adoption is driven by a virtuous cycle of positive user experiences. Individuals typically begin using our platform when a colleague or associate invites them to a Zoom meeting. When attendees experience our platform and realize the benefits, they often become paying customers to unlock additional functionality.
- **Growing base of happy customers.** We believe that making and keeping users happy is critical to growing our business. We believe that our customer NPS, which averaged over 70 in 2018, demonstrates that our high-quality, easy-to-use platform is making customers happy.

- **Multipronged go-to-market strategy.** We have a multipronged go-to-market strategy that integrates the viral enthusiasm for our platform with optimal routes-to-market that match the size of the customer opportunity. Our direct sales force and strategic partners sell to customers of all sizes, and we leverage our online sales channel for smaller customers.
- **Robust customer support and success function.** We offer 24/7/365 support through live chat, phone and video. For the 90-day period ended January 31, 2019, our customer support team had a customer satisfaction score (CSAT) of over 90%.

Our Culture of Happiness

Our culture of delivering happiness drives our mission, vision and values and is fundamental to everything we do at Zoom:

- **Mission.** Our mission is to make video communications frictionless.
- **Vision.** Our vision is to empower people to accomplish more through video communications.
- **Values.** We care for our community, our customers, our company, our teammates and ourselves.

This culture supports our hiring and serves as a competitive advantage in attracting and retaining top talent. Our Chief Executive Officer received Glassdoor's #1 CEO of a large company award in 2018, and we placed #2 in Glassdoor's Best Places to Work in the large company category in 2019.

Our Market Opportunity

Video has increasingly become the way that individuals want to communicate in the workplace and their daily lives. As a result, it has become a fundamental component of today's communication and collaboration market, which also includes integrated voice, chat and content sharing. IDC has defined this market as Unified Communications and Collaboration. Within this market, we address the Hosted / Cloud Voice and Unified Communications, Collaborative Applications and IP Telephony Lines segments. IDC estimated that these segments combined represent a \$43.1 billion opportunity in 2022.

We believe we address a broader opportunity than is currently captured in third-party market research because once our customers begin to experience the benefits of our video-first communications platform, they tend to greatly expand their use of video throughout their organizations. As a result, we expect that use of our platform will significantly increase the penetration of video communications across a broad range of customer types and use cases. We believe that all of today's knowledge workers could benefit from our platform's ability to connect people through frictionless video, voice, chat and content sharing.

Our Growth Strategy

We focus on the following elements of our strategy to drive our growth:

- keep our existing customers happy;
- drive new customer acquisition;
- expand within existing customers;
- innovate our platform continuously;
- accelerate international expansion; and
- grow our partnership ecosystem and continue to expand our platform.

Summary Risk Factors

Our business is subject to numerous risks, as more fully described in the section titled “Risk Factors” immediately following this prospectus summary. These risks include, among others:

- Our business depends on our ability to attract new customers and hosts, retain and upsell additional products to existing customers and upgrade free hosts to our paid offerings. Any decline in new customers and hosts, renewals or upgrades would harm our business;
- We have a limited operating history, which makes it difficult to evaluate our prospects and future results of operations;
- We operate in competitive markets, and we must continue to compete effectively;
- We may not be able to sustain our revenue growth rate in the future;
- Interruptions, delays or outages in service from our co-located data centers and a variety of other factors would impair the delivery of our services, require us to issue credits or pay penalties and harm our business;
- Failures in internet infrastructure or interference with broadband access could cause current or potential users to believe that our systems are unreliable, possibly leading our customers and hosts to switch to our competitors or to cancel their subscriptions to our platform;
- As we increase sales to large organizations, our sales cycles could lengthen, and we could experience greater deployment challenges;
- We generate revenue from sales of subscriptions to our platform, and any decline in demand for our platform or for communications and collaboration technologies in general would harm our business;
- The experience of our users depends upon the interoperability of our platform across devices, operating systems and third-party applications that we do not control, and if we are not able to maintain and expand our relationships with third parties to integrate our platform with their solutions, our business may be harmed;
- We may not be able to respond to rapid technological changes, extend our platform or develop new features; and
- The dual class structure of our common stock as contained in our amended and restated certificate of incorporation has the effect of concentrating voting control with those stockholders who held our stock prior to this offering, including our executive officers, employees and directors and their affiliates, limiting your ability to influence corporate matters.

Corporate Information

We were incorporated under the laws of the state of Delaware in April 2011 under the name Saasbee, Inc., and in February 2012, we changed our name to Zoom Communications, Inc. In May 2012, we changed our name to Zoom Video Communications, Inc. Our principal executive offices are located at 55 Almaden Boulevard, 6th Floor, San Jose, California 95113. Our telephone number is (888) 799-9666. Our website address is <https://zoom.com>. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

The Zoom design logo, “Zoom,” “Zoom Video Communications” and our other registered or common law trademarks, service marks or trade names appearing in this prospectus are the property of Zoom Video Communications, Inc. Other trade names, trademarks and service marks used in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act (JOBS Act) enacted in April 2012. An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- not being required to comply for a certain period of time with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes-Oxley Act);
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a stockholder advisory vote on executive compensation and any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our Class A common stock in this offering. However, if certain events occur prior to the end of such five-year period, including if (i) we become a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates; (ii) our annual gross revenue exceeds \$1.07 billion; or (iii) we issue more than \$1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

In addition, the JOBS Act provides that an “emerging growth company” can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption, and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

THE OFFERING

Class A common stock offered by us	shares
Class A common stock offered by the selling stockholders	shares
Class A common stock to be outstanding after this offering	shares
Class B common stock to be outstanding after this offering	shares
Total Class A and Class B common stock to be outstanding after this offering	shares
Over-allotment option of Class A common stock offered by us and the selling stockholders	shares

Voting rights

We have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion rights. The holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to 10 votes per share, on all matters that are subject to stockholder vote. Each share of Class B common stock may be converted into one share of Class A common stock at the option of the holder thereof, and will be converted into one share of Class A common stock upon transfer thereof, subject to certain exceptions.

The holders of our outstanding Class B common stock will hold % of the voting power of our outstanding capital stock following this offering, with our directors, executive officers and 5% stockholders and their respective affiliates holding % in the aggregate. These holders will have the ability to control the outcome of matters submitted to our shareholders for approval, including the election of our directors and the approval of any change of control transaction. See the section titled “Description of Capital Stock” for additional information.

Use of proceeds

We estimate that our net proceeds from the sale of our Class A common stock that we are offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full), assuming an initial public offering price of \$ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

We currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds for acquisitions or strategic investments in complementary businesses, products, services or technologies, although we do not currently have any plans or commitments for any such acquisitions or investments. See the section titled “Use of Proceeds” for additional information. We will not receive any proceeds from the sale of shares of Class A common stock by the selling stockholders.

Proposed Nasdaq trading symbol

“ZM”

The number of shares of our common stock that will be outstanding after this offering is based on no shares of our Class A common stock and 242,993,239 shares of our Class B common stock (including preferred stock on an as-converted basis) outstanding as of January 31, 2019 and excludes:

- 35,064,465 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of January 31, 2019, with a weighted-average exercise price of \$1.48 per share;
- 760,700 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after January 31, 2019, with a weighted-average exercise price of \$24.10 per share;
- shares of our Class A common stock issuable upon the automatic conversion of convertible promissory notes in the principal amount of \$15.0 million plus accrued interest in connection with this offering, assuming a conversion date of January 31, 2019 and an assumed initial public offering price of \$ per share of Class A common stock, the midpoint of the price range set forth on the cover page of this prospectus;
- shares of our Class A common stock reserved for future issuance under our 2019 Equity Incentive Plan (2019 Plan), which includes an annual evergreen increase and will become effective in connection with this offering; and
- shares of our Class A common stock reserved for future issuance under our 2019 Employee Stock Purchase Plan (ESPP), which includes an annual evergreen increase and will become effective in connection with this offering.

Upon the execution and delivery of the underwriting agreement related to this offering, any remaining shares available for issuance under our Fourth Amended and Restated 2011 Global Share Plan (2011 Plan) will become reserved for future issuance as Class A common stock under our 2019 Plan, and we will cease granting awards under our 2011 Plan. See the section titled “Executive Compensation—Equity Plans” for additional information.

Unless otherwise indicated, the information in this prospectus assumes:

- the filing of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the automatic conversion of all outstanding shares of our convertible preferred stock as of January 31, 2019 into 152,665,804 shares of our Class B common stock, which will occur immediately prior to the completion of this offering;

[Table of Contents](#)

- no exercise of the outstanding options described above; and
- no exercise of the underwriters' option to purchase up to an additional shares of Class A common stock to cover over-allotments.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated statements of operations data for the years ended January 31, 2017, 2018 and 2019 and the consolidated balance sheet data as of January 31, 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained elsewhere in this prospectus. The last day of our fiscal year is January 31.

	Year Ended January 31,		
	2017	2018	2019
(in thousands, except share and per share data)			
Consolidated Statements of Operations Data:			
Revenue	\$ 60,817	\$ 151,478	\$ 330,517
Cost of revenue ⁽¹⁾	12,472	30,780	61,001
Gross profit	48,345	120,698	269,516
Operating expenses:			
Research and development ⁽¹⁾	9,218	15,733	33,014
Sales and marketing ⁽¹⁾	31,580	82,707	185,821
General and administrative ⁽¹⁾	7,547	27,091	44,514
Total operating expenses	48,345	125,531	263,349
Income (loss) from operations	—	(4,833)	6,167
Interest income, net	98	1,241	1,837
Other income, net	60	74	345
Net income (loss) before provision for income taxes	158	(3,518)	8,349
Provision for income taxes	(172)	(304)	(765)
Net income (loss)	\$ (14)	\$ (3,822)	\$ 7,584
Distributed earnings attributable to participating securities ⁽²⁾	(14,366)	(4,405)	—
Undistributed earnings attributable to participating securities	—	—	(7,584)
Net income (loss) attributable to common stockholders ⁽²⁾	\$ (14,380)	\$ (8,227)	\$ —
Net income (loss) per share attributable to common stockholders			
Basic	\$ (0.20)	\$ (0.11)	\$ 0.00
Diluted	\$ (0.20)	\$ (0.11)	\$ 0.00
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders			
Basic	70,309,256	78,119,865	84,483,094
Diluted	70,309,256	78,119,865	116,005,681
Pro forma net income per share attributable to common stockholders			
Basic			\$ 0.03
Diluted			\$ 0.03
Weighted-average shares used in computing pro forma net income per share attributable to common stockholders			
Basic			237,148,898
Diluted			268,671,485

- (1) Includes stock-based compensation expense as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Cost of revenue	\$ 87	\$ 204	\$1,119
Research and development	278	360	1,369
Sales and marketing	467	812	3,540
General and administrative	207	8,953	2,913
Total stock-based compensation expense	\$1,039	\$10,329	\$8,941

- (2) In the years ended January 31, 2017 and 2018, we repurchased 4,000,000 and 1,365,800 shares, respectively, of Series A convertible preferred stock from certain existing investors. The amount paid in excess of the carrying value of the Series A convertible preferred stock is considered a deemed dividend and is reflected as distributed earnings attributable to participating securities in the calculation of net loss attributable to common stockholders. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for more information.

	As of January 31, 2019		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 63,624	\$ 63,624	
Marketable securities	112,777	112,777	
Working capital	124,378	124,378	
Total assets	354,565	354,565	
Deferred revenue, current and non-current	125,773	125,773	
Convertible promissory notes, net	14,858	—	
Convertible preferred stock	159,552	—	
Accumulated deficit	(25,153)	(25,153)	
Total stockholders' (deficit) equity	(7,439)	167,332	

- (1) Pro forma gives effect to (a) the automatic conversion of all outstanding shares of our convertible preferred stock as of January 31, 2019 into 152,665,804 shares of Class B common stock immediately prior to the completion of this offering, (b) the filing of our amended and restated certificate of incorporation immediately prior to the completion of this offering and (c) the issuance of _____ shares of Class A common stock upon conversion of outstanding convertible promissory notes (included in other liabilities, non-current on our consolidated balance sheet) at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, in the principal amount of \$15.0 million plus accrued interest upon the completion of this offering.
- (2) Pro forma as adjusted gives further effect to (a) the pro forma items described immediately above and (b) our issuance and sale of _____ shares of Class A common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share of Class A common stock, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, marketable securities, working capital, total assets and total stockholders' (deficit) equity by approximately \$ _____ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and

commissions. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price per share would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, marketable securities, working capital, total assets and total stockholders' (deficit) equity by approximately \$ million, assuming the assumed initial public offering price of \$ per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions. The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. Our business, results of operations, financial condition and prospects could also be harmed by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of the risks actually occur, our business, results of operations, financial condition and prospects could be materially and adversely affected. Unless otherwise indicated, references to our business being harmed in these risk factors will include harm to our business, platform, reputation, brand, financial condition, results of operations and future prospects. In such event, the market price of our Class A common stock could decline, and you could lose all or part of your investment.

Risks Related to Our Business and Our Industry

Our business depends on our ability to attract new customers and hosts, retain and upsell additional products to existing customers and upgrade free hosts to our paid offerings. Any decline in new customers and hosts, renewals or upgrades would harm our business.

Our business depends upon our ability to attract new customers and hosts and maintain and expand our relationships with our customers and hosts, including upselling additional products to our existing customers and upgrading hosts to a paid Zoom Meeting plan. A host is any user of our video-first communications platform who initiates a Zoom Meeting and invites one or more participants to join that meeting. We refer to hosts who subscribe to a paid Zoom Meeting plan as “paid hosts.” We define a customer as a separate and distinct buying entity, which can be a single paid host or an organization of any size (including a distinct unit of an organization) that has multiple paid hosts.

Our business is subscription based, and customers are not obligated to and may not renew their subscriptions after their existing subscriptions expire. As a result, we cannot provide assurance that customers will renew their subscriptions utilizing the same tier of their Zoom Meeting plan, upgrade to a higher-priced tier or purchase additional products, if they renew at all. Renewals of subscriptions to our platform may decline or fluctuate because of several factors, such as dissatisfaction with our products and support, a customer or host no longer having a need for our products, or the perception that competitive products provide better or less expensive options. In addition, some customers downgrade their Zoom Meeting plan or do not renew their subscriptions. We must continually add new customers and hosts to grow our business beyond our current user base and to replace customers and hosts who choose not to continue to use our platform. Any decrease in user satisfaction with our products or support would harm our brand, word-of-mouth referrals and ability to grow.

We encourage customers to purchase additional products and encourage hosts to upgrade to our paid offerings by recommending additional features and through in-product prompts and notifications. Additionally, we seek to expand within organizations by adding new hosts, having workplaces purchase additional products, or expanding the use of Zoom into other teams and departments within an organization. At the same time, we strive to demonstrate the value of our platform and various product offerings to those hosts that subscribe to our free Zoom Meeting plan, thereby encouraging them to upgrade to a paid Zoom Meeting plan. However, a majority of these hosts may never upgrade to a paid Zoom Meeting plan. If we fail to upsell our customers or upgrade hosts of our free Zoom Meeting plan to a paid subscription or expand the number of paid hosts within organizations, our business would be harmed.

In addition, our user growth rate may slow in the future as our market penetration rates increase and we turn our focus to upgrading our free hosts to a paid Zoom Meeting plan rather than growing the total number of users. If we are not able to continue to expand our user base or fail to upgrade our free hosts to a paid Zoom Meeting plan, our revenue may grow more slowly than expected or decline.

We have a limited operating history, which makes it difficult to evaluate our prospects and future results of operations.

We were incorporated in 2011. As a result of our limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including any reduction in demand for our platform, increased competition, contraction of our overall market, our inability to accurately forecast demand for our platform and plan for capacity constraints or our failure, for any reason, to capitalize on growth opportunities. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change, or if we do not address these risks successfully, our business would be harmed.

We operate in competitive markets, and we must continue to compete effectively.

The market for communication and collaboration technologies platforms is competitive and rapidly changing. Certain features of our current platform compete in the communication and collaboration technologies market with products offered by:

- legacy web-based meeting providers, including Webex and Skype for Business;
- bundled productivity solutions providers with basic video functionality, including Google; and
- point solutions providers, including LogMeIn.

Other large established companies like Amazon and Facebook have in the past and may in the future also make investments in video communications tools. In addition, as we introduce new products and services, and with the introduction of new technologies and market entrants, we expect competition to intensify in the future. For example, we recently introduced Zoom Phone, a cloud phone system that will allow customers to replace their existing private branch exchange solution, in the future, which will result in increased competition against companies that offer similar services and new competitors that may enter that market in the future. Further, many of our actual and potential competitors benefit from competitive advantages over us, such as greater name recognition, longer operating histories, more varied products and services, larger marketing budgets, more established marketing relationships, third-party integration, greater accessibility across devices or applications, access to larger user bases, major distribution agreements with hardware manufacturers and resellers, and greater financial, technical and other resources. Some of our competitors may make acquisitions or enter into strategic relationships to offer a broader range of products and services than we do. These combinations may make it more difficult for us to compete effectively. We expect these trends to continue as competitors attempt to strengthen or maintain their market positions.

Demand for our platform is also price sensitive. Many factors, including our marketing, user acquisition and technology costs, and our current and future competitors' pricing and marketing strategies, can significantly affect our pricing strategies. Certain competitors offer, or may in the future offer, lower-priced or free products or services that compete with our platform or may bundle and offer a broader range of products and services. Similarly, certain competitors may use marketing strategies that enable them to acquire customers at a lower cost than we can. Furthermore, third parties could build products similar to ours that rely on open source software. Even if such products do not include all the features and functionality that our platform provides, we could face pricing pressure from these third parties to the extent that users find such alternative products to be sufficient to meet their video communications needs. There can be no assurance that we will not be forced to engage in price-cutting initiatives or other discounts or to increase our marketing and other expenses to attract and retain customers in response to competitive pressures, either of which would harm our business.

We may not be able to sustain our revenue growth rate in the future.

We have experienced significant revenue growth in prior periods. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. We expect our revenue growth rate to decline in future periods. Many factors may contribute to declines in our growth rate, including higher market penetration, increased competition, slowing demand for our platform, a failure by us to continue capitalizing on growth opportunities and the maturation of our business, among others. If our growth rate declines, investors' perceptions of our business and the trading price of our Class A common stock could be adversely affected.

Interruptions, delays or outages in service from our co-located data centers and a variety of other factors would impair the delivery of our services, require us to issue credits or pay penalties and harm our business.

We currently serve our users from 13 co-located data centers in Australia, Brazil, Canada, China, Germany, India, Japan, the Netherlands and the United States. We also utilize Amazon Web Services and Microsoft Azure for the hosting of certain critical aspects of our business. As part of our distributed meeting architecture, we establish private links between data centers that automatically transfer data between various data centers in order to optimize performance on our platform. Damage to, or failure of, these data centers has in the past resulted in and could in the future result in interruptions or delays in our services. In addition, we have experienced, and may in the future experience, other interruptions and delays in our services caused by a variety of other factors, including but not limited to infrastructure changes, vendor issues, human or software errors, viruses, security attacks, fraud, general internet availability issues, spikes in usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. For example, in January 2019, we experienced an outage in our services for less than two hours, which we later determined was initially caused by a technical issue with one of our vendors. Additionally, in connection with the addition of new data centers or expansion or consolidation of our existing data center facilities or other reasons, we may move or transfer our data and our users' metadata to other data centers. Despite precautions that we take during this process, any unsuccessful data transfers may impair or cause disruptions in the delivery of our service, and we may incur significant costs in connection with any such move or transfer. Interruptions, delays or outages in our services would reduce our revenue, may require us to issue credits or pay penalties, may subject us to claims and litigation, may cause customers and hosts to terminate their subscriptions and adversely affect our ability to attract new customers and hosts. Our ability to attract and retain customers and hosts depends on our ability to provide customers and hosts with a highly reliable platform and even minor interruptions or delays in our services could harm our business.

Additionally, if our data centers are unable to keep up with our increasing needs for capacity, customers may experience delays as we seek to obtain additional capacity, which could harm our business.

We do not control, or in some cases have limited control over, the operation of the co-located data center facilities we use, and they are vulnerable to damage or interruption from human error, intentional bad acts, earthquakes, floods, fires, hurricanes, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events, any of which could disrupt our service. In the event of significant physical damage to one of these data centers, it may take a significant period of time to achieve full resumption of our services, and our disaster recovery planning may not account for all eventualities. Despite precautions taken at these facilities, the occurrence of a natural disaster, an act of terrorism or other act of malfeasance, a decision to close the facilities without adequate notice or other unanticipated problems at the facilities would harm our business.

Failures in internet infrastructure or interference with broadband access could cause current or potential users to believe that our systems are unreliable, possibly leading our customers and hosts to switch to our competitors or to cancel their subscriptions to our platform.

Unlike traditional communications and collaborations technologies, our services depend on our users' high-speed broadband access to the internet, usually provided through a cable or digital subscriber line connection.

Increasing numbers of users and increasing bandwidth requirements may degrade the performance of our platform due to capacity constraints and other internet infrastructure limitations. As our number of users grows and their usage of communications capacity increases, we will be required to make additional investments in network capacity to maintain adequate data transmission speeds, the availability of which may be limited, or the cost of which may be on terms unacceptable to us. If adequate capacity is not available to us as our user base grows, our network may be unable to achieve or maintain sufficiently high data transmission capacity, reliability or performance. In addition, if internet service providers and other third parties providing internet services have outages or deteriorations in their quality of service, our users will not have access to our platform or may experience a decrease in the quality of our platform. Furthermore, as the rate of adoption of new technologies increases, the networks our platform relies on may not be able to sufficiently adapt to the increased demand for these services, including ours. Frequent or persistent interruptions could cause current or potential users to believe that our systems or platform are unreliable, leading them to switch to our competitors or to avoid our platform, and could permanently harm our business.

In addition, users who access our platform through mobile devices, such as smartphones and tablets, must have a high-speed connection, such as 3G, 4G or LTE, satellite or Wi-Fi to use our services and applications. Currently, this access is provided by companies that have significant and increasing market power in the broadband and internet access marketplace, including incumbent phone companies, cable companies, satellite companies and wireless companies. Some of these providers offer products and subscriptions that directly compete with our own offerings, which can potentially give them a competitive advantage. Also, these providers could take measures that degrade, disrupt or increase the cost of user access to third-party services, including our platform, by restricting or prohibiting the use of their infrastructure to support or facilitate third-party services or by charging increased fees to third parties or the users of third-party services, any of which would make our platform less attractive to users and reduce our revenue.

On January 4, 2018, the Federal Communications Commission (FCC) released an order reclassifying broadband internet access as an information service, subject to certain provisions of Title I of the Communications Act. The order requires broadband providers to publicly disclose accurate information regarding network management practices, performance characteristics and commercial terms of their broadband internet access services sufficient to enable consumers to make informed choices regarding the purchase and use of such services and entrepreneurs and other small businesses to develop, market and maintain internet offerings. The new rules went into effect on June 11, 2018 and are the subject of various appeals and congressional review. Moreover, a number of states are adopting or considering legislation or executive actions that would regulate the conduct of broadband providers. We cannot predict whether the FCC order or state initiatives will be modified, overturned, or vacated by legal action of the court, federal legislation, or the FCC. Under the new rules, broadband internet access providers may be able to charge web-based services such as ours for priority access, which could result in increased costs and a loss of existing customers and hosts, impair our ability to attract new customers and hosts, and harm our business.

As we increase sales to large organizations, our sales cycles could lengthen, and we could experience greater deployment challenges.

As our business evolves, we may need to invest more resources into sales to large organizations. Large organizations typically undertake a significant evaluation and negotiation process due to their leverage, size, organizational structure and approval requirements, all of which can lengthen our sales cycle. We may also face unexpected deployment challenges with large organizations or more complicated deployment of our platform. Large organizations may demand additional features, support services and pricing concessions or require additional security management or control features. We may spend substantial time, effort and money on sales efforts to large organizations without any assurance that our efforts will produce any sales or that these customers will deploy our platform widely enough across their organization to justify our substantial upfront investment. As a result, we anticipate increased sales to large organizations will lead to higher upfront sales costs and greater unpredictability in our business, results of operations and financial condition.

We generate revenue from sales of subscriptions to our platform, and any decline in demand for our platform or for communications and collaboration technologies in general would harm our business.

We generate, and expect to continue to generate, revenue from the sale of subscriptions to our platform. As a result, widespread acceptance and use of communications and collaboration technologies in general, and our platform in particular, is critical to our future growth and success. If the communications and collaboration technologies market fails to grow or grows more slowly than we currently anticipate, demand for our platform could be negatively affected.

Changes in user preferences for communications and collaboration technologies may have a disproportionately greater impact on us than if we offered multiple platforms or disparate products. Demand for communications and collaboration technologies in general, and our platform in particular, is affected by a number of factors, many of which are beyond our control. Some of these potential factors include:

- awareness of the communications and collaboration technologies category generally;
- availability of products and services that compete with ours;
- new modes of communications and collaboration that may be developed in the future;
- ease of adoption and use;
- features and platform experience;
- reliability of our platform, including frequency of outages;
- performance;
- brand;
- security and privacy;
- user support; and
- pricing.

The communications and collaboration technologies market is subject to rapidly changing user demand and trends in preferences. If we fail to successfully predict and address these changes and trends, meet user demands or achieve more widespread market acceptance of our platform, our business would be harmed.

The experience of our users depends upon the interoperability of our platform across devices, operating systems and third-party applications that we do not control, and if we are not able to maintain and expand our relationships with third parties to integrate our platform with their solutions, our business may be harmed.

One of the most important features of our platform is its broad interoperability with a range of diverse devices, operating systems and third-party applications. Our platform is accessible from the web and from devices running Windows, Mac OS, iOS, Android and Linux. We also have integrations with Atlassian, Dropbox, Google, LinkedIn, Microsoft, Salesforce, Slack and a variety of other productivity, collaboration, data management and security vendors. We are dependent on the accessibility of our platform across these and other third-party operating systems and applications that we do not control. For example, given the broad adoption of Microsoft Office and other productivity software, it is important that we are able to integrate with this software. Several of our competitors own, develop, operate, or distribute operating systems, app stores, co-located data center services and other software, and also have material business relationships with companies that own, develop, operate or distribute operating systems, applications markets, co-located data center services and other software that our platform requires in order to operate. Moreover, some of these competitors have inherent advantages developing products and services that more tightly integrate with their software and hardware platforms or those of their business partners.

Third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties following development changes. In addition, some of our competitors may be able to disrupt the operations or compatibility of our platform with their products or services, or exert strong business influence on our ability to, and terms on which we, operate and distribute our platform. For example, we currently offer products that directly compete with several large technology companies that we rely on to ensure the interoperability of our platform with their products or services. As our respective products evolve, we expect this level of competition to increase. Should any of our competitors modify their products or standards in a manner that degrades the functionality of our platform or gives preferential treatment to competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of our platform with these products could decrease and our business could be harmed.

In addition, we provide, develop and create applications for our platform partners that integrate our platform with our partners' various offerings. For example, our Zoom Meetings product integrates with tools offered by companies such as Atlassian and Dropbox to help teams get more done together. If we are not able to continue and expand on existing and new relationships to integrate our platform with our partners' solutions, or there are quality issues with our products or service interruptions of our products that integrate with our partners' solutions, our business will be harmed.

We may not be able to respond to rapid technological changes, extend our platform or develop new features.

The communications and collaboration technologies market is characterized by rapid technological change and frequent new product and service introductions. Our ability to grow our user base and increase revenue from customers will depend heavily on our ability to enhance and improve our platform, introduce new features and products and interoperate across an increasing range of devices, operating systems and third-party applications. Our customers may require features and capabilities that our current platform does not have. We invest significantly in research and development, and our goal is to focus our spending on measures that improve quality and ease of adoption and create organic user demand for our platform. There is no assurance that our enhancements to our platform or our new product experiences, features or capabilities will be compelling to our users or gain market acceptance. If our research and development investments do not accurately anticipate user demand, or if we fail to develop our platform in a manner that satisfies user preferences in a timely and cost-effective manner, we may fail to retain our existing users or increase demand for our platform.

The introduction of new products and services by competitors or the development of entirely new technologies to replace existing offerings could make our platform obsolete or adversely affect our business, results of operations and financial condition. We may experience difficulties with software development, design or marketing that could delay or prevent our development, introduction, or implementation of new product experiences, features, or capabilities. We have in the past experienced delays in our internally planned release dates of new features and capabilities, and there can be no assurance that new product experiences, features or capabilities will be released according to schedule. Any delays could result in adverse publicity, loss of revenue or market acceptance, or claims by users brought against us, all of which could harm our business. Moreover, new productivity features to our platform may require substantial investment, and we have no assurance that such investments will be successful. If customers and hosts do not widely adopt our new product experiences, features and capabilities, we may not be able to realize a return on our investment. If we are unable to develop, license or acquire new features and capabilities to our platform on a timely and cost-effective basis, or if such enhancements do not achieve market acceptance, our business would be harmed.

The failure to effectively develop and expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.

Our ability to increase our customer and host base and achieve broader market acceptance of our products and services will depend to a significant extent on our ability to expand our marketing and sales operations. We plan to continue expanding our sales force and strategic partners, both domestically and internationally.

Identifying and recruiting qualified sales representatives and training them is time-consuming and resource-intensive, and they may not be fully trained and productive for a significant amount of time. We also plan to dedicate significant resources to sales and marketing programs, including internet and other online advertising. Further, we are currently recruiting a new Head of Worldwide Sales or role with similar responsibility, which will require significant management time and resources. All of these efforts will require us to invest significant financial and other resources. In addition, the cost to acquire customers and hosts is high due to these marketing and sales efforts. Our business will be harmed if our efforts do not generate a correspondingly significant increase in revenue. We will not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop and retain talented sales personnel, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective.

Our security measures have on occasion, in the past, been, and may in the future be, compromised. Consequently, our products and services may be perceived as not being secure. This perception may result in customers and hosts curtailing or ceasing their use of our products, our incurring significant liabilities and our business being harmed.

Our operations involve the storage and transmission of customer data or information, and security incidents have occurred in the past, and may occur in the future, resulting in unauthorized access to, loss of or unauthorized disclosure of this information, regulatory enforcement actions, litigation, indemnity obligations and other possible liabilities, as well as negative publicity, which could damage our reputation, impair our sales and harm our business. Cyberattacks and other malicious internet-based activity continue to increase, and cloud-based platform providers of products and services have been and are expected to continue to be targeted. In addition to traditional computer “hackers,” malicious code (such as viruses and worms), employee theft or misuse and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for us to entirely mitigate these risks. If our security measures are compromised as a result of third-party action, employee, customer, host or user error, malfeasance, stolen or fraudulently-obtained log-in credentials or otherwise, our reputation would be damaged, our data, information or intellectual property, or those of our customers, may be destroyed, stolen or otherwise compromised, our business may be harmed and we could incur significant liability. We have not always been able in the past and may be unable in the future to anticipate or prevent techniques used to obtain unauthorized access or to compromise our systems because they change frequently and are generally not detected until after an incident has occurred. For example, in July 2018 we were made aware of a vulnerability in the Zoom Meeting client for Windows that could result in potential exposure of a Zoom user’s password. Additionally, in 2018, a cybersecurity company discovered a vulnerability in our software that could be exploited by hackers to exert certain meeting controls. While we were able to deploy updates to the software addressing these vulnerabilities and we are not aware of any customers being affected or meetings compromised by these vulnerabilities, customers are responsible for installing this update to the software and their software is subject to these vulnerabilities until they do so. Additionally, we cannot be certain that we will be able to address any vulnerabilities in our software that we may become aware of in the future. We expect similar issues to arise in the future as we continue to expand the features and functionality of existing products and introduce new products, and we expect to expend significant resources in an effort to protect against security incidents. Concerns regarding privacy, data protection and information security may cause some of our customers and hosts to stop using our solutions and fail to renew their subscriptions. This discontinuance in use or failure to renew could substantially harm our business. Further, as we rely on third-party and public-cloud infrastructure, we depend in part on third-party security measures to protect against unauthorized access, cyberattacks and the mishandling of data and information. In addition, failures to meet customers’ and hosts’ expectations with respect to security and confidentiality of their data and information could damage our reputation and affect our ability to retain customers and hosts, attract new customers and hosts and grow our business. In addition, a cybersecurity event could result in significant increases in costs, including costs for remediating the effects of such an event, lost revenue due to network downtime, and a decrease in customer, host and user trust, increases in insurance

[Table of Contents](#)

premiums due to cybersecurity incidents, increased costs to address cybersecurity issues and attempts to prevent future incidents, and harm to our business and our reputation because of any such incident.

Many governments have enacted laws requiring companies to provide notice of data security incidents involving certain types of personal data. In addition, some of our customers require us to notify them of data security breaches. Security compromises experienced by our competitors, by our customers or by us may lead to public disclosures, which may lead to widespread negative publicity. In addition, we have a high concentration of research and development personnel in China, which could expose us to market scrutiny regarding the integrity of our solution or data security features. Any security compromise in our industry, whether actual or perceived, could harm our reputation, erode confidence in the effectiveness of our security measures, negatively affect our ability to attract new customers and hosts, cause existing customers to elect not to renew their subscriptions or subject us to third-party lawsuits, regulatory fines or other action or liability, which could harm our business.

There can be no assurance that any limitations of liability provisions in our subscription agreements would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing general liability insurance coverage and coverage for cyber liability or errors or omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, would harm our business.

Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to expand our base of users will be impaired and our business will be harmed.

We believe that our brand identity and awareness have contributed to our success and have helped fuel our efficient go-to-market strategy. We connect people through frictionless video, voice, chat and content sharing. We also believe that maintaining and enhancing the Zoom brand is critical to expanding our base of customers, hosts and users and, in particular, conveying to users and the public that the Zoom brand consists of a broad communications platform, rather than just one distinct product. For example, if users incorrectly view the Zoom brand primarily as a video conferencing point solution or utility rather than as a platform with multiple communications solutions, then our market position may be detrimentally impacted at such time as a competitor introduces a new or better product. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Any unfavorable publicity or perception of our platform or the providers of communication and collaboration technologies generally could adversely affect our reputation and our ability to attract and retain hosts. If we fail to promote and maintain the Zoom brand, including consumer and public perception of our platform, or if we incur excessive expenses in this effort, our business will be harmed.

We have a history of net losses, and we expect to increase our expenses in the future, which could prevent us from achieving or maintaining profitability.

Although we generated net income of \$7.6 million for the fiscal year ended January 31, 2019, we have incurred net losses in the past, including a net loss of \$3.8 million for the fiscal year ended January 31, 2018, and could incur net losses in the future. We intend to continue to expend significant funds to expand our direct sales force and marketing efforts to attract new customers and hosts, to develop and enhance our products and for general corporate purposes, including operations, hiring additional personnel, upgrading our infrastructure and expanding into new geographical markets. To the extent we are successful in increasing our user base, we may also incur increased losses because, other than sales commissions, the costs associated with acquiring customers and hosts are generally incurred up front, while the subscription revenue is generally recognized ratably over the subscription term, which can be monthly, annual or on a multi-year basis. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating

expenses. We may incur significant losses in the future for a number of reasons, including as a result of the other risks described herein, and unforeseen expenses, difficulties, complications, delays and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and Class A common stock may significantly decrease. Furthermore, it is difficult to predict the size and growth rate of our market, customer demand for our platform, user adoption and renewal of our platform, the entry of competitive products and services, or the success of existing competitive products and services. As a result, we may not achieve or maintain profitability in future periods. If we fail to grow our revenue sufficiently to keep pace with our investments and other expenses, our business would be harmed.

We may not successfully manage our growth or plan for future growth.

Since our founding in 2011, we have experienced rapid growth. For example, our headcount has grown to 1,702 full-time employees as of January 31, 2019, with employees located both in the United States and internationally. The growth and expansion of our business places a continuous, significant strain on our management, operational and financial resources. Further growth of our operations to support our user base, our expanding third-party relationships, our information technology systems and our internal controls and procedures may not be adequate to support our operations. In addition, as we continue to grow, we face challenges of integrating, developing and motivating a rapidly growing employee base in various countries around the world. Certain members of our management have not previously worked together for an extended period of time, and some do not have experience managing a public company, which may affect how they manage our growth. Managing our growth will also require significant expenditures and allocation of valuable management resources.

In addition, our rapid growth may make it difficult to evaluate our future prospects. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If we fail to achieve the necessary level of efficiency in our organization as it grows, or if we are not able to accurately forecast future growth, our business would be harmed.

Our ability to sell subscriptions to our platform could be harmed by real or perceived material defects or errors in our platform.

The software technology underlying our platform is inherently complex and may contain material defects or errors, particularly when new products are first introduced or when new features or capabilities are released. We have from time to time found defects or errors in our platform, and new defects or errors in our existing platform or new products may be detected in the future by us or our users. There can be no assurance that our existing platform and new products will not contain defects. Any real or perceived errors, failures, vulnerabilities, or bugs in our platform could result in negative publicity or lead to data security, access, retention or other performance issues, all of which could harm our business. The costs incurred in correcting such defects or errors may be substantial and could harm our business. Moreover, the harm to our reputation and legal liability related to such defects or errors may be substantial and would harm our business.

We also utilize hardware purchased or leased and software and services licensed from third parties to offer our platform. Any defects in, or unavailability of, our or third-party hardware, software or services that cause interruptions to the availability of our services, loss of data or performance issues could, among other things:

- cause a reduction in revenue or delay in market acceptance of our platform;
- require us to issue refunds to our customers or expose us to claims for damages;
- cause us to lose existing hosts and make it more difficult to attract new customers and hosts;
- divert our development resources or require us to make extensive changes to our platform, which would increase our expenses;

[Table of Contents](#)

- increase our technical support costs; and
- harm our reputation and brand.

If we were to lose the services of our Chief Executive Officer or other members of our senior management team, we may not be able to execute our business strategy.

Our success depends in a large part upon the continued service of key members of our senior management team. In particular, our founder, President and Chief Executive Officer, Eric S. Yuan, is critical to our overall management, as well as the continued development of our products, services, the Zoom platform, our culture, our strategic direction, engineering and our operations in China. All of our executive officers are at-will employees, and we do not maintain any key person life insurance policies. The loss of any member of our senior management team would harm our business.

The failure to attract and retain additional qualified personnel or to maintain our happiness-centric company culture could harm our business and culture and prevent us from executing our business strategy.

To execute our business strategy, we must attract and retain highly qualified personnel. Competition for executives, software developers, sales personnel and other key employees in our industry is intense. In particular, we compete with many other companies for software developers with high levels of experience in designing, developing and managing software for communication and collaboration technologies, as well as for skilled sales and operations professionals. At times, we have experienced, and we may continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, and we may not be able to fill positions. For example, our former Head of Worldwide Sales recently transitioned from this position and as one of our executive officers to a corporate strategy role with us, and while he will continue to be a key contributor, we will need to spend significant resources on recruiting a new Head of Worldwide Sales or role with similar responsibility. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business could be harmed.

Many of the companies with which we compete for experienced personnel have greater resources than we have, and some of these companies may offer greater compensation packages. Particularly in the San Francisco Bay Area, job candidates and existing employees carefully consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, or if the mix of equity and cash compensation that we offer is unattractive, it may adversely affect our ability to recruit and retain highly skilled employees. Job candidates may also be threatened with legal action under agreements with their existing employers if we attempt to hire them, which could impact hiring and result in a diversion of our time and resources. Additionally, laws and regulations, such as restrictive immigration laws, may limit our ability to recruit internationally. We must also continue to retain and motivate existing employees through our compensation practices, company culture and career development opportunities. If we fail to attract new personnel or to retain our current personnel, our business would be harmed.

We believe that a critical component to our success and our ability to retain our best people is our culture. As we continue to grow and develop a public company infrastructure, we may find it difficult to maintain our happiness-centric company culture. In addition, many of our employees may be able to receive significant proceeds from sales of our equity in the public markets after our initial public offering, which may reduce their motivation to continue to work for us. Moreover, this offering could create disparities in wealth among our employees, which may harm our culture and relations among employees and our business.

We are continuing to expand our operations outside the United States, where we may be subject to increased business and economic risks that could harm our business.

We have customers in over 180 countries, and 18% of our revenue in the fiscal year ended January 31, 2019 was generated from customers in APAC and EMEA. In fiscal 2018, we established a physical sales presence in

[Table of Contents](#)

Australia and the United Kingdom. Additionally, as of January 31, 2019, we had five additional international sales locations, and we plan to add local sales support in further select international markets over time. We also operate research and development centers in China, employing over 500 employees as of January 31, 2019. We expect to continue to expand our international operations, which may include opening offices in new jurisdictions and providing our platform in additional languages. Any new markets or countries into which we attempt to sell subscriptions to our platform may not be receptive. For example, we may not be able to expand further in some markets if we are not able to satisfy certain government- and industry-specific requirements. In addition, our ability to manage our business and conduct our operations internationally in the future may require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems and commercial markets. Future international expansion will require investment of significant funds and other resources. Operating internationally subjects us to new risks and may increase risks that we currently face, including risks associated with:

- recruiting and retaining talented and capable employees outside the United States and maintaining our company culture across all of our offices;
- providing our platform and operating our business across a significant distance, in different languages and among different cultures, including the potential need to modify our platform and features to ensure that they are culturally appropriate and relevant in different countries;
- compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, telecommunications requirements, data protection, consumer protection and unsolicited email, and the risk of penalties to us and individual members of management or employees if our practices are deemed to be out of compliance;
- management of an employee base in jurisdictions that may not give us the same employment and retention flexibility as does the United States;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as does the United States and the practical enforcement of such intellectual property rights outside of the United States;
- foreign government interference with our non-core intellectual property that resides outside of the United States, such as the risk of changes in foreign laws that could restrict our ability to use our intellectual property outside of the foreign jurisdiction in which we developed it;
- integration with partners outside of the United States;
- compliance by us and our business partners with anti-corruption laws, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory limitations on our ability to provide our platform in certain international markets;
- foreign exchange controls that might require significant lead time in setting up operations in certain geographic territories and might prevent us from repatriating cash earned outside the United States;
- political and economic instability;
- changes in diplomatic and trade relationships, including the imposition of new trade restrictions, trade protection measures, import or export requirements, trade embargoes and other trade barriers;
- generally longer payment cycles and greater difficulty in collecting accounts receivable;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- higher costs of doing business internationally, including increased accounting, travel, infrastructure and legal compliance costs.

Compliance with laws and regulations applicable to our global operations substantially increases our cost of doing business in international jurisdictions. We may be unable to keep current with changes in laws and regulations as they occur. Although we have implemented policies and procedures designed to support compliance with these laws and regulations, there can be no assurance that we will always maintain compliance or that all of our employees, contractors, partners and agents will comply. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, injunctions or reputational harm. If we are unable to comply with these laws and regulations or manage the complexity of our global operations successfully, we may need to relocate or cease operations in certain foreign jurisdictions. For example, our product development team is largely based in China, where personnel costs are less expensive than in many other jurisdictions. If we had to relocate our product development team from China to another jurisdiction, we could experience, among other things, higher operating expenses, which would adversely impact our operating margins and harm our business. In addition, we would need to spend considerable time and effort recruiting a new product development team, which would distract management and adversely impact our ability to continue improving our platform's features and functionality.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations may vary significantly in the future, and period-to-period comparisons of our results of operations may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result, may not fully reflect the underlying performance of our business. Fluctuation in quarterly results may negatively impact the value of our securities. Factors that may cause fluctuations in our quarterly results of operations include, without limitation, those listed below:

- our ability to retain and upgrade customers to higher-priced tiers of Zoom Meeting plans;
- our ability to attract new hosts and upgrade hosts that subscribe to our free Zoom Meeting plan to one of our paid Zoom Meeting plans;
- our ability to hire and retain employees, in particular those responsible for the selling or marketing of our platform;
- our ability to develop and retain talented sales personnel who are able to achieve desired productivity levels in a reasonable period of time and provide sales leadership in areas in which we are expanding our sales and marketing efforts;
- changes in the way we organize and compensate our sales teams;
- the timing of expenses and recognition of revenue;
- increased sales to large organizations;
- the length of sales cycles;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure, as well as international expansion and entry into operating leases;
- timing and effectiveness of new sales and marketing initiatives;
- changes in our pricing policies or those of our competitors;
- the timing and success of new products, features and functionality by us or our competitors;
- interruptions or delays in our service, network outages, or actual or perceived privacy or security breaches;
- changes in the competitive dynamics of our industry, including consolidation among competitors;

[Table of Contents](#)

- changes in laws and regulations that impact our business;
- any large indemnification payments to our users or other third parties;
- the timing of expenses related to any future acquisitions; and
- general economic and market conditions.

We recognize revenue from subscriptions to our platform over the terms of these subscriptions. Consequently, increases or decreases in new sales may not be immediately reflected in our results of operations and may be difficult to discern.

We recognize revenue from subscriptions to our platform over the terms of these subscriptions. As a result, a portion of the revenue we report in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter may have a small impact on the revenue that we recognize for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and potential changes in our pricing policies or rate of customer expansion or retention may not be fully reflected in our results of operations until future periods. In addition, a significant portion of our costs are expensed as incurred, while revenue is recognized over the term of the subscription. As a result, growth in the number of new customers and hosts could continue to result in our recognition of higher costs and lower revenue in the earlier periods of our subscriptions. Finally, our subscription-based revenue model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers or from existing customers that increase their use of our platform or upgrade to a higher-priced tier of Zoom Meeting plan must be recognized over the applicable subscription term.

Any failure to offer high-quality support for our customers and hosts may harm our relationships with our customers and hosts and, consequently, our business.

We have designed our platform to be easy to adopt and use with minimal to no support necessary. However, if we experience increased user demand for support, we may face increased costs that may harm our results of operations. In addition, as we continue to grow our operations and support our global user base, we need to be able to continue to provide efficient support that meets our customers and hosts' needs globally at scale. Customers and hosts receive additional support features, and the number of our hosts has grown significantly, which will put additional pressure on our support organization. If we are unable to provide efficient user support globally at scale or if we need to hire additional support personnel, our business may be harmed. Our new customer and host signups are highly dependent on our business reputation and on positive recommendations from our existing customers and hosts. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support for our customers and hosts, would harm our business.

Our actual or perceived failure to comply with privacy, data protection and information security laws, regulations, and obligations could harm our business.

We receive, store, process and use personal information and other user content. There are numerous federal, state, local and international laws and regulations regarding privacy, data protection, information security and the storing, sharing, use, processing, transfer, disclosure and protection of personal information and other content, the scope of which is changing, subject to differing interpretations and may be inconsistent among countries, or conflict with other rules. We are also subject to the terms of our privacy policies and obligations to third parties related to privacy, data protection and information security. We strive to comply with applicable laws, regulations, policies and other legal obligations relating to privacy, data protection and information security to the extent possible. However, the regulatory framework for privacy and data protection worldwide is, and is likely to remain, uncertain for the foreseeable future, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices.

We also expect that there will continue to be new laws, regulations and industry standards concerning privacy, data protection and information security proposed and enacted in various jurisdictions. For example, in May 2018, the General Data Protection Regulation (GDPR) went into effect in the European Union (EU). The GDPR imposed more stringent data protection requirements and provides greater penalties for noncompliance than previous data protection laws, including potential penalties of up to €20 million or 4% of annual global revenues. Further, following a referendum in June 2016 in which voters in the United Kingdom approved an exit from the EU, the United Kingdom government has initiated a process to leave the EU, known as Brexit. Brexit has created uncertainty with regard to the regulation of data protection in the United Kingdom. In particular, although the United Kingdom enacted a Data Protection Act in May 2018 that is designed to be consistent with the GDPR, uncertainty remains regarding how data transfers to and from the United Kingdom will be regulated. Additionally, although we have self-certified under the U.S.-EU and U.S.-Swiss Privacy Shield Frameworks with regard to our transfer of certain personal data from the EU and Switzerland to the United States, some regulatory uncertainty remains surrounding the future of data transfers from the EU and Switzerland to the United States, and we are monitoring regulatory developments in this area. California also recently enacted legislation, the California Consumer Privacy Act of 2018 (CCPA), that will afford consumers expanded privacy protections when it goes into effect on January 1, 2020. The CCPA was recently amended, and it is possible that it will be amended again before it goes into effect. The potential effects of this legislation are far-reaching and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. For example, the CCPA gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation.

With laws and regulations such as the GDPR in the EU and the CCPA in the United States imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other laws and regulations, we may face challenges in addressing their requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. Any failure or perceived failure by us to comply with our privacy policies, our privacy-, data protection- or information security-related obligations to users or other third parties or any of our other legal obligations relating to privacy, data protection or information security may result in governmental investigations or enforcement actions, litigation, claims or public statements against us by consumer advocacy groups or others, and could result in significant liability or cause our users to lose trust in us, which could have an adverse effect on our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations and policies that are applicable to the businesses of our users may limit the adoption and use of, and reduce the overall demand for, our platform.

Additionally, if third parties we work with, such as vendors or developers, violate applicable laws or regulations or our policies, such violations may also put our users' content at risk and could in turn have an adverse effect on our business. Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of our users' content, or regarding the manner in which the express or implied consent of users for the collection, use, retention or disclosure of such content is obtained, could increase our costs and require us to modify our services and features, possibly in a material manner, which we may be unable to complete and may limit our ability to store and process user data or develop new services and features.

Our results of operations may be harmed if we are required to collect sales or other related taxes for our subscription services in jurisdictions where we have not historically done so.

We collect sales tax in a number of jurisdictions. One or more states or countries may seek to impose incremental or new sales, use, or other tax collection obligations on us. A successful assertion by a state, country or other jurisdiction that we should have been or should be collecting additional sales, use, or other taxes could, among other things, result in substantial tax payments, create significant administrative burdens for us,

discourage potential customers from subscribing to our platform due to the incremental cost of any such sales or other related taxes, or otherwise harm our business.

We may be subject to liabilities on past sales for taxes, surcharges and fees.

We currently collect and remit applicable sales tax in jurisdictions where we, through our employees, have a presence and where we have determined, based on legal precedents in the jurisdiction, that sales of our platform are classified as taxable. We do not currently collect and remit other state and local excise, utility user and ad valorem taxes, fees or surcharges that may apply to our customers and hosts. We believe that we are not otherwise subject to, or required to collect, any additional taxes, fees or surcharges imposed by state and local jurisdictions because we do not have a sufficient physical presence or “nexus” in the relevant taxing jurisdiction or such taxes, fees, or surcharges do not apply to sales of our platform in the relevant taxing jurisdiction. However, there is uncertainty as to what constitutes sufficient physical presence or nexus for a state or local jurisdiction to levy taxes, fees and surcharges for sales made over the internet, and there is also uncertainty as to whether our characterization of our platform as not taxable in certain jurisdictions will be accepted by state and local taxing authorities. Additionally, we have not historically collected value-added tax (VAT) or goods and services tax (GST) on sales of our platform because we make all of our sales through our office in the United States, and we believe, based on information provided to us by our customers, that most of our sales are made to business customers.

Taxing authorities may challenge our position that we do not have sufficient nexus in a taxing jurisdiction or that our platform is not taxable in the jurisdiction and may decide to audit our business and operations with respect to sales, use, telecommunications, VAT, GST and other taxes, which could result in increased tax liabilities for us or our customers and hosts, which could harm our business.

The application of indirect taxes (such as sales and use tax, VAT, GST, business tax and gross receipt tax) to businesses that transact online, such as ours, is a complex and evolving area. Following the recent U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.*, states are now free to levy taxes on sales of goods and services based on an “economic nexus,” regardless of whether the seller has a physical presence in the state. As a result, it may be necessary to reevaluate whether our activities give rise to sales, use and other indirect taxes as a result of any nexus in those states in which we are not currently registered to collect and remit taxes. Additionally, we may need to assess our potential tax collection and remittance liabilities based on existing economic nexus laws’ dollar and transaction thresholds. We continue to analyze our exposure for such taxes and liabilities and have accrued \$8.9 million and \$22.0 million for the fiscal years ended January 31, 2018 and 2019, respectively, for loss contingencies resulting from these potential taxes and liabilities. The application of existing, new, or future laws, whether in the U.S. or internationally, could harm our business. There have been, and will continue to be, substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which we conduct or will conduct business.

We are subject to governmental export and import controls that could impair our ability to compete in international markets due to licensing requirements and subject us to liability if we are not in compliance with applicable laws.

Our platform and associated products are subject to various restrictions under U.S. export control and sanctions laws and regulations, including the U.S. Department of Commerce’s Export Administration Regulations (EAR) and various economic and trade sanctions regulations administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC). The U.S. export control laws and U.S. economic sanctions laws include restrictions or prohibitions on the sale or supply of certain products and services to U.S. embargoed or sanctioned countries, governments, persons and entities, and also require authorization for the export of certain encryption items. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements and have enacted or could enact laws that could limit our ability to distribute our platform or could limit our hosts’ ability to implement our platform in those countries.

Although we take precautions to prevent our platform and associated products from being accessed or used in violation of such laws, we have inadvertently allowed our platform and associated products to be accessed or used by some customers in apparent violation of U.S. economic sanction laws. In addition, we may have inadvertently made our software products available to some customers, including users in embargoed or sanctioned countries, in apparent violation of the EAR. As a result, we have submitted initial and final voluntary self-disclosures concerning potential violations of U.S. sanctions and export control laws and regulations to OFAC and the U.S. Department of Commerce's Bureau of Industry and Security. If we are found to be in violation of U.S. economic sanctions or export control laws, it could result in fines and penalties. We may also be adversely affected through other penalties, reputational harm, loss of access to certain markets or otherwise. While we are working to implement additional controls designed to prevent similar activity from occurring in the future, these controls may not be fully effective.

Changes in our platform, or changes in export, sanctions and import laws, may delay the introduction and sale of subscriptions to our platform in international markets, prevent our customers with international operations from using our platform or, in some cases, prevent the access or use of our platform to and from certain countries, governments, persons or entities altogether. Further, any change in export or import regulations, economic sanctions or related laws, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons or technologies targeted by such regulations could result in decreased use of our platform or in our decreased ability to export or sell our platform to existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely harm our business.

We utilize our network of resellers to sell our products and services, and our failure to effectively develop, manage and maintain our indirect sales channels would harm our business.

Our future success depends on our continued ability to establish and maintain a network of channel relationships, and we expect that we will need to maintain and expand our network as we expand into international markets. A small portion of our revenue is derived from our network of sales agents and resellers, which we refer to collectively as resellers, many of which sell or may in the future decide to sell their own products and services or services from other communications solutions providers. Loss of or reduction in sales through these third parties could reduce our revenue. Our competitors may in some cases be effective in causing our reseller or potential reseller to favor their products and services or prevent or reduce sales of our products and services. Recruiting and retaining qualified resellers in our network and training them in our technology and product offerings requires significant time and resources. If we decide to further develop and expand our indirect sales channels, we must continue to scale and improve our processes and procedures to support these channels, including investment in systems and training. Many resellers may not be willing to invest the time and resources required to train their staff to effectively sell our platform. If we fail to maintain relationships with our resellers, fail to develop relationships with new resellers in new markets or expand the number of resellers in existing markets or fail to manage, train, or provide appropriate incentives to our existing resellers, our ability to increase the number of new customers and hosts and increase sales to existing customers could be adversely impacted, which would harm our business.

Our results of operations, which are reported in U.S. dollars, could be adversely affected if currency exchange rates fluctuate substantially in the future.

We sell to customers globally and have international operations primarily in Australia, China and the United Kingdom. As we continue to expand our international operations, we will become more exposed to the effects of fluctuations in currency exchange rates. Although the majority of our cash generated from revenue is denominated in U.S. dollars, a small amount is denominated in foreign currencies, and our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations. For the fiscal year ended January 31, 2019, 6.4% of our revenue and 12.3% of our expenses were denominated in currencies other than U.S. dollars. Because we conduct business in currencies other than U.S. dollars but report our results of

operations in U.S. dollars, we also face remeasurement exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and could materially impact our results of operations. We do not currently maintain a program to hedge exposures to non-U.S. dollar currencies.

Our current products, as well as products, features and functionality that we may introduce in the future, may not be widely accepted by our customers and hosts or may receive negative attention or may require us to compensate or reimburse third parties, any of which may lower our margins and harm our business.

Our ability to engage, retain and increase our base of customers and hosts and to increase our revenue will depend on our ability to successfully create new products, features and functionality, both independently and together with third parties. We may introduce significant changes to our existing products or develop and introduce new and unproven products, including technologies with which we have little or no prior development or operating experience. These new products and updates may fail to engage, retain and increase our base of customers and hosts or may create lag in adoption of such new products. New products may initially suffer from performance and quality issues that may negatively impact our ability to market and sell such products to new and existing customers and hosts. The short- and long-term impact of any major change to our products, or the introduction of new products, is particularly difficult to predict. If new or enhanced products fail to engage, retain and increase our base of customers and hosts, we may fail to generate sufficient revenue, operating margin or other value to justify our investments in such products, any of which may harm our business in the short term, long term, or both.

In addition, our current products, as well as products, features and functionality that we may introduce in the future, may require us to compensate or reimburse third parties. For example, our new cloud phone system, Zoom Phone, is a private branch exchange phone solution that requires us to compensate carriers that operate the public switched telephone network. As a result, a portion of the payments that we will receive from customers that will use our Zoom Phone product will be allocated towards compensating these telephone carriers, which lowers our margins for Zoom Phone as compared to our other products. In addition, new products that we introduce in the future may similarly require us to compensate or reimburse third parties, all of which would lower our profit margins for any such new products. If this trend continues with our new and existing products, including Zoom Phone, it could harm our business.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts included in this prospectus, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Not every organization covered by our market opportunity estimates will necessarily buy video communications platforms at all, and some or many of those organizations may choose to continue using legacy communication methods or point solutions offered by our competitors. It is impossible to build every product feature that every customer or host wants, and our competitors may develop and offer features that our platform does not provide. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of the organizations covered by our market opportunity estimates will purchase our solutions at all or generate any particular level of revenue for us. Even if the market in which we compete meets the size estimates and growth forecasts in this prospectus, our business could fail to grow for a variety of reasons outside of our control, including competition in our industry. If any of these risks materialize, it could harm our business and prospects. For more information regarding the estimates of market opportunity and the forecasts of market growth included in this prospectus, see the section titled "Market and Industry Data."

We may be subject to, or assist law enforcement with enforcement of, a variety of U.S. and international laws that could result in claims, increase the cost of operations or otherwise harm our business due to changes in the laws, changes in the interpretations of the laws, greater enforcement of the laws or investigations into compliance with the laws.

We may be subject to, or assist law enforcement with enforcement of, various laws, including those covering copyright, indecent content, child protection, consumer protection, telecommunications services, taxation and similar matters. There have been instances where improper or illegal content has been shared on our platform without our knowledge. As a service provider, we do not regularly monitor our platform to evaluate the legality of content shared on it. While to date we have not been subject to material legal or administrative actions as a result of this content, the laws in this area are currently in a state of flux and vary widely between jurisdictions. Accordingly, it may be possible that in the future we and our competitors may be subject to legal actions, along with the users who shared such content. In addition, regardless of any legal liability we may face, our reputation could be harmed should there be an incident generating extensive negative publicity about the content shared on our platform. Such publicity would harm our business.

We are also subject to consumer protection laws that may impact our sales and marketing efforts, including laws related to subscriptions, billing and auto-renewal. These laws, as well as any changes in these laws, could adversely affect our self-serve model and make it more difficult for us to retain and upgrade customers and attract new customers and hosts. Additionally, we have in the past, are currently and may from time to time in the future become the subject of inquiries and other actions by regulatory authorities as a result of our business practices, including our subscription, billing and auto-renewal policies. Consumer protection laws may be interpreted or applied by regulatory authorities in a manner that could require us to make changes to our operations or incur fines, penalties or settlement expenses, which may result in harm to our business.

Our platform depends on the ability of our customers, hosts and users to access the internet, and our platform has been blocked or restricted in some countries for various reasons. If we fail to anticipate developments in the law, or fail for any reason to comply with relevant law, our platform could be further blocked or restricted, and we could be exposed to significant liability that could harm our business.

We are also subject to various U.S. and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies and their employees and intermediaries from authorizing, offering or providing improper payments or benefits to officials and other recipients for improper purposes. Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as we continue to expand our international presence, and any failure to comply with such laws could harm our business.

Zoom Phone is subject to U.S. federal and international regulation, and other products we may introduce in the future may also be subject to U.S. federal, state or international laws, rules and regulations. Any failure to comply with such laws, rules and regulations could harm our business and expose us to liability.

Federal Regulation

Our recently introduced product, Zoom Phone, is provided through our wholly owned subsidiary, Zoom Voice Communications, Inc., which is regulated by the FCC as an interconnected voice over internet protocol (VoIP) service provider. As a result, Zoom Phone is subject to existing or potential FCC regulations, including but not limited to regulations relating to privacy, disability access, porting of numbers, federal Universal Service Fund (USF), contributions and other regulatory assessments, emergency calling/Enhanced 911 (E-911) and law enforcement access. Congress or the FCC may expand the scope of Zoom Phone's regulatory obligations at any time. In addition, FCC classification of Zoom Phone as a common carrier or telecommunications service could result in additional federal and state regulatory obligations. If we do not comply with any current or future state regulations that apply to our business, we could be subject to substantial fines and penalties, we may have to

restructure our product offerings, exit certain markets or raise the price of our products, any of which could ultimately harm our business and results of operations. Any enforcement action by the FCC, which may be a public process, would hurt our reputation in the industry, possibly impair our ability to sell Zoom Phone to our customers and harm our business.

State Regulation

State telecommunications regulation of Zoom Phone is generally preempted by the FCC. However, states are allowed to assess state USF contributions, E-911 fees and other surcharges. A number of states require us to contribute to state USF and pay E-911 and other assessments and surcharges, while others are actively considering extending their programs to include the products we offer. We generally pass USF, E-911 fees and other surcharges through to our customers where we are permitted to do so, which may result in our products becoming more expensive. We expect that state public utility commissions will continue their attempts to apply state telecommunications regulations to services like Zoom Phone. If we do not comply with any current or future state regulations that apply to our business, we could be subject to substantial fines and penalties, we may have to restructure our product offerings, exit certain markets or raise the price of our products, any of which could harm our business.

International Regulation

As we expand internationally, we may be subject to telecommunications, consumer protection, privacy, data protection and other laws and regulations in the foreign countries where we offer our products. In the future, we intend to offer Zoom Phone internationally. If we do not comply with any current or future international regulations that apply to our business, we could be subject to substantial fines and penalties, we may have to restructure our product offerings, exit certain markets or raise the price of our products, any of which could harm our business.

We are currently, and may be in the future, party to intellectual property rights claims and other litigation matters, which, if resolved adversely, could harm our business.

We protect our intellectual property through patents, copyrights, trademarks, domain names and trade secrets and, from time to time, are subject to litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims and other assertions against us grows. We have in the past been, are currently, and may from time to time in the future become, a party to litigation and disputes related to our intellectual property, our business practices and our platform. The costs of supporting litigation and dispute resolution proceedings are considerable, and there can be no assurances that a favorable outcome will be obtained. We may need to settle litigation and disputes on terms that are unfavorable to us, or we may be subject to an unfavorable judgment that may not be reversible upon appeal. The terms of any settlement or judgment may require us to cease some or all of our operations or pay substantial amounts to the other party. Even if we were to prevail in such a litigation or dispute, it could be costly and time consuming and divert the attention of our management and key personnel from our business operations. During the course of any litigation or dispute, we may make announcements regarding the results of hearings and motions and other interim developments. If securities analysts and investors regard these announcements as negative, the market price of our Class A common stock may decline. With respect to any intellectual property rights claim, we may have to seek a license to continue practices found to be in violation of third-party rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such practices may not be available to us at all, and we may be required to develop alternative non-infringing technology or practices or discontinue the practices. The development of alternative, non-infringing technology or practices could require significant effort and expense. Our business could be harmed as a result.

Our failure to protect our intellectual property rights and proprietary information could diminish our brand and other intangible assets.

We primarily rely and expect to continue to rely on a combination of patent, patent licenses, trade secret and domain name protection, trademark and copyright laws, as well as confidentiality and license agreements with our employees, consultants and third parties, to protect our intellectual property and proprietary rights. In the United States and abroad, as of March 22, 2019, we have two issued patents and seven pending patent applications. We make business decisions about when to seek patent protection for a particular technology and when to rely upon copyright or trade secret protection, and the approach we select may ultimately prove to be inadequate. Even in cases where we seek patent protection, there is no assurance that the resulting patents will effectively protect every significant feature of our products. In addition, we believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand and maintaining goodwill. If we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. Third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge our proprietary rights, pending and future patent, trademark and copyright applications may not be approved, and we may not be able to prevent infringement without incurring substantial expense. We have also devoted substantial resources to the development of our proprietary technologies and related processes. In order to protect our proprietary technologies and processes, we rely in part on trade secret laws and confidentiality agreements with our employees, consultants and third parties. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights, or develop similar technologies and processes. Further, laws in certain jurisdictions may afford little or no trade secret protection, and any changes in, or unexpected interpretations of, the intellectual property laws in any country in which we operate may compromise our ability to enforce our intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. If the protection of our proprietary rights is inadequate to prevent use or appropriation by third parties, the value of our platform, brand and other intangible assets may be diminished, and competitors may be able to more effectively replicate our platform and its features. Any of these events would harm our business.

If we experience excessive fraudulent activity or cannot meet evolving credit card association merchant standards, we could incur substantial costs and lose the right to accept credit cards for payment, which could cause our customer and paid host base to decline significantly.

A large portion of our customers authorize us to bill their credit card accounts directly for our products. If customers pay for their subscriptions with stolen credit cards, we could incur substantial third-party vendor costs for which we may not be reimbursed. Further, our customers provide us with credit card billing information online or over the phone, and we do not review the physical credit cards used in these transactions, which increases our risk of exposure to fraudulent activity. We also incur charges, which we refer to as chargebacks, from the credit card companies for claims that the customer did not authorize the credit card transaction for our products, something that we have experienced in the past. If the number of claims of unauthorized credit card transactions becomes excessive, we could be assessed substantial fines for excess chargebacks, and we could lose the right to accept credit cards for payment. In addition, credit card issuers may change merchant standards, including data protection and documentation standards, required to utilize their services from time to time. If we fail to maintain compliance with current merchant standards or fail to meet new standards, the credit card associations could fine us or terminate their agreements with us, and we would be unable to accept credit cards as payment for our products. Our products may also be subject to fraudulent usage and schemes, including third parties accessing customer accounts or viewing and recording data from our communications solutions. These fraudulent activities can result in unauthorized access to customer accounts and data, unauthorized use of our products, and charges and expenses to customers for fraudulent usage. We may be required to pay for these charges and expenses with no reimbursement from the customer, and our reputation may be harmed if our

products are subject to fraudulent usage. Although we implement multiple fraud prevention and detection controls, we cannot assure you that these controls will be adequate to protect against fraud. Substantial losses due to fraud or our inability to accept credit card payments would cause our customer base to significantly decrease and would harm our business.

Our business may be significantly impacted by a change in the economy, including any resulting effect on consumer or business spending.

Our business may be affected by changes in the economy generally, including any resulting effect on spending by our customers. While some of our customers may consider our platform to be a cost-saving purchase, decreasing the need for business travel, others may view a subscription to our platform as a discretionary purchase, and our customers may reduce their discretionary spending on our platform during an economic downturn. If an economic downturn were to occur, we may experience such a reduction in demand and loss of customers, especially in the event of a prolonged recessionary period.

Our business could be disrupted by catastrophic events.

Occurrence of any catastrophic event, including earthquake, fire, flood, tsunami or other weather event, power loss, telecommunications failure, software or hardware malfunctions, cyber-attack, war or terrorist attack, could result in lengthy interruptions in our service. In particular, our U.S. headquarters and some of the data centers we utilize are located in the San Francisco Bay Area, a region known for seismic activity, and our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. In addition, acts of terrorism could cause disruptions to the internet or the economy as a whole. Even with our disaster recovery arrangements, our service could be interrupted. If our systems were to fail or be negatively impacted as a result of a natural disaster or other event, our ability to deliver products to our users would be impaired, or we could lose critical data. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster and to execute successfully on those plans in the event of a disaster or emergency, our business would be harmed.

We may have exposure to greater than anticipated tax liabilities, which could harm our business.

While to date we have not incurred significant income taxes in operating our business, we are subject to income taxes in the United States and various jurisdictions outside of the United States. Our effective tax rate could fluctuate due to changes in the proportion of our earnings and losses in countries with differing statutory tax rates. Our tax expense could also be impacted by changes in non-deductible expenses, changes in excess tax benefits of stock-based compensation, changes in the valuation of, or our ability to use, deferred tax assets and liabilities, the applicability of withholding taxes and effects from acquisitions.

The provision for taxes on our financial statements could also be impacted by changes in accounting principles, changes in U.S. federal, state or international tax laws applicable to corporate multinationals such as the recent legislation enacted in Australia, the United Kingdom and the United States, other fundamental changes in law currently being considered by many countries and changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions.

We are subject to review and audit by U.S. federal, state, local and foreign tax authorities. Such tax authorities may disagree with tax positions we take, and if any such tax authority were to successfully challenge any such position, our business could be harmed. We may also be subject to additional tax liabilities due to changes in non-income based taxes resulting from changes in federal, state or international tax laws, changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions, results of tax examinations, settlements or judicial decisions, changes in accounting principles, changes to our business operations, including acquisitions, as well as the evaluation of new information that results in a change to a tax position taken in a prior period.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of January 31, 2019, we had \$26.9 million of U.S. federal and \$10.7 million of state net operating loss carryforwards available to reduce future taxable income, which will begin to expire in 2032 for federal and 2027 for state tax purposes. It is possible that we will not generate taxable income in time to use these net operating loss carryforwards before their expiration or at all. Under legislative changes made in December 2017, U.S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such net operating losses is limited. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law. In addition, the federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended (the Code), respectively, and similar provisions of state law. Under those sections of the Code, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income or tax may be limited. In general, an “ownership change” will occur if there is a cumulative change in our ownership by “5-percent shareholders” that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We have completed a Section 382 calculation and have determined that none of the operating losses will expire solely due to Section 382 limitation(s). However, we may experience ownership changes as a result of this offering or in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards and tax credits is materially limited, it would harm our business by effectively increasing our future tax obligations.

Our reported results of operations may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board (FASB), the Securities and Exchange Commission (SEC) and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. For example, we recently adopted *Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers* (ASC 606), effective as of February 1, 2017, utilizing the full retrospective method of adoption. The adoption of ASC 606 impacted the timing and manner in which we report our revenue and expenses, especially with respect to our sales commissions. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for more information. It is also difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could harm our business.

We may need additional capital, and we cannot be certain that additional financing will be available on favorable terms, or at all.

Historically, we have funded our operations and capital expenditures primarily through equity issuances and cash generated from our operations. Although we currently anticipate that our existing cash and cash equivalents and cash flow from operations will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing. We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance and condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity or equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our Class A common stock, and our stockholders may experience dilution.

Our use of third-party open source software could negatively affect our ability to offer and sell subscriptions to our platform and subject us to possible litigation.

A portion of the technologies we use incorporates third-party open source software, and we may incorporate third-party open source software in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and requesting compliance with the open source software license terms. Accordingly, we may be subject to suits by parties claiming ownership of what we believe to be open source software or claiming non-compliance with the applicable open source licensing terms. Some open source software licenses require end-users who use, distribute or make available across a network software and services that include open source software to offer aspects of the technology that incorporates the open source software for no cost. We may also be required to make publicly available source code (which in some circumstances could include valuable proprietary code) for modifications or derivative works we create based upon, incorporating or using the open source software and/or to license such modifications or derivative works under the terms of the particular open source license. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose any of our source code that incorporates or is a modification of our licensed software. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the terms of their licenses, including claims of intellectual property rights infringement or for breach of contract. Furthermore, there exists today an increasing number of types of open source software licenses, almost none of which have been tested in courts of law to provide guidance of their proper legal interpretations. If we were to receive a claim of non-compliance with the terms of any of these open source licenses, we may be required to publically release certain portions of our proprietary source code. We could also be required to expend substantial time and resources to re-engineer some of our software. Any of the foregoing could disrupt and harm our business.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Any of the foregoing could harm our business and could help our competitors develop products and services that are similar to or better than ours.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) and the rules and regulations of the applicable listing standards of The Nasdaq Stock Market. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our

disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems and controls to accommodate such changes. For example, we will need to implement new revenue recognition modules into our existing enterprise resource planning system to facilitate the preparation of our financial statements under ASC 606. We will also be required to adopt ASU 2016-02, *Leases* (Topic 842), which requires, among other things, lessees to recognize most leases on-balance sheet via a right of use asset and lease liability, beginning February 1, 2019. We have limited experience with implementing the systems and controls that will be necessary to operate as a public company, as well as adopting changes in accounting principles or interpretations mandated by the relevant regulatory bodies. Additionally, if these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on The Nasdaq Stock Market. We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until our first annual report filed with the SEC where we are an accelerated filer or a large accelerated filer. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could harm our business and could cause a decline in the trading price of our Class A common stock.

We may acquire other businesses or receive offers to be acquired, which could require significant management attention, disrupt our business or dilute stockholder value.

We may in the future make acquisitions of other companies, products and technologies. We have limited experience in acquisitions. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed

negatively by users, developers or investors. In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company following an acquisition. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management and disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could harm our business. In addition, we may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges.

We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could affect our financial condition or the value of our capital stock. The sale of equity to finance any such acquisitions could result in dilution to our stockholders. If we incur more debt, it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to flexibly operate our business.

Risks Related to Ownership of Our Class A Common Stock

An active trading market for our Class A common stock may never develop or be sustained.

We have applied to list our Class A common stock on The Nasdaq Global Select Market under the symbol “ZM.” However, we cannot assure you that an active trading market for our Class A common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our Class A common stock will develop or be maintained, your ability to sell your shares of our Class A common stock when desired or the prices that you may obtain for your shares.

The trading price of our Class A common stock may be volatile, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for shares of our Class A common stock. The initial public offering price of our Class A common stock was determined through negotiation between us and the underwriters. This price does not necessarily reflect the price at which investors in the market will be willing to buy and sell shares of our Class A common stock following this offering. In addition, the trading price of our Class A common stock following this offering is likely to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock as you might be unable to sell your shares at or above the price you paid in this offering. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections, or our failure to meet those projections;
- announcements by us or our competitors of new products, features, or services;

[Table of Contents](#)

- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors’ businesses or the competitive landscape generally;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, products, services or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and in the market price of a particular company’s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management’s attention and resources.

The dual class structure of our common stock as contained in our amended and restated certificate of incorporation has the effect of concentrating voting control with those stockholders who held our stock prior to this offering, including our executive officers, employees and directors and their affiliates, limiting your ability to influence corporate matters.

Our Class B common stock has 10 votes per share, and our Class A common stock, which is the stock we are offering in this initial public offering, has one vote per share. Stockholders who hold shares of Class B common stock, including our executive officers, employees and directors and their affiliates, will together hold approximately % of the voting power of our outstanding capital stock following the completion of this offering. Our directors, executive officers and 5% stockholders and their respective affiliates will together hold approximately % of the voting power of our outstanding capital stock following the completion of this offering. Our founder, President and Chief Executive Officer, Eric S. Yuan, will hold approximately % of our outstanding capital stock but will control approximately % of the voting power of our outstanding capital stock following the completion of this offering. Therefore, these holders will have significant influence over our management and affairs and over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of Zoom or our assets, for the foreseeable future. Each share of Class B common stock will be automatically converted into one share of Class A common stock upon the earliest of (i) the date that is six months following the death or incapacity of Mr. Yuan, (ii) the date that Mr. Yuan is no longer providing services to us or his employment is terminated for cause, (iii) the date specified by the holders of a majority of the then outstanding shares of Class B common stock, voting as a separate class, and (iv) the 15-year anniversary of our proposed initial public offering.

In addition, the holders of Class B common stock collectively will continue to be able to control all matters submitted to our stockholders for approval even if their stock holdings represent less than a majority of the outstanding shares of our common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A common stock could be adversely affected.

[Table of Contents](#)

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, Mr. Yuan retains a significant portion of his holdings of Class B common stock for an extended period of time, he could, in the future, control a majority of the combined voting power of our Class A and Class B common stock. As a board member, Mr. Yuan owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, even a controlling stockholder, Mr. Yuan is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

In addition, in July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in any of these indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not be investing in our stock. These policies are new, and it is as of yet unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations or depress our trading volume compared to those of other similar companies that are included.

If you purchase our Class A common stock in this offering, you will incur immediate and substantial dilution in the book value of your investment.

The initial public offering price of our Class A common stock is substantially higher than the pro forma net tangible book value per share of our Class A and Class B common stock outstanding immediately following the completion of this offering. Therefore, if you purchase shares of our Class A common stock in this offering at the initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover of this prospectus, you will experience immediate dilution of \$ _____ per share, the difference between the price per share you pay for our Class A common stock and its pro forma net tangible book value per share as of _____, after giving effect to the issuance of shares of our Class A common stock in this offering. This dilution is due in large part to the fact that our earlier investors paid substantially less than the initial public offering price when they purchased their shares of Class B common stock. In addition, we have issued options to acquire our Class B common stock at prices significantly below the initial public offering price. To the extent outstanding options are ultimately exercised, there will be further dilution to investors purchasing our Class A common stock in this offering. In addition, if the underwriters exercise their option to purchase additional shares or if we issue additional equity securities, you will experience additional dilution.

Future sales and issuances of our capital stock or rights to purchase capital stock could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

We may issue additional securities following the completion of this offering. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

We will have broad discretion in the use of net proceeds from this offering and may invest or spend the proceeds in ways with which you do not agree and in ways that may not yield a return.

We cannot specify with any certainty the particular uses of the net proceeds that we will receive from this offering. Our management will have broad discretion over the use of net proceeds from this offering, including

[Table of Contents](#)

for any of the purposes described in “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Investors may not agree with our decisions, and our use of the proceeds may not yield any return on your investment. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Our failure to apply the net proceeds of this offering effectively could impair our ability to pursue our growth strategy or could require us to raise additional capital.

Substantial future sales of shares of our Class A common stock and Class B common stock could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock and Class B common stock (after automatically converting to Class A common stock) in the public market following the completion of this offering, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our Class A common stock.

Based on shares outstanding as of January 31, 2019, upon the completion of this offering, we will have outstanding a total of _____ shares of Class A common stock and _____ shares of Class B common stock, assuming no exercise of the underwriters’ option to purchase additional shares and no exercise of outstanding options, after giving effect to the conversion of all outstanding shares of our preferred stock into shares of Class B common stock immediately upon the completion of this offering and after giving effect to the conversion of _____ shares of Class B common stock into Class A common stock upon the sale of such shares by the selling stockholders. Of these shares, only the shares of Class A common stock sold in this offering will be freely tradable, without restriction, in the public market immediately after the offering. All of our executive officers and directors and the holders of substantially all the shares of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us or have entered or will enter into lock-up agreements with the underwriters that restrict their ability to transfer shares of our capital stock during the period ending on, and including, the 180th day after the date of this prospectus, subject to specified exceptions. We refer to such period as the lock-up period. We and the underwriters may permit certain stockholders who are subject to these market standoff agreements or lock-up agreements to sell shares prior to the expiration of the lock-up period. After the end of the lock-up period, all 242,993,239 shares of Class B common stock outstanding as of January 31, 2019 will become eligible for sale, of which _____ shares held by directors, executive officers and other affiliates will be subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended (the Securities Act) and various vesting agreements.

In addition, as of January 31, 2019, there were 35,064,465 shares of Class B common stock subject to outstanding options. We intend to register all of the shares of Class A common stock issuable upon conversion of the shares of Class B common stock issuable upon exercise of outstanding options and upon exercise or settlement of any options or other equity incentives we may grant in the future for public resale under the Securities Act. Accordingly, these shares will become eligible for sale in the public market to the extent such options are exercised, subject to the lock-up agreements described above and compliance with applicable securities laws.

Holders of 156,171,668 shares of our Class B common stock, including shares issuable upon the conversion of outstanding shares of preferred stock, have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file on our behalf or for other stockholders. See “Shares Eligible for Future Sale” and “Underwriters.”

Provisions in our corporate charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management or hinder efforts to acquire a controlling interest in us, and the market price of our Class A common stock may be lower as a result.

There are provisions in our certificate of incorporation and bylaws, as they will be in effect following this offering, that may make it difficult for a third party to acquire, or attempt to acquire, control of Zoom, even if a change in control was considered favorable by our stockholders.

Our charter documents will also contain other provisions that could have an anti-takeover effect, such as:

- establishing a classified board of directors so that not all members of our board of directors are elected at one time;
- permitting the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- providing that directors may only be removed for cause;
- prohibiting cumulative voting for directors;
- requiring super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorizing the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminating the ability of stockholders to call special meetings of stockholders;
- prohibiting stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; and
- our dual class common stock structure as described above.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibit a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Any provision in our certificate of incorporation or our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the exclusive forums for certain disputes between us and our stockholders, which could limit our stockholders’ ability to choose the judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, will provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the Delaware General Corporation Law, or the certificate of incorporation or the amended and restated bylaws or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. In addition, our amended and restated

certificate of incorporation will provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations. For example, the Court of Chancery of the State of Delaware recently determined that the exclusive forum provision of federal district courts of the United States of America for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. However, this decision may be reviewed and ultimately overturned by the Delaware Supreme Court. If this ultimate adjudication were to occur, we would enforce the federal district court exclusive forum provision in our amended and restated certificate of incorporation.

Our Class A common stock market price and trading volume could decline if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If few securities analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our Class A common stock to decline.

We will incur costs and demands upon management as a result of complying with the laws and regulations affecting public companies in the United States, which may harm our business.

As a public company listed in the United States, we will incur significant additional legal, accounting and other expenses. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the SEC and The Nasdaq Stock Market, may increase legal and financial compliance costs and make some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts, we fail to comply with new laws, regulations and standards, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events would also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management.

We are an “emerging growth company,” and we intend to comply only with reduced disclosure requirements applicable to emerging growth companies. As a result, our Class A common stock could be less attractive to investors.

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act, and for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company until the earlier of (i) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of over \$1.07 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock held by non-affiliates exceeds \$700 million as of the prior July 31 and (ii) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on these exemptions. If some investors find our Class A common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our Class A common stock, and our stock price may be more volatile.

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

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, including our statements regarding the benefits and timing of the roll-out of new technology, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions.

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

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this prospectus. While we believe that such information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

MARKET AND INDUSTRY DATA

This prospectus contains estimates and information concerning our industry, including market position and the size and growth rates of the markets in which we participate, that are based on industry publications and reports. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “Risk Factors.” These and other factors could cause results to differ materially from those expressed in these publications and reports.

Certain information in the text of this prospectus is contained in independent industry publications. The source of these independent industry publications is provided below:

- Forbes Media LLC, *The Connected Culture: Unleashing the Power of Video in Everyday Collaboration*, October 30, 2017 (commissioned by us).
- G2 Crowd, *2018 Momentum Report for Video Conferencing*, 2018.
- Gartner, *Magic Quadrant for Meeting Solutions*, September 4, 2018.
- Gartner Peer Insights: <https://www.gartner.com/reviews/market/meeting-solutions-web-conferencing/vendor/zoom>.
- International Data Corporation (IDC), *Worldwide Unified Communications and Collaboration Forecast, 2018-2022*, May 2018.
- Salesforce Research, *State of IT*, April 26, 2017.
- TrustRadius, *Announcing the Top Rated Web Conferencing Software for 2019*, February 6, 2019.

The Gartner reports described herein (the Gartner Reports) represent research opinions or viewpoints published as part of a syndicated subscription service by Gartner, Inc. (Gartner), and are not representations of fact. Each Gartner Report speaks as of its respective original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Reports are subject to change without notice.

Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner’s research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Gartner Peer Insights Customers’ Choice constitute the subjective opinions of individual end-user reviews, ratings, and data applied against a documented methodology; they neither represent the views of, nor constitute an endorsement by, Gartner or its affiliates.

Information contained on or accessible through the website referenced above is not a part of this prospectus and the inclusion of the website address referenced above in this prospectus is an inactive textual reference only.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full) based on an assumed initial public offering price of \$ per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses. We will not receive any proceeds from the sale of shares of our Class A common stock by the selling stockholders.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share of Class A common stock would increase (decrease) the net proceeds to us from this offering by approximately \$ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of Class A common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately \$ million, assuming the assumed initial public offering price of \$ per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The principal purposes of this offering are to increase our capitalization and financial flexibility and create a public market for our Class A common stock. We currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We cannot specify with certainty all of the particular uses for the remaining net proceeds to us from this offering. We may also use a portion of the net proceeds for acquisitions or strategic investments in complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any such acquisitions or investments at this time. We will have broad discretion over how to use the net proceeds to us from this offering. We intend to invest the net proceeds to us from the offering that are not used as described above in investment-grade, interest-bearing instruments.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. In addition, we may enter into agreements in the future that could contain restrictions on payments of cash dividends.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and marketable securities and our capitalization as of January 31, 2019 as follows:

- on an actual basis;
- on a pro forma basis to reflect (1) the automatic conversion of all outstanding shares of our convertible preferred stock as of January 31, 2019 into 152,665,804 shares of Class B common stock immediately prior to the completion of this offering, (2) the filing of our amended and restated certificate of incorporation immediately prior to the completion of this offering, and (3) the issuance of _____ shares of Class A common stock upon conversion of outstanding convertible promissory notes at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, in the principal amount of \$15.0 million plus accrued interest upon the completion of this offering; and
- on a pro forma as adjusted basis to give further effect to (1) the pro forma items described immediately above and (2) our issuance and sale of _____ shares of Class A common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted information below is illustrative only, and our capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our consolidated financial statements and the related notes included in this prospectus and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information contained in this prospectus.

	As of January 31, 2019		
	Actual	Pro Forma	Pro Forma as Adjusted(1)
	(in thousands, except share and per share data)		
	\$ 176,401	\$ 176,401	\$
Cash, cash equivalents and marketable securities			
Convertible promissory notes and derivatives, net	15,219	—	
Convertible preferred stock, \$0.001 par value per share; 158,104,540 shares authorized; 152,665,804 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	159,552	—	
Stockholders’ (deficit) equity:			
Preferred stock, \$0.001 par value per share: no shares authorized, issued or outstanding, actual; _____ shares authorized and no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	
Class A common stock, \$0.001 par value per share; 320,000,000 shares authorized, no shares issued and outstanding, actual; _____ shares authorized, no shares issued and outstanding, pro forma; _____ shares authorized, _____ shares issued and outstanding, pro forma as adjusted	—	—	
Class B common stock, \$0.001 par value per share, 300,000,000 shares authorized, 90,327,435 shares issued and outstanding, actual; _____ shares authorized, 242,993,239 shares issued and outstanding, pro forma and pro forma as adjusted	89	243	
Additional paid-in capital	17,760	192,377	

[Table of Contents](#)

	As of January 31, 2019		
	Actual	Pro Forma	Pro Forma as Adjusted ⁽¹⁾
	(in thousands, except share and per share data)		
Accumulated other comprehensive loss	(135)	(135)	
Accumulated deficit	(25,153)	(25,153)	
Total stockholders' (deficit) equity	(7,439)	167,332	
Total capitalization	<u>\$ 167,332</u>	<u>\$ 167,332</u>	<u>\$</u>

- (1) Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share of Class A common stock, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, marketable securities, total stockholders' (deficit) equity and total liabilities, convertible preferred stock and stockholders' (deficit) equity by approximately \$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price per share would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, marketable securities, total stockholders' (deficit) equity and total liabilities, convertible preferred stock and stockholders' (deficit) equity by approximately \$ million, assuming the assumed initial public offering price of \$ per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The outstanding share information in the table above is based on no shares of our Class A common stock and 242,993,239 shares of our Class B common stock (including preferred stock on an as-converted basis and reclassified as common stock) outstanding as of January 31, 2019 and excludes:

- 35,064,465 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of January 31, 2019, with a weighted-average exercise price of \$1.48 per share;
- 760,700 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after January 31, 2019, with a weighted-average exercise price of \$24.10 per share;
- shares of our Class A common stock issuable upon the automatic conversion of convertible promissory notes in the principal amount of \$15.0 million plus accrued interest in connection with this offering, assuming a conversion date of January 31, 2019 and an assumed initial public offering price of \$ per share of Class A common stock, the midpoint of the price range set forth on the cover page of this prospectus;
- shares of our Class A common stock reserved for future issuance under our 2019 Equity Incentive Plan, which includes an annual evergreen increase and will become effective in connection with this offering; and
- shares of our Class A common stock reserved for future issuance under our 2019 Employee Stock Purchase Plan, which includes an annual evergreen increase and will become effective in connection with this offering.

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our Class A common stock after this offering.

As of January 31, 2019, we had a pro forma net tangible book value (deficit) of \$ million, or \$ per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of shares of our Class A and Class B common stock outstanding as of January 31, 2019, after giving effect to the reclassification and automatic conversion of all shares of our convertible preferred stock outstanding as of January 31, 2019 into 152,665,804 shares of our Class B common stock.

After giving further effect to the sale of shares of Class A common stock that we are offering at an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of January 31, 2019 would have been approximately \$ million, or approximately \$ per share. This amount represents an immediate increase in pro forma net tangible book value of \$ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately \$ per share to new investors purchasing shares of Class A common stock in this offering.

Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by new investors. The following table illustrates this dilution (without giving effect to any exercise by the underwriters of their over-allotment option):

Assumed initial public offering price per share	\$
Pro forma net tangible book value per share as of January 31, 2019	\$
Increase in pro forma net tangible book value per share attributable to this offering	<u> </u>
Pro forma as adjusted net tangible book value per share after this offering	
Dilution per share to new investors in this offering	<u> </u>

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

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value after the offering would be \$ per share, the increase in pro forma net tangible book value per share to existing stockholders would be \$ per share and the dilution per share to new investors would be \$ per share, in each case assuming an initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus.

Table of Contents

The following table summarizes on the pro forma as adjusted basis described above, as of January 31, 2019, the differences between the number of shares of Class B common stock purchased from us by our existing stockholders and Class A common stock by new investors purchasing shares in this offering, the total consideration paid to us in cash and the average price per share paid by existing stockholders for shares of Class B common stock issued prior to this offering and the price to be paid by new investors for shares of Class A common stock in this offering. The calculation below is based on the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of the prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	\$
Existing stockholders		%	\$	%	\$
New investors					
Total		100%	\$	100%	

Sales by the selling stockholders in this offering will reduce the number of shares held by existing stockholders to , or approximately % of the total shares of common stock outstanding after this offering, and will increase the number of shares held by new investors to , or approximately % of the total shares of common stock outstanding after this offering.

The outstanding share information in the table above is based on no shares of our Class A common stock and 242,993,239 shares of our Class B common stock (including preferred stock on an as-converted basis and reclassified as Class B common stock) outstanding as of January 31, 2019 and excludes:

- 35,064,465 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of January 31, 2019, with a weighted-average exercise price of \$1.48 per share;
- 760,700 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after January 31, 2019, with a weighted-average exercise price of \$24.10 per share;
- shares of our Class A common stock issuable upon the automatic conversion of convertible promissory notes in the principal amount of \$15.0 million plus accrued interest in connection with this offering, assuming a conversion date of January 31, 2019 and an assumed initial public offering price of \$ per share of Class A common stock, the midpoint of the price range set forth on the cover page of this prospectus;
- shares of our Class A common stock reserved for future issuance under our 2019 Equity Incentive Plan, which includes an annual evergreen increase and will become effective in connection with this offering; and
- shares of our Class A common stock reserved for future issuance under our 2019 Employee Stock Purchase Plan, which includes an annual evergreen increase and will become effective in connection with this offering.

To the extent any outstanding options are exercised, there will be further dilution to new investors. If all of such outstanding options had been exercised as of January 31, 2019, the pro forma as adjusted net tangible book value per share after this offering would be \$, and total dilution per share to new investors would be \$.

If the underwriters exercise their over-allotment option in full, our existing stockholders would own % and the investors purchasing shares of our Class A common stock in this offering would own % of the total number of shares of our Class A common stock outstanding immediately after completion of this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated statements of operations data for the years ended January 31, 2017, 2018 and 2019 and the consolidated balance sheet data as of January 31, 2018 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained elsewhere in this prospectus. The last day of our fiscal year is January 31.

	Year Ended January 31,		
	2017	2018	2019
(in thousands, except share and per share data)			
Consolidated Statements of Operations Data:			
Revenue	\$ 60,817	\$ 151,478	\$ 330,517
Cost of revenue(1)	12,472	30,780	61,001
Gross profit	48,345	120,698	269,516
Operating expenses:			
Research and development(1)	9,218	15,733	33,014
Sales and marketing(1)	31,580	82,707	185,821
General and administrative(1)	7,547	27,091	44,514
Total operating expenses	48,345	125,531	263,349
Income (loss) from operations	—	(4,833)	6,167
Interest income, net	98	1,241	1,837
Other income, net	60	74	345
Net income (loss) before provision for income taxes	158	(3,518)	8,349
Provision for income taxes	(172)	(304)	(765)
Net income (loss)	\$ (14)	\$ (3,822)	\$ 7,584
Distributed earnings attributable to participating securities(2)	(14,366)	(4,405)	—
Undistributed earnings attributable to participating securities	—	—	(7,584)
Net income (loss) attributable to common stockholders(2)	\$ (14,380)	\$ (8,227)	\$ —
Net income (loss) per share attributable to common stockholders			
Basic	\$ (0.20)	\$ (0.11)	\$ 0.00
Diluted	\$ (0.20)	\$ (0.11)	\$ 0.00
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders			
Basic	70,309,256	78,119,865	84,483,094
Diluted	70,309,256	78,119,865	116,005,681
Pro forma net income per share attributable to common stockholders			
Basic			\$ 0.03
Diluted			\$ 0.03
Weighted-average shares used in computing pro forma net income per share attributable to common stockholders			
Basic			237,148,898
Diluted			268,671,485

[Table of Contents](#)

- (1) Includes stock-based compensation expense as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Cost of revenue	\$ 87	\$ 204	\$1,119
Research and development	278	360	1,369
Sales and marketing	467	812	3,540
General and administrative	207	8,953	2,913
Total stock-based compensation expense	<u>\$1,039</u>	<u>\$10,329</u>	<u>\$8,941</u>

- (2) In the years ended January 31, 2017 and 2018, we repurchased 4,000,000 and 1,365,800 shares, respectively, of Series A convertible preferred stock from certain existing investors. The amount paid in excess of the carrying value of the Series A convertible preferred stock is considered a deemed dividend and is reflected as distributed earnings attributable to participating securities in the calculation of net loss attributable to common stockholders. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for more information.

	As of January 31,	
	2018	2019
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	\$ 36,146	\$ 63,624
Marketable securities	103,056	112,777
Working capital	114,633	124,378
Total assets	215,019	354,565
Deferred revenue, current and non-current	54,262	125,773
Convertible promissory notes, net ⁽¹⁾	—	14,858
Convertible preferred stock	159,552	159,552
Accumulated deficit	(32,737)	(25,153)
Total stockholders' deficit	(26,671)	(7,439)

- (1) Included in other liabilities, non-current on our consolidated balance sheet.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our consolidated financial statements and accompanying notes included elsewhere within this prospectus. This discussion includes both historical information and forward-looking information that involves risk, uncertainties and assumptions. Our actual results may differ materially from management's expectations as a result of various factors, including, but not limited to, those discussed in the section titled "Risk Factors." The last day of our fiscal year is January 31. Our fiscal quarters end on April 30, July 31, October 31 and January 31.

Overview

Our mission is to make video communications frictionless.

We provide a video-first communications platform that delivers happiness and fundamentally changes how people interact. We connect people through frictionless video, voice, chat and content sharing and enable face-to-face video experiences for thousands of people in a single meeting across disparate devices and locations. Our cloud-native platform delivers reliable, high-quality video that is easy to use, manage and deploy, provides an attractive return on investment, is scalable and easily integrates with physical spaces and applications. We believe that rich and reliable communications lead to interactions that build greater empathy and trust. We strive to live up to the trust our customers place in us by delivering a communications solution that "just works." Our goal is to make Zoom meetings better than in-person meetings.

The positive impact we have on our customers and hosts is reflected in our average customer Net Promoter Score (NPS), which was over 70 in 2018. NPS, which can range from a low of -100 to a high of +100, measures the willingness of customers to recommend a company's products or services to others and is used as a proxy for gauging customers' overall satisfaction with a company's product or service and the customers' loyalty to the brand. We believe our customer-first focus is a critical part of our DNA and built directly into our platform architecture, which dynamically processes and delivers reliable, high-quality video across devices. Our architecture can support tens of thousands of video participants in a single meeting. Our 13 co-located data centers located worldwide enable us to provide both high-quality and high-definition, real-time video to our customers even in low bandwidth environments.

Since our inception, our consistent focus on innovation has allowed us to achieve the following significant milestones:

- **2011:** Zoom founded, first employee hired, first seed funding and first office leased
- **2013:** First public release of Zoom Meetings, which supported 200 million annual meeting minutes by year end
- **2014:** Introduced Zoom Chat, Zoom Video Webinar and Zoom Rooms
- **2015:** 100th employee hired, revolutionized mobile screen sharing, introduced Zoom Video Breakout Rooms and partnered with Slack and salesforce.com
- **2016:** Added native interoperability with Microsoft Skype for business, introduced touch and three-screen support for Zoom Rooms and reached six billion annual meeting minutes
- **2017:** Announced Zoom Developer Platform, hosted our first user conference, Zoomtopia, and opened offices in Australia and the United Kingdom
- **2018:** Announced Zoom Phone, Zoom App Marketplace and partnerships with Atlassian and Dropbox
- **2019:** Exceeded 5 billion monthly meeting minutes

[Table of Contents](#)

Our revenue was \$60.8 million, \$151.5 million and \$330.5 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively, representing annual revenue growth of 149% and 118% in fiscal 2018 and fiscal 2019, respectively. We had a net loss of \$0.0 million and \$3.8 million for the fiscal years ended January 31, 2017 and 2018, respectively, and net income of \$7.6 million for the fiscal year ended January 31, 2019. Cash provided by operations was \$9.4 million, \$19.4 million and \$51.3 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively.

Our Business Model

We generate revenue from the sale of subscriptions to our video-first communications platform. Subscription revenue is driven primarily by the number of paid hosts, as well as purchases of additional products including Zoom Rooms and Zoom Video Webinars. A host is any user of our video-first communications platform who initiates a Zoom Meeting and invites one or more participants to join that meeting. We refer to hosts who subscribe to a paid Zoom Meeting plan as “paid hosts.” We define a customer as a separate and distinct buying entity, which can be a single paid host or an organization of any size (including a distinct unit of an organization) that has multiple paid hosts. Our Basic offering is free and gives hosts access to Zoom Meetings with core features but with limitations on the number of attendees and time. Our paid offerings include our Pro, Business and Enterprise plans, which provide incremental features and functionality, such as different participant limits, administrative controls and reporting.

The terms of our subscription agreements are monthly, annual and multi-year, and we may bill for the full term in advance or on an annual or monthly basis, depending on the customer preference. We recognize subscription revenue ratably over the term of the subscription period. Our larger customers typically opt to pay in annual installments, one year in advance. We have seen an increase in the proportion of annual and multi-year subscriptions and billings as we have increased the number of larger customers. For example, for the fiscal years ended January 31, 2018 and 2019, 65% and 74%, respectively, of our annual recurring revenue (ARR) was generated from annual and multi-year subscriptions. We define ARR as the annualized revenue run-rate of subscription agreements from all customers at a point in time. We calculate ARR by taking the monthly recurring revenue (MRR) and multiplying it by 12. MRR is defined as the recurring revenue run-rate of subscription agreements from all customers for the last month of the period, including revenue from monthly subscribers who have not provided any indication that they intend to cancel their subscriptions. ARR and MRR should be viewed independently of revenue as they are operating metrics and are not intended to be replacements or forecasts of revenue.

Our Go-to-Market Model

We offer subscriptions to our platform to a broad range of customers, from single users to organizations with hundreds of thousands of employees. Users are comprised of both hosts who organize video meetings and the individual attendees who participate in those video meetings. We complement this lead-generation model with our multipronged go-to-market strategy that integrates the viral enthusiasm for our platform with optimal routes-to-market, including direct sales representatives, online channel, resellers and strategic partners. This approach allows us to cost-effectively drive upgrades to our paid offering and expansion within organizations of all sizes and verticals.

Our platform is designed to make it easy for new users to join or host meetings. Meeting participants invited by a host can begin using the platform immediately. If a participant wants to host a meeting, they can subscribe to one of the paid plans or sign up for our free Basic plan. By attracting free hosts through our Basic plan, we drive usage on our platform, and our free hosts then introduce and invite new participants to experience the benefits of Zoom. As free hosts realize the benefits of our platform, they often subscribe to a paid plan to gain access to additional functionality. For the fiscal year ended January 31, 2019, 55% of our 344 customers that contributed more than \$100,000 of revenue started with at least one free host prior to subscribing. These 344 customers contributed 30% of revenue for the fiscal year ended January 31, 2019.

Our customer base is diverse and spans various industries and countries. Our top 10 customers accounted for less than 10% of revenue for each of the fiscal years ended January 31, 2017, 2018 and 2019.

We have experienced significant success in attracting large enterprise customers using our model. For the fiscal year ended January 31, 2019, we had 344 customers that contributed more than \$100,000 of revenue, compared to just 143 customers one year before.

Key Factors Affecting Our Performance

Acquiring New Customers

We are focused on continuing to grow the number of customers that use our platform. Our operating results and growth prospects will depend in part on our ability to attract new customers. While we believe we have a significant market opportunity that our platform addresses, it is difficult to predict customer adoption rates or the future growth rate and size of the market for our platform. We will need to continue to invest in sales and marketing in order to address this opportunity by hiring, developing and retaining talented sales personnel who are able to achieve desired productivity levels in a reasonable period of time.

Expansion of Zoom Across Existing Customers

We believe that there is a large opportunity for growth with many of our existing customers. For the fiscal year ended January 31, 2019, greater than 50% of the Fortune 500 had at least one paid Zoom host, compared to only 4% that contributed more than \$100,000 of revenue. We believe this demonstrates that our product has already gained a foothold in many of the largest enterprises in the United States, and there is a large opportunity to expand within these large enterprise customers. Many customers have increased the size of their subscriptions as they have expanded their use of our platform across their operations. Some of our larger enterprise customers start with a single deployment of Zoom Meetings with one team, location or geography, before rolling out our platform throughout their organization. Several of our largest customers have deployed our platform globally to their entire workforce following smaller initial deployments. This expansion in the use of our platform also provides us with opportunities to market and sell additional products to our customers, such as Zoom Rooms at each office location and enablement of Zoom Video Webinars. In order for us to address this opportunity to expand the use of our products with our existing customers, we will need to maintain the reliability of our platform and produce new features and functionality that are responsive to our customer's requirements for enterprise grade solutions.

We quantify our expansion across existing customers through our net dollar expansion rate. Our net dollar expansion rate includes the increase in user adoption within our customers, as our subscription revenue is primarily driven by the number of paid hosts within a customer and the purchase of additional products, and compares our subscription revenue from the same set of customers across comparable periods. We calculate net dollar expansion rate as of a period end by starting with the ARR from customers with greater than 10 employees as of the 12 months prior to such period end (Prior Period ARR). We then calculate the ARR from these customers as of the current period end (Current Period ARR). The calculation of Current Period ARR includes any upsells, contraction and attrition. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the net dollar expansion rate. For the trailing 12-months calculation, we take an average of this calculation over the previous 12 months. Our net dollar expansion rate may fluctuate as a result of a number of factors, including the level of penetration within our customer base, expansion of products and features and our ability to retain our customers. Our trailing 12-month net dollar expansion rate was 138%, 139% and 140% as of July 31, 2018, October 31, 2018 and January 31, 2019, respectively. As we only began tracking this metric in August 2017, we are not able to calculate the net dollar expansion rate for a trailing 12-month period prior to July 31, 2018.

Innovation and Expansion of Our Platform

We continue to invest resources to enhance the capabilities of our platform. We announced Zoom Phone in October 2018 and made it generally available in January 2019. In 2018, we also announced our App Marketplace to bring together applications built by Zoom and third-party developers that are integrated into our platform, making it easy for customers and developers to extend our product portfolio with new functionalities. We believe that the more developers and other third parties use our platform to integrate other major third-party applications, the more we become the ubiquitous platform for communications. We will need to expend additional resources to continue introducing new products, features and functionality, and supporting the efforts of third parties to enhance the value of our platform with their own applications.

International Expansion

Our platform addresses the communications needs of users worldwide. Minimal updates are required in order to make Zoom available for foreign markets, and we see international expansion as a major opportunity.

We only recently started to expand our go-to-market operations internationally. Our revenue from APAC and EMEA represented 17% of our revenue in the fiscal year ended January 31, 2018 when we first established a physical sales presence in Australia and the United Kingdom. In the fiscal year ended January 31, 2019, our revenue from APAC and EMEA represented 18% of our revenue, and we added five additional local sales locations in Canada, France, Japan, the Netherlands and Singapore. We plan to add local sales support in further select international markets over time. We use strategic partners and resellers to sell in international markets, such as China, where we have limited or no sales presence. While we believe global demand for our platform will continue to increase as international market awareness of Zoom grows, our ability to conduct our operations internationally will require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems and commercial markets.

Key Business Metrics

We review the following key business metrics to measure our performance, identify trends, formulate financial projections, and make strategic decisions.

Customers with Greater Than 10 Employees

Increasing awareness of our platform and its broad range of capabilities has enabled us to substantially expand our customer base, which includes organizations of all sizes across industries. We define a customer as a separate and distinct buying entity, which can be a single paid host or an organization of any size (including a distinct unit of an organization) that has multiple paid hosts. To better distinguish business customers from our broader customer base, we review the number of customers with more than 10 employees. Revenue from these customers represented 69%, 75% and 78% of revenue for the fiscal years ended January 31, 2017, 2018 and 2019, respectively. As of January 31, 2017, 2018 and 2019, we had approximately 10,900, 25,800 and 50,800 customers with more than 10 employees. When disclosing the number of customers, we round down to the nearest hundred.

Customers Contributing More Than \$100,000 of Annual Revenue

We focus on growing the number of customers that contribute more than \$100,000 of annual revenue as a measure of our ability to scale with our customers and attract larger organizations to Zoom. Revenue from these customers represented 22%, 25% and 30% of revenue for the fiscal years ended January 31, 2017, 2018 and 2019, respectively. As of January 31, 2017, 2018 and 2019, we had 54, 143 and 344 customers that contributed

more than \$100,000 of revenue in each of their respective fiscal years, demonstrating our rapid penetration of larger organizations including enterprises. These customers are a subset of the customers with greater than 10 employees.

Components of Results of Operations

Revenue

We derive our revenue from subscription agreements with customers for access to our video-first communications platform. Our customers do not have the ability to take possession of our software. We also provide services, which include professional services, consulting services and online event hosting, which are generally considered distinct from the access to our video-first communications platform.

Cost of Revenue

Cost of revenue primarily consists of costs related to hosting our video-first communications platform and providing general operating support services to our customers. These costs are related to our co-located data centers, third-party cloud hosting, integrated third-party public switched telephone network (PSTN) services, personnel-related expenses, amortization of capitalized software development and allocated overhead. We expect our cost of revenue to increase in absolute dollars as our revenue increases.

Operating Expenses

Research and Development

Research and development expenses primarily consist of personnel-related expenses directly associated with our research and development organization, depreciation of equipment used in research and development and allocated overhead. Research and development costs are expensed as incurred. We plan to increase our investment in research and development for the foreseeable future as we focus on further developing our platform and enhancing its use cases.

Sales and Marketing

Sales and marketing expenses primarily consist of personnel-related expenses directly associated with our sales and marketing organization. Other sales and marketing expenses include promotional events to promote our brand, such as awareness programs, digital programs, tradeshow and our user conference, Zoomtopia, and allocated overhead. Sales and marketing expenses also include amortization of deferred contract acquisition costs. We plan to increase our investment in sales and marketing over the foreseeable future, primarily from increased headcount in our sales force and investment in brand- and product-marketing efforts.

General and Administrative

General and administrative expenses primarily consist of personnel-related expenses associated with our finance, legal and human resources organizations, professional fees for external legal, accounting and other consulting services, bad debt expense and allocated overhead. We expect to increase the size of our general and administrative function to support the growth of our business. Following the completion of this offering, we expect to incur additional expenses as a result of operating as a public company. We expect the dollar amount of our general and administrative expenses to increase for the foreseeable future.

Interest Income, Net

Interest income, net consists primarily of interest income earned on our cash equivalents and marketable securities and is partially offset by interest expenses on convertible promissory notes.

[Table of Contents](#)**Other Income, Net**

Other income, net consists primarily of miscellaneous non-operational income and expenses and remeasurement of derivative liabilities related to convertible promissory notes.

Provision for Income Taxes

Provision for income taxes consists primarily of income taxes related to foreign and state jurisdictions in which we conduct business.

Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenue for each of the periods indicated:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Revenue	\$60,817	\$151,478	\$330,517
Cost of revenue(1)	12,472	30,780	61,001
Gross profit	48,345	120,698	269,516
Operating expenses:			
Research and development(1)	9,218	15,733	33,014
Sales and marketing(1)	31,580	82,707	185,821
General and administrative(1)	7,547	27,091	44,514
Total operating expenses	48,345	125,531	263,349
Income (loss) from operations	—	(4,833)	6,167
Interest income, net	98	1,241	1,837
Other income, net	60	74	345
Net income (loss) before provision for income taxes	158	(3,518)	8,349
Provision for income taxes	(172)	(304)	(765)
Net income (loss)	\$ (14)	\$ (3,822)	\$ 7,584

(1) Includes stock-based compensation expense as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Cost of revenue	\$ 87	\$ 204	\$1,119
Research and development	278	360	1,369
Sales and marketing	467	812	3,540
General and administrative	207	8,953	2,913
Total stock-based compensation expense	\$1,039	\$10,329	\$8,941

Table of Contents

	Year Ended January 31,		
	2017	2018	2019
	(as a percentage of revenue)		
Revenue	100%	100%	100%
Cost of revenue	21	20	18
Gross profit	79	80	82
Operating expenses:			
Research and development	15	10	10
Sales and marketing	52	55	56
General and administrative	12	18	14
Total operating expenses	79	83	80
Income (loss) from operations	—	(3)	2
Interest income, net	—	1	1
Other income, net	—	—	—
Net income (loss) before provision for income taxes	—	(2)	3
Provision for income taxes	—	(1)	(1)
Net income (loss)	—	(3)	2

Comparison of the Fiscal Years Ended January 31, 2017, 2018 and 2019

Revenue

	Year Ended January 31,			2018 vs 2017% Change	2019 vs 2018% Change
	2017	2018	2019		
	(in thousands)				
Revenue	\$60,817	\$151,478	\$330,517	149%	118%

2018 compared to 2017. Revenue in the fiscal year ended January 31, 2018 increased by \$90.7 million, or 149%, compared to the fiscal year ended January 31, 2017. The increase was substantially due to existing customers, which accounted for approximately 55% of the increase, and to new customers, which accounted for approximately 45% of the increase.

2019 compared to 2018. Revenue in the fiscal year ended January 31, 2019 increased by \$179.0 million, or 118%, compared to the fiscal year ended January 31, 2018. The increase was substantially due to existing customers, which accounted for approximately 56% of the increase, and to new customers, which accounted for approximately 44% of the increase.

Cost of Revenue

	Year Ended January 31,			2018 vs 2017% Change	2019 vs 2018% Change
	2017	2018	2019		
	(in thousands)				
Cost of revenue	\$12,472	\$ 30,780	\$ 61,001	147%	98%
Gross profit	48,345	120,698	269,516	150	123
Gross margin	79%	80%	82%		

[Table of Contents](#)

2018 compared to 2017. Cost of revenue in the fiscal year ended January 31, 2018 increased by \$18.3 million, or 147%, compared to the fiscal year ended January 31, 2017. The increase in cost of revenue was primarily attributable to an increase of \$10.9 million in costs related to our co-located data centers, third-party cloud hosting and integrated third-party PSTN services to support the increase in customers and expanded use of our video-first communications platform by existing customers, and an increase of \$5.9 million in personnel-related expenses as a result of increased headcount.

2019 compared to 2018. Cost of revenue in the fiscal year ended January 31, 2019 increased by \$30.2 million, or 98%, compared to the fiscal year ended January 31, 2018. The increase in cost of revenue was primarily attributable to an increase of \$16.2 million in costs related to our co-located data centers, third-party cloud hosting and integrated third-party PSTN services to support the increase in customers and expanded use of our video-first communications platform by existing customers, and an increase of \$9.9 million in personnel-related expenses as a result of increased headcount.

Operating Expenses

	Year Ended January 31,				
	2017	2018	2019	2018 vs 2017 % Change	2019 vs 2018 % Change
		(in thousands)			
Research and development	\$9,218	\$15,733	\$33,014	71%	110%

2018 compared to 2017. Research and development expense in the fiscal year ended January 31, 2018 increased by \$6.5 million, or 71%, compared to the fiscal year ended January 31, 2017, as we continued to add new features and functionality to our video-first communications platform. The increase was primarily attributable to an increase in personnel-related expenses of \$5.3 million as a result of increased headcount. The remainder of the increase was primarily attributable to increased expenses of \$0.4 million related to equipment and software and \$0.3 million in allocated overhead.

2019 compared to 2018. Research and development expense in the fiscal year ended January 31, 2019 increased by \$17.3 million, or 110%, compared to the fiscal year ended January 31, 2018, as we continued to add new features and functionality to our video-first communications platform. The increase was primarily attributable to an increase in personnel-related expenses of \$13.2 million as a result of increased headcount. The remainder of the increase was primarily attributable to increased expenses of \$1.0 million related to allocated overhead, \$1.0 million related to stock-based compensation and \$0.9 million in equipment and software.

	Year Ended January 31,				
	2017	2018	2019	2018 vs 2017 % Change	2019 vs 2018 % Change
		(in thousands)			
Sales and marketing	\$31,580	\$82,707	\$185,821	162%	125%

2018 compared to 2017. Sales and marketing expense in the fiscal year ended January 31, 2018 increased by \$51.1 million, or 162%, compared to the fiscal year ended January 31, 2017. The increase in sales and marketing expense was primarily attributable to an increase in marketing and sales event-related costs of \$22.3 million as a result of increased costs related to digital, awareness and tradeshow programs, including our user conference, Zoomtopia, and an increase in personnel-related expenses of \$20.9 million as a result of increased headcount to support the growth in our sales force, which includes a \$6.5 million increase in sales commissions driven by our increase in revenue. The remainder of the increase was primarily attributable to increased expenses of \$2.0 million in allocated overhead, \$1.7 million in processing costs associated with sales, \$1.0 million in rent and \$0.9 million related to equipment and software.

Table of Contents

2019 compared to 2018. Sales and marketing expense in the fiscal year ended January 31, 2019 increased by \$103.1 million, or 125%, compared to the fiscal year ended January 31, 2018. The increase in sales and marketing expense was primarily attributable to an increase in personnel-related expenses of \$50.1 million as a result of increased headcount to support the growth in our sales force, which included a \$13.3 million increase in sales commissions driven by our increase in revenue. The increase was also driven by an increase in marketing and sales event-related costs of \$33.1 million as a result of increased costs related to digital, awareness and tradeshow programs, including Zoomtopia. The remainder of the increase was primarily attributable to increased expenses of \$3.0 million in processing costs associated with sales, \$2.8 million in travel expenses, \$2.8 million in allocated overhead, \$2.7 million related to stock-based compensation, \$2.1 million in rent expense, and \$1.7 million related to equipment and software.

	Year Ended January 31,			2018 vs 2017 % Change	2019 vs 2018 % Change
	2017	2018	2019		
General and administrative	\$7,547	\$27,091 (in thousands)	\$44,514	259%	64%

2018 compared to 2017. General and administrative expense in the fiscal year ended January 31, 2018 increased by \$19.5 million, or 259%, compared to the fiscal year ended January 31, 2017. The increase in general and administrative expense was primarily due to an increase in stock-based compensation expense of \$8.7 million. The increase in stock-based compensation was primarily due to the sale of common stock by our Chief Executive Officer to an existing stockholder, which resulted in the recognition of stock-based compensation expense of \$8.6 million for the difference between the purchase price and the fair value of our common stock at the time of sale. Refer to Note 7 to our consolidated financial statements included elsewhere in this prospectus for more information regarding this transaction. The remainder of the increase was primarily attributable to increased expenses of \$4.0 million related to a contingent liability for sales and other taxes, \$3.3 million in personnel-related expenses as a result of increased headcount, \$1.2 million for external accounting and consulting services, \$0.8 million related to equipment and software and \$0.6 million in allocated overhead.

2019 compared to 2018. General and administrative expense in the fiscal year ended January 31, 2019 increased by \$17.4 million, or 64%, compared to the fiscal year ended January 31, 2018. The increase in general and administrative expense was primarily due to an increase of \$7.8 million in personnel-related expenses as a result of increased headcount, increased expenses of \$7.0 million related to a contingent liability for sales and other taxes, \$3.3 million for external accounting and consulting services, \$1.3 million in legal expenses, \$1.2 million in bad debt expense, and \$1.1 million related to equipment and software, partially offset by a decrease of \$6.0 million in stock-based compensation expense due to the sale of common stock by our Chief Executive Officer to an existing stockholder in fiscal 2018, which resulted in the recognition of stock-based compensation expense of \$8.6 million in fiscal 2018. Refer to Note 7 to our consolidated financial statements included elsewhere in this prospectus for more information regarding this transaction.

Interest Income, Net

	Year Ended January 31,			2018 vs 2017 % Change	2019 vs 2018 % Change
	2017	2018	2019		
Interest income, net	\$98	\$1,241 (in thousands)	\$1,837	1,166%	48%

2018 compared to 2017. Interest income, net for the fiscal year ended January 31, 2018 increased by \$1.1 million, or 1,166%, compared to the fiscal year ended January 31, 2017. The increase was primarily driven by interest income earned from our investments in marketable securities.

[Table of Contents](#)

2019 compared to 2018. Interest income, net for the fiscal year ended January 31, 2019 increased by \$0.6 million, or 48%, compared to the fiscal year ended January 31, 2018. The increase was primarily driven by \$0.8 million of interest income earned from our investments in marketable securities, partially offset by \$0.2 million in interest expenses on convertible promissory notes.

Other Income, Net

	<u>Year Ended January 31,</u>			<u>2018 vs 2017% Change</u>	<u>2019 vs 2018% Change</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>		
	(in thousands)				
Other income, net	\$ 60	\$ 74	\$345	23%	366%

There were no significant changes to other income, net during the respective periods.

Provision for Income Taxes

	<u>Year Ended January 31,</u>			<u>2018 vs 2017% Change</u>	<u>2019 vs 2018% Change</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>		
	(in thousands)				
Provision for income taxes	\$172	\$304	\$765	77%	152%

2018 compared to 2017. Provision for income taxes for the fiscal year ended January 31, 2018 increased by \$0.1 million, or 77%, compared to the fiscal year ended January 31, 2017. The change in provision for income taxes was due primarily to international operations.

2019 compared to 2018. Provision for income taxes for the fiscal year ended January 31, 2019 increased by \$0.5 million, or 152%, compared to the fiscal year ended January 31, 2018. The change in provision for income taxes was due primarily to international operations.

Quarterly Results of Operations

The following tables set forth our unaudited quarterly consolidated statements of operations data for each of the quarters indicated, as well as the percentage that each line item represents of our revenue for each quarter presented. The information for each quarter has been prepared on a basis consistent with our audited consolidated financial statements included in this prospectus, and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of the financial information contained in those financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future. The following quarterly financial data should be read in conjunction with our consolidated financial statements included elsewhere in this prospectus.

	Three Months Ended							
	April 30, 2017	July 31, 2017	October 31, 2017	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019
	(in thousands)							
Revenue	\$26,753	\$32,921	\$ 40,890	\$ 50,914	\$60,070	\$74,526	\$ 90,121	\$ 105,800
Cost of revenue ⁽¹⁾	5,499	6,777	7,755	10,749	11,660	12,973	16,843	19,525
Gross profit	21,254	26,144	33,135	40,165	48,410	61,553	73,278	86,275
Operating expenses:								
Research and development ⁽¹⁾	3,545	3,542	4,199	4,447	6,264	7,049	8,893	10,808
Sales and marketing ⁽¹⁾	12,693	16,636	23,803	29,575	36,261	41,054	53,454	55,052
General and administrative ⁽¹⁾	2,750	12,508	5,414	6,419	7,569	10,028	11,994	14,923
Total operating expenses	18,988	32,686	33,416	40,441	50,094	58,131	74,341	80,783
Income (loss) from operations	2,266	(6,542)	(281)	(276)	(1,684)	3,422	(1,063)	5,492
Interest income, net	137	311	403	390	436	463	477	461
Other income (expense), net	2	29	(21)	64	5	81	128	131
Net income (loss) before provision for income taxes	2,405	(6,202)	101	178	(1,243)	3,966	(458)	6,084
Provision for income taxes	(53)	(57)	(80)	(114)	(97)	(141)	(140)	(387)
Net income (loss)	<u>\$ 2,352</u>	<u>\$ (6,259)</u>	<u>\$ 21</u>	<u>\$ 64</u>	<u>\$ (1,340)</u>	<u>\$ 3,825</u>	<u>\$ (598)</u>	<u>\$ 5,697</u>

(1) Includes stock-based compensation expense as follows:

	Three Months Ended							
	April 30, 2017	July 31, 2017	October 31, 2017	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019
	(in thousands)							
Cost of revenue	\$ 51	\$ 45	\$ 48	\$ 60	\$ 95	\$ 130	\$ 317	\$ 577
Research and development	73	75	102	110	129	193	383	664
Sales and marketing	135	141	250	286	396	492	1,154	1,498
General and administrative	47	8,684	75	147	229	311	798	1,575
Total stock-based compensation expense	<u>\$ 306</u>	<u>\$ 8,945</u>	<u>\$ 475</u>	<u>\$ 603</u>	<u>\$ 849</u>	<u>\$1,126</u>	<u>\$ 2,652</u>	<u>\$ 4,314</u>

Table of Contents

	Three Months Ended							
	April 30, 2017	July 31, 2017	October 31, 2017	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019
Revenue	100%	100%	100%	100%	100%	100%	100%	100%
Cost of revenue	21	21	19	21	19	17	19	18
Gross profit	79	79	81	79	81	83	81	82
Operating expenses:								
Research and development	13	11	11	9	11	9	10	11
Sales and marketing	48	50	58	58	60	55	59	52
General and administrative	10	38	13	13	13	14	13	14
Total operating expenses	71	99	82	80	84	78	82	77
Income (loss) from operations	8	(20)	(1)	(1)	(3)	5	(1)	5
Interest income, net	1	1	1	1	—	—	—	1
Other income, net	—	—	—	—	1	—	—	—
Net income (loss) before provision for income taxes	9	(19)	—	—	(2)	5	(1)	6
Provision for income taxes	—	—	—	—	—	—	—	(1)
Net income (loss)	9%	(19)%	—%	—%	(2)%	5%	(1)%	5%

Quarterly Revenue Trends

Revenue increased sequentially in each of the quarters presented primarily due to sales of subscriptions to new customers and the expanded use of our video-first communications platform by existing customers. A substantial portion of the revenue that we report in each period is attributable to the recognition of deferred revenue related to orders that we received during previous periods. Consequently, increases or decreases in new sales or renewals in any one period may not be immediately reflected in our revenue for that period and may impact our revenue in future periods. Accordingly, the effect of downturns in sales and market acceptance of our video-first communications platform with new customers, and potential changes in our rate of renewals with existing customers, may not be fully reflected in our results of operations until future periods.

Quarterly Cost of Revenue Trends

Cost of revenue increased sequentially in each of the quarters presented, primarily driven by expanded use of our video-first communications platform by new and existing customers, which resulted in increased costs related to our co-located data centers, third-party cloud hosting, integrated third-party PSTN services and personnel-related expenses.

Quarterly Gross Profit Trends

Gross profit increased sequentially in each of the quarters presented, primarily driven by an increase in revenue. Our gross profit margins were consistent for all periods presented.

Quarterly Operating Expenses Trends

Our total quarterly operating expenses increased sequentially for all periods presented due primarily to increases in headcount and other related expenses to support our growth. We intend to continue to make

[Table of Contents](#)

significant investments in our sales and marketing organization to drive revenue growth. We have also experienced a seasonal increase in sales and marketing expenses in our third fiscal quarter due to costs associated with our user conference Zoomtopia. We also intend to continue investing in our research and development efforts to add new features to and enhance the functionality of our existing video-first communications platform, and to ensure the reliability, availability and scalability of our solutions. As a result, we anticipate that in future fiscal quarters, the majority of our research and development expenses will result from personnel-related expenses and from technology tools used by our engineers in research and development activities. During our second fiscal quarter in fiscal 2018, we experienced a significant increase in general and administrative expense due to the sale of shares of our common stock by our CEO to an existing investor. As a result, we recognized stock-based compensation expense for the difference between the purchase price and the fair value of the Company's common stock at the time of sale. Refer to Note 7 to our consolidated financial statements included elsewhere in this prospectus for more information regarding this transaction. General and administrative expenses also include increased costs in recent fiscal quarters due to preparing to be a public company, a trend that we expect to continue for the foreseeable future.

Liquidity and Capital Resources

As of January 31, 2019, our principal sources of liquidity were cash, cash equivalents and marketable securities of \$176.4 million, which were held for working capital purposes. Our marketable securities generally consist of high-grade commercial paper, corporate bonds, agency bonds and U.S. government agency securities.

Since our inception, we have financed our operations primarily through sales of equity securities and cash generated from operations. We also issued convertible promissory notes in an aggregate principal amount of \$15.0 million to two strategic partners. Refer to Note 5 to our consolidated financial statements included elsewhere in this prospectus for more information regarding these transactions. Our principal uses of cash in recent periods have been funding our operations, investing in capital expenditures and repurchasing capital stock.

During the fiscal years ended January 31, 2017 and 2018, we repurchased 4,000,000 and 1,365,800 shares of our Series A convertible preferred stock from certain stockholders for an aggregate amount of \$15.0 million and \$4.6 million, respectively, and subsequently retired such shares. Refer to Note 7 to our consolidated financial statements included elsewhere in this prospectus for more information regarding these transactions.

We believe our existing cash, cash equivalents and marketable securities, together with cash provided by operations, will be sufficient to meet our needs for at least the next 12 months. Our future capital requirements will depend on many factors including our revenue growth rate, subscription renewal activity, billing frequency, the timing and extent of spending to support further sales and marketing and research and development efforts, as well as expenses associated with our international expansion, the timing and extent of additional capital expenditures to invest in existing and new office spaces. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations and financial condition would be materially and adversely affected.

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

	Year Ended January 31,		
	2017	2018	2019
		(in thousands)	
Net cash provided by operating activities	\$ 9,361	\$ 19,426	\$ 51,332
Net cash used in investing activities	(2,824)	(113,357)	(39,719)
Net cash provided by (used in) financing activities	100,267	(3,997)	17,534

Operating Activities

Net cash provided by operating activities of \$9.4 million for the fiscal year ended January 31, 2017 was primarily due to non-cash charges for depreciation and amortization of \$1.2 million, amortization of deferred contract acquisition costs, primarily commissions, of \$3.1 million, stock-based compensation of \$1.0 million and provision for accounts receivable allowances of \$0.3 million. Changes in operating assets and liabilities were favorable to cash flows from operations by \$3.7 million primarily due to an increase in deferred revenue of \$15.0 million from increases in sales and an increase in accounts payable, accrued expenses and other liabilities of \$6.6 million, partially offset by an addition to deferred contract acquisition costs of \$11.2 million, an increase to accounts receivable of \$5.9 million due to increases in sales and an increase in prepaid expenses and other assets of \$0.9 million.

Net cash provided by operating activities of \$19.4 million for the fiscal year ended January 31, 2018 was primarily due to net loss of \$3.8 million, offset by non-cash charges for depreciation and amortization of \$2.8 million, amortization of deferred contract acquisition costs, primarily commissions, of \$9.0 million, stock-based compensation of \$10.3 million and provision for accounts receivable allowances of \$0.7 million. Changes in operating assets and liabilities were favorable to cash flows from operations by \$0.3 million primarily due to an increase in deferred revenue of \$31.5 million from increases in sales, and an increase in accounts payable and accrued expenses and other liabilities of \$16.3 million, partially offset by an addition to deferred contract acquisition costs of \$27.5 million, an increase to accounts receivable of \$16.6 million due to increases in sales and an increase in prepaid expenses and other assets of \$3.4 million.

Net cash provided by operating activities of \$51.3 million for the fiscal year ended January 31, 2019 was primarily due to net income of \$7.6 million, non-cash charges for depreciation and amortization of \$7.0 million, amortization of deferred contract acquisition costs, primarily commissions, of \$20.8 million, stock-based compensation of \$8.9 million and provision for accounts receivable allowances of \$2.0 million. Changes in operating assets and liabilities were favorable to cash flows from operations by \$5.0 million primarily due to an increase in deferred revenue of \$71.5 million due to increases in sales, and an increase in accounts payable and accrued expenses and other liabilities of \$28.2 million, partially offset by an addition to deferred contract acquisition costs of \$45.8 million, an increase to accounts receivable of \$41.0 million due to increases in sales and an increase in prepaid expenses and other assets of \$8.0 million.

Investing Activities

Net cash used in investing activities of \$2.8 million for the fiscal year ended January 31, 2017 was related to capital expenditures of \$4.8 million, partially offset by principal payment received on a note receivable of \$2.0 million. Refer to Note 10 to our consolidated financial statements included elsewhere in this prospectus for more information regarding the note receivable.

Net cash used in investing activities of \$113.4 million for the fiscal year ended January 31, 2018 was related to net purchases of marketable securities of \$103.6 million and capital expenditures of \$9.7 million.

Net cash used in investing activities of \$39.7 million for the fiscal year ended January 31, 2019 was related to capital expenditures of \$28.4 million, net purchases of marketable securities of \$9.3 million and purchases of intangible assets of \$2.0 million.

Financing Activities

Net cash provided by financing activities of \$100.3 million for the fiscal year ended January 31, 2017 was primarily related to net proceeds from our Series D convertible preferred stock financing of \$114.8 million, partially offset by the repurchase of Series A convertible preferred stock of \$15.0 million.

[Table of Contents](#)

Net cash used in financing activities of \$4.0 million for the fiscal year ended January 31, 2018 was primarily related to the repurchase of Series A convertible preferred stock of \$4.6 million, partially offset by proceeds from the exercise of stock options of \$0.7 million.

Net cash provided by financing activities of \$17.5 million for the fiscal year ended January 31, 2019 was primarily related to the issuance of convertible promissory notes of \$15.0 million and the exercise of stock options of \$3.6 million, partially offset by payments of deferred offering costs of \$0.9 million.

Remaining Performance Obligation

The terms of our subscription agreements are monthly, annual and multi-year, and we may bill for the full term in advance or on an annual or monthly basis, depending on the customer preference. As of January 31, 2019, the aggregate amount of the transaction price allocated to remaining performance obligations was \$311.7 million, which consists of both billed consideration in the amount of \$125.8 million and unbilled consideration in the amount of \$185.9 million that we expect to recognize as revenue. We expect to recognize 67% of our remaining performance obligations as revenue in fiscal 2020 and the remainder thereafter.

Commitments and Contractual Obligations

The following table summarizes our non-cancelable contractual obligations as of January 31, 2019:

	Total	Payments Due by Period			
		Less Than 1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years
Operating lease obligations	\$56,657	\$ 7,609	\$15,725	\$14,688	\$ 18,635
Non-cancellable purchase obligations	25,115	15,958	9,137	20	—
Total contractual obligations	<u>\$81,772</u>	<u>\$ 23,567</u>	<u>\$24,862</u>	<u>\$14,708</u>	<u>\$ 18,635</u>

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

Off-Balance Sheet Arrangements

Through January 31, 2019, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency and Exchange Risk

The vast majority of our cash generated from revenue are denominated in U.S. dollars, with a small amount denominated in foreign currencies. Our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations, which are primarily in the United States, China, Europe and Australia. Our results of current and future operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our historical consolidated financials for the fiscal years ended January 31, 2017, 2018 and 2019. As the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency becomes more significant.

Interest Rate Risk

We had cash and cash equivalents of \$63.6 million and marketable securities of \$112.8 million as of January 31, 2019. Cash and cash equivalents consist of bank deposits and money market funds. Our marketable securities generally consist of high-grade commercial paper, corporate bonds, agency bonds and U.S. government agency securities. The cash and cash equivalents and marketable securities are held for working capital purposes. Such interest-earning instruments carry a degree of interest rate risk. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our historical consolidated financial statements for the fiscal years ended January 31, 2017, 2018 and 2019.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those accounting policies and estimates that are both the most important to the portrayal of our net assets and results of operations and require the most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These estimates are developed based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Critical accounting estimates are accounting estimates where the nature of the estimates are material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and the impact of the estimates on financial condition or operating performance is material.

The critical accounting estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

We derive our revenue from subscription agreements with customers for access to our video-first communications platform and services. We elected to adopt Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606), effective as of February 1, 2017, utilizing the full retrospective method of adoption. Accordingly, the consolidated financial statements for the fiscal years ended January 31, 2017, 2018 and 2019 are presented under ASC 606.

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration that we expect to receive in exchange for these services. To achieve the core principle of this standard, we apply the following five steps:

1. Identification of the contract, or contracts, with the customer

We determine a contract with a customer to exist when the contract is approved, each party's rights regarding the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the ability and intent to pay, and the contract has commercial substance. At contract inception, we will evaluate whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation. We apply judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit and financial information pertaining to the customer.

2. Identification of the performance obligations in the contract

Performance obligations committed in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either

[Table of Contents](#)

on its own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract. Our performance obligations generally consist of access to our video-first communications platform and related support services which is considered one performance obligation. Our customers do not have the ability to take possession of our software, and through access to our platform we provide a series of distinct software-based services that are satisfied over the term of the subscription.

We also provide services, which include professional services, consulting services and online event hosting, which are generally considered distinct from the access to our video-first communications platform.

3. Determination of the transaction price

The transaction price is determined based on the consideration to which we expect to be entitled in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur. None of our contracts contain a significant financing component. Revenue is recognized net of any taxes collected from customers which are subsequently remitted to governmental entities (e.g., sales and other indirect taxes).

Our video-first communications platform and related support services are typically warranted to perform in a professional manner that will comply with the terms of the subscription agreements. In addition, we include service level commitments to our customers warranting certain levels of uptime reliability and performance and permitting those customers to receive credits in the event that we fail to meet those service levels. These credits represent a form of variable consideration. Historically, we have not experienced any significant incidents affecting the defined levels of reliability and performance as required by the subscription agreements. We have not provided any material refunds related to these agreements in the consolidated financial statements during the periods presented.

4. Allocation of the transaction price to the performance obligations in the contract

Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on each performance obligation's relative standalone selling price. As noted above, access to our video-first communications platform and related support services are considered one performance obligation in the context of the contract and accordingly the transaction price is allocated to this single performance obligation.

5. Recognition of the revenue when, or as, a performance obligation is satisfied

Revenue is recognized at the time the related performance obligation is satisfied by transferring the control of the promised service to a customer. Revenue is recognized in an amount that reflects the consideration that we expect to receive in exchange for those services. Fees for access to our video-first communications platform and related support services are subscription revenue and are considered one performance obligation and the related revenue is recognized ratably over the subscription period as we satisfy the performance obligation.

Services are time-based arrangements and revenue is recognized as these services are performed.

Contract Balances

We receive payments from customers based on a billing schedule as established in our customer contracts. Accounts receivable are recorded when we contractually have the right to consideration. In some arrangements, a right to consideration for our performance under the contract may occur before invoicing to the customer resulting in an unbilled accounts receivable.

Contract liabilities consist of deferred revenue. Revenue is deferred when we have the right to invoice in advance of performance under a customer contract. The current portion of deferred revenue balances are recognized during the following 12-month period.

Cost to Obtain a Contract

We capitalize sales commissions and associated payroll taxes paid to internal sales personnel that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. We determine whether costs should be deferred based on our sales compensation plans and if the commissions are incremental and would not have occurred absent the customer contract.

Sales commissions paid upon the initial acquisition of a customer contract are amortized over an estimated period of benefit of three years, which is typically greater than the contractual terms of the customer contracts. We do not pay sales commissions upon contract renewal. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. We determine the period of benefit for commissions paid for the acquisition of the initial customer contract by taking into consideration the initial estimated customer life and the technological life of our video-first communications platform and related significant features. Amortization of deferred contract acquisition costs is included in sales and marketing expense in the consolidated statements of operations.

Stock-Based Compensation

Stock-based compensation expense related to stock awards is recognized based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates and the expected dividend yield of our common stock. The assumptions used to determine the fair value of the option awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. The related stock-based compensation expense is recognized on a straight-line basis over the requisite service period of the awards, which is generally four years. We account for forfeitures as they occur instead of estimating the number of awards expected to be forfeited.

Our use of the Black-Scholes option-pricing model requires the input of highly subjective assumptions. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

These assumptions and estimates are as follows:

- *Fair Value of Common Stock.* As our common stock is not publicly traded, the fair value was determined by our board of directors, with input from management and valuation reports prepared by third-party valuation specialists. Stock-based compensation for financial reporting purposes is measured based on updated estimates of fair value when appropriate, such as when additional relevant information related to the estimate becomes available in a valuation report issued as of a subsequent date.
- *Risk-Free Interest Rate.* The risk-free interest rate for the expected term of the options was based on the U.S. Treasury yield curve in effect at the time of the grant.
- *Expected Term.* The expected term of options represents the period of time that options are expected to be outstanding. Our historical stock option exercise experience does not provide a reasonable basis upon which to estimate an expected term due to a lack of sufficient data. For stock options granted to

[Table of Contents](#)

employees, we estimate the expected term by using the simplified method. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the options. For stock options granted to non-employees, the expected term equals the contractual term of the option.

- *Expected Volatility.* As we do not have a trading history for our common stock, the expected volatility was estimated by taking the average historic price volatility for industry peers, consisting of several public companies in our industry which are either similar in size, stage of life cycle, or financial leverage, over a period equivalent to the expected term of the awards.
- *Expected Dividend Yield.* We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. As a result, an expected dividend yield of zero percent was used.

The Black-Scholes assumptions used in evaluating our awards are as follows:

	Year Ended January 31,		
	2017	2018	2019
Expected term (years)	5.4 – 6.1	5.6 – 6.7	5.0 – 6.2
Expected volatility	48.2% – 56.3%	47.7% – 52.0%	44.6% – 48.2%
Risk-free interest rate	1.2% – 1.5%	1.8% – 2.3%	2.6% – 3.1%
Expected dividend yield	0.0%	0.0%	0.0%

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may refine our estimation process, which could materially impact our future stock-based compensation expense.

Common Stock Valuations

In valuing our common stock, the fair value of our business, or enterprise value, was determined using either the market approach or a combination of the market and income approaches. The market approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business and secondary transactions of our capital stock. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial results to estimate the value of the subject company. The market approach also includes consideration of the transaction price of secondary sales of our capital stock by investors. The income approach estimates the fair value of a company based on the present value of the company's future estimated cash flows and the residual value of the company beyond the forecast period. These future cash flows, including the cash flows beyond the forecast period for the residual value, are discounted to their present values using an appropriate discount rate, to reflect the risks inherent in the company achieving these estimated cash flows.

The resulting equity value is then allocated to each class of stock using an Option Pricing Model (OPM). The OPM treats common stock and convertible preferred stock as call options on an equity value, with exercise prices based on the liquidation preference of our convertible preferred stock. The common stock is modeled as a call option with a claim on the equity value at an exercise price equal to the remaining value immediately after our convertible preferred stock is liquidated. The exclusive reliance on the OPM through July 31, 2018 was appropriate when the range of possible future outcomes was difficult to predict and resulted in a highly speculative forecast. Beginning in October 2018, we performed the equity allocation using a probability weighted expected return method, or PWERM. The PWERM involves the estimation of the value of our company under multiple future potential outcomes, and estimates the probability of each potential outcome. The per share value of our common stock when determined using the PWERM was ultimately based upon probability-weighted per share values resulting from the various future scenarios, which include an initial public offering, merger or sale, or continued operation as a private company. After the equity value was determined and allocated to the various

[Table of Contents](#)

classes of shares, a discount for lack of marketability (DLOM) was applied to arrive at the fair value of common stock on a non-marketable basis. A DLOM is applied based on the theory that as an owner of a private company stock, the stockholder has limited information and opportunities to sell this stock. A market participant that would purchase this stock would recognize this risk and thereby require a higher rate of return, which would reduce the overall fair market value.

Our assessments of the fair value of common stock for grant dates were based in part on the current available financial and operational information and the common stock value provided in the most recent valuation as compared to the timing of each grant. For financial reporting purposes, we considered the amount of time between the valuation date and the grant date to determine whether to use the latest common stock valuation or a straight-line interpolation between the two valuation dates. This determination included an evaluation of whether the subsequent valuation indicated that any significant change in valuation had occurred between the previous valuation and the grant date.

Upon the completion of this offering, our common stock will be publicly traded and we will rely on the closing price of our common stock as reported on the date of grant to determine the fair value of our common stock.

Derivative Liabilities

The fair value of the derivative liabilities were measured using a with-and-without approach. Inputs used to determine the estimated fair value of the derivative instruments include the probability estimates of potential settlement scenarios for the convertible promissory notes, a present value discount rate and an estimate of the expected timing of settlement. Certain unobservable inputs used in the fair value measurement of the derivative instruments associated with the convertible promissory notes are the scenario probabilities and the discount rate estimated at the valuation date.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act (JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards, and therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Recent Accounting Pronouncements

See “Summary of Business and Significant Accounting Policies” in Note 1 of the notes to our consolidated financial statements included elsewhere in this prospectus for more information.

A LETTER FROM ERIC S. YUAN

Thank you for reading our prospectus and considering an investment in Zoom. As the founder and CEO of Zoom, it is my privilege to share with you what we're all about.

Life is about the pursuit of happiness. The greatest, most sustainable happiness comes from making others happy. Delivering happiness is what we do at Zoom.

Ten years ago, I was an engineering leader at a major technology company. I would visit customers, and they would tell me how unhappy they were with the technology in the videoconferencing market. This made me unhappy. There had to be something better – something designed for modern video communications, something that would deliver happiness. I knew that we would have to start from scratch to do it right.

This experience underlies the Zoom happiness philosophy. Our focus is to keep both our customers and our employees happy. The sum of their joy is greater than its parts. Our customers and our employees make each other happy. We live this philosophy every day. We take care of our customers and employees. We built a video-first communications platform that is scalable, user friendly and reliable. We respond to our customers' emails (quickly), talk with them face-to-face on Zoom, really listen to them and build the features and products they ask for (also quickly).

Happiness delivers results. In 2018, our average customer Net Promoter Score was over 70, demonstrating that our high-quality, easy-to-use platform is making customers happy. We have consistently earned high scores across customer review sites, including Gartner Peer Insights, TrustRadius and G2 Crowd. And let's not forget our employees. Zoom has received multiple awards from Glassdoor based on high ratings and reviews from our employees.

We deliver much more than what people expect from video communications. Our team comes to work every day because our platform transforms the way people work together. For example, a medical care team discusses the plan to transition a pediatric patient off his feeding tube, the world's largest brewery explores opportunities for using blockchain to pay its farmers, a state park brings students on an underwater exploration in Lake Tahoe – all face-to-face on Zoom. We are proud that our platform helps users around the world build trust, strengthen relationships, move faster and get meaningful things done.

It's been over seven years since I founded Zoom, but this is just the beginning. There are a lot of people and companies that benefit from Zoom, but there are still plenty that haven't yet explored the possibilities that Zoom can bring to their organizations. I want to give them video communications that make them happy. Video is the future of communications. If our customers are happy, the sky's the limit. We must stay humble and paranoid about our customers' and employees' happiness.

We have a lot left to do. If you join us in this journey, you will become an integral part of this work and our family. Caring is our company's core value. We care deeply for our community, our customers, our team and our company. And today, we want to add you to that list.

And now, back to work, and back to making people happy,



BUSINESS

Overview

Our mission is to make video communications frictionless.

We provide a video-first communications platform that delivers happiness and fundamentally changes how people interact. We connect people through frictionless video, voice, chat and content sharing and enable face-to-face video experiences for thousands of people in a single meeting across disparate devices and locations. Our cloud-native platform delivers reliable, high-quality video that is easy to use, manage and deploy, provides an attractive return on investment, is scalable and easily integrates with physical spaces and applications. We believe that rich and reliable communications lead to interactions that build greater empathy and trust. We strive to live up to the trust our customers place in us by delivering a communications solution that “just works.” Our goal is to make Zoom meetings better than in-person meetings.

We believe that our platform transforms how organizations communicate and work to create opportunities that were not possible before. We are witnessing the rapid adoption of video communications inside traditional organizations, enabling far greater effectiveness and intimacy in human-to-human interactions over a distance. In addition, we are enabling new use cases for how people are carrying out their work. For example, a technology customer with approximately 1,000 employees has been able to grow and maintain its culture even with an all-remote employee base by running all of its meetings on Zoom. A hospital, using Zoom, has been able to reduce the number of and time in surgeries by connecting specialists live into the operating room. A university uses Zoom to encourage participation and inclusion for students in its night program who have family and work constraints that would otherwise prevent them from participating in class.

We believe that our customers are delighted when they use our platform. Since our founding in 2011, our platform has been used to conduct tens of billions of meeting minutes. We believe that our success results from a culture that is focused on customer and employee happiness, a video-first cloud architecture, recognized market leadership, viral demand, an efficient go-to-market strategy and robust customer support.

Our architecture is video-first, cloud-native and optimized to dynamically process and deliver reliable, high-quality video across devices. Our approach to video has been substantially different from that taken by others who have attempted to add video to an aging, pre-existing conference call or chat tool. We developed a proprietary multimedia router optimized for the cloud that separates content processing from the transporting and mixing of streams. Our globally distributed cloud architecture delivers a differentiated user experience.

The cornerstone of our platform is Zoom Meetings, around which we provide a full suite of products and features designed to give users a frictionless communications experience. Users are comprised of both hosts who organize video meetings and the individual attendees who participate in those video meetings. Many customers also choose to implement Zoom Rooms, our software-based conference room system, which enables users to easily experience Zoom Meetings in their physical meeting spaces. We also recently launched Zoom Phone, a cloud-based PBX system, which complements Zoom Meetings. Our robust integrations and partner ecosystem enable organizations to connect Zoom seamlessly with third-party applications that their employees already use, reducing friction and increasing employee happiness and productivity.

The happiness we bring is recognized by customers. In 2018, our average customer Net Promoter Score (NPS) was over 70. Industry analysts also recognize our market leadership: Gartner has named Zoom a Leader in its Magic Quadrant for Meeting Solutions based on our “ability to execute” and “completeness of vision.” Zoom also has consistently high scores across customer review sites, including Gartner Peer Insights, TrustRadius and G2 Crowd. We have been recognized as a 2018 Gartner Peer Insights Customers’ Choice for Meeting Solutions (Web Conferencing). G2 Crowd recognized Zoom as the leading pacesetter in the industry in its 2018 Momentum Grid of Video Conferencing.

We have a unique model that combines viral enthusiasm for our platform with a multipronged go-to-market strategy for optimal efficiency. Viral enthusiasm begins with our users as they experience our platform – it just works. This enthusiasm continues as meeting participants become paid hosts and as businesses of all sizes become our customers. Our sales efforts funnel this viral demand into routes-to-market that are optimized for each customer opportunity, which can include our direct sales force, online channel, resellers and strategic partners. Our sales model allows us to efficiently turn a single non-paying user into a full enterprise deployment. For the fiscal year ended January 31, 2019, 55% of our 344 customers that contributed more than \$100,000 of revenue started with at least one free host prior to subscribing. These 344 customers contributed 30% of revenue in the fiscal year ended January 31, 2019.

We believe that we have built a scalable and sustainable business model. We have thousands of customers of all sizes across industry verticals and geographies. We are experiencing rapid revenue growth and are generating positive cash flow from operations. Much of the primary capital that we have raised in recent years remains on our balance sheet, demonstrating the cash flow efficiency of our business. Our revenue was \$60.8 million, \$151.5 million and \$330.5 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively, representing annual revenue growth of 149% and 118% for fiscal 2018 and fiscal 2019, respectively. We had a net loss of \$0.0 million and \$3.8 million for the fiscal years ended January 31, 2017 and 2018, respectively, and net income of \$7.6 million for the fiscal year ended January 31, 2019. Cash provided by operations was \$9.4 million, \$19.4 million and \$51.3 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively.

Industry Trends in Our Favor

Communication is at the Center of Organizational Performance

Communication is fundamental for organizations. Effective communication keeps employees informed, builds trust, engages customers and enhances decision-making. High-quality communication increases happiness throughout teams and, when coupled with strong execution, can improve business performance. The evolving nature of the modern workforce has made communication even more important than it has been in the past. Fortunately, technological advances can be harnessed to create richer forms of communication that allow organizations to increase the happiness and performance of their workforce.

Communication and Collaboration Must Evolve as the Nature of Work is Changing

The way people work is changing. Organizations must evolve their approach to communication and collaboration in response to the following trends:

- ***Employees are increasingly distributed.*** Historically, teams were physically located together, even in the largest organizations, to drive productivity. Mobile and cloud technologies and ubiquitous network connectivity have enabled modern organizations to be increasingly distributed. Employees are asking to work remotely, and employers are targeting the best talent regardless of their location. Even though teams are more geographically distributed, it is still critical for them to work together effectively.
- ***Organizations seek to drive deeper engagement with employees, customers and partners.*** People derive more personal satisfaction and are more productive when they engage at a deeper level across internal and external business relationships. Historically, this was done through live, in-person interactions. With increasingly distributed workforces, maintaining this level of engagement is difficult. Outside of the workplace, video has become an increasingly popular medium by which people interact with their friends and family. Video is a rich form of interaction as it allows the communication of facial expressions, emotions, body language and the surrounding environment. However, the lack of reliable business solutions has limited the adoption of video in the workplace.
- ***Workforce demographics are changing.*** Shifting demographics alongside increasingly distributed workforces increase the need for effective ways to communicate beyond in-person meetings. For

example, millennials currently make up 35% of the U.S. workforce. This population values agility and flexibility in their work environment, and millennials expect technology to meet their needs and work seamlessly.

- **Employees are influencing IT decisions.** Employees are increasingly the primary force for IT modernization at work as they bring the latest technologies from their personal lives to their jobs. According to a 2017 report from Salesforce Research, 71% of employees want their companies to provide the same level of technology as they use in their personal lives. Employees often expect to seamlessly communicate on any device and across mediums and, as a result, are increasingly influencing IT decisions.

Organizations Need a Comprehensive Platform that Enables Modern Communication

Legacy approaches to workplace communication have failed to address the evolving nature of work. Legacy communication tools have been ineffective due to substandard technology, expensive deployments, complicated interfaces and aging, proprietary architectures. Many were built largely to support audio conference calls and were designed to run on-premises. Additionally, many legacy video services were built as an extension of an existing tool and are, therefore, not purpose-built to enable a high quality and reliable user experience.

This dynamic has resulted in organizations deploying disparate and siloed technologies to address each of the various ways in which people communicate, including video, voice, email, chat and content sharing. According to a 2017 study by Forbes Media LLC that we commissioned, 62% of organizations use three or more video conferencing solutions to address different communications needs. These disparate technologies are difficult for employees to adopt and navigate and cumbersome and expensive for IT to support and manage.

To effectively enable modern communication, a comprehensive platform must have the following qualities:

- **Reliable, high-quality communications.** Organizations have a significant need for a platform that reliably delivers high-quality video and voice, even with varying levels of network performance. Legacy approaches generally do not adequately optimize the quality of the video based on bandwidth or device. This deficiency can result in dropped calls, pixelated video and unsynchronized audio and video.
- **Easy to use.** To drive broad adoption, a platform's user interface must be intuitive and easily navigable. In addition, users want solutions that have feature parity across devices and seamlessly integrate with their calendars, contacts and overall workflows. Multiple disparate legacy systems can be difficult for users to learn as they require product-specific knowledge, multiple passwords and understanding of overly complicated features, making them suboptimal.
- **Easy to deploy and manage.** Organizations want a single platform that is easy to deploy, leverages existing network infrastructure and conference room hardware and is simple to manage at scale through an intuitive administrative console and reporting system. IT deployment of disparate tools for video, voice, chat and content sharing that do not easily integrate with each other dramatically increases cost and complexity. Moreover, frequent manual updates, redundant products, constant troubleshooting and requirements for extensive user support make these tools difficult to manage.
- **Attractive return on investment.** Legacy systems often require significant proprietary infrastructure and conference room investments. Additionally, these systems may have unpredictable pricing based on usage that can vary from month to month. Organizations want a single platform that not only reduces the costs of proprietary infrastructure and conference room investments but also provides other opportunities for further cost savings, such as reducing unnecessary and expensive business travel.
- **Scalability.** Organizations need a communications platform that can be optimized for their footprint and scales as they grow. Legacy approaches often require cumbersome infrastructure and stitching together of disparate systems to support a growing user base. Moreover, many legacy systems simply cannot meet the demands of large enterprises.

[Table of Contents](#)

- **Integrated.** Organizations need a platform that integrates with their physical workspaces and existing business applications. Most legacy approaches were not designed to integrate easily with modern software applications or third-party devices, which can result in a frustrating experience.
- **Flexible terms.** Organizations also want to purchase technology under flexible terms that are right-sized for their business needs. Legacy offerings generally have rigid purchase contracts and support terms.

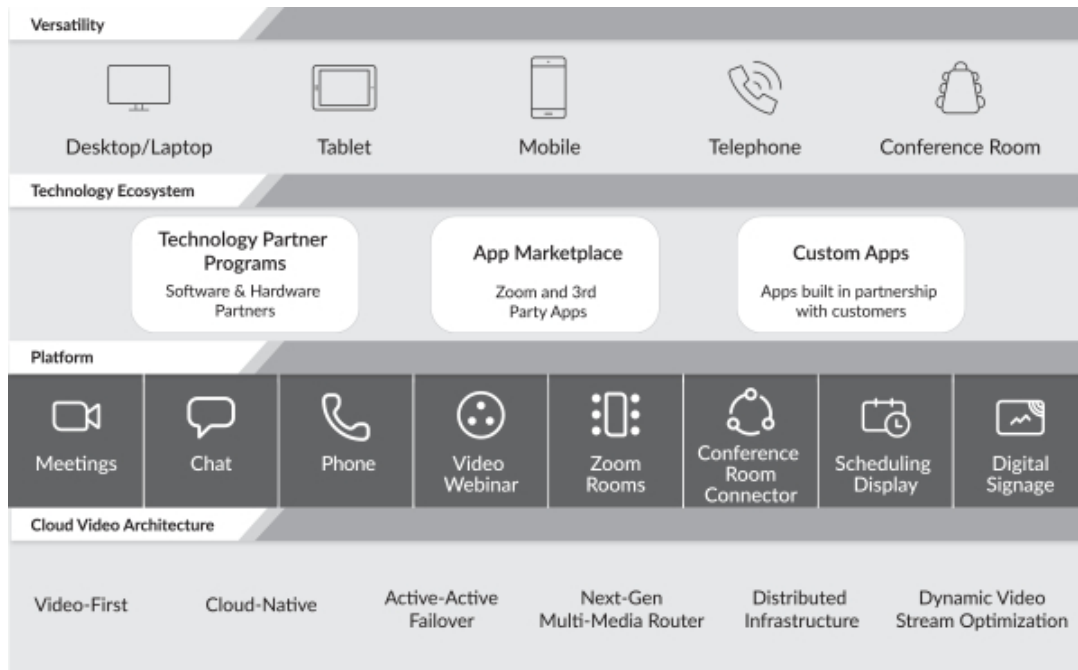
Organizations need a communications platform that delivers reliable, high-quality video that is easy to use, manage and deploy, provides an attractive return on investment, is scalable and easily integrates with physical spaces and applications.

Our Platform

We provide a video-first communications platform that delivers happiness and fundamentally changes how people interact by connecting them through frictionless video, voice, chat and content sharing. Our cloud-native platform enables face-to-face video experiences and connects thousands of users across disparate devices and locations in a single meeting. We strive to make Zoom meetings better than in-person meetings. Our customers typically see a dramatic increase in video communications usage after deployment. For example, prior to 2014, BAYADA Home Health Care was averaging just under 100 meetings a week using several applications for video conferencing prior to Zoom. Now with Zoom, it averaged 2,000 Zoom meetings a week in 2018.

[Table of Contents](#)

We provide video and voice communications, collaboration, chat, webinars and a developer platform across mobile devices, desktops, telephones and room systems. The following graphic depicts our cloud-based communications platform and some of its use cases:



zoom

Video Communications Platform

Key Benefits of the Zoom Platform

Key benefits of our platform include:

- **Reliable, high-quality communications that enable productivity, connectedness and trust.** Our platform delivers a high-quality, reliable communications experience across devices even with varying bandwidths and network performance. In fact, our platform can continue to deliver a productive meeting experience even with up to 40% packet loss. We believe our platform's consistent performance creates significant value to organizations by providing a trusted communications solution that enables more productive interactions.
- **Easy to use.** We provide a consolidated, intuitive interface for video, voice, chat and content sharing that can be easily navigated even by first time users. We help organizations consolidate disparate communications tools into a single unified platform, reducing the requirements for learning multiple systems. We enable calendar integration, easy synchronization with conference room equipment and feature parity across devices.
- **Easy to deploy and manage.** Our cloud-native platform is easy to deploy and manage by both IT administrators and business users, even when integrating with existing infrastructure. Our platform

removes the need for the integration of disparate communications tools, product-specific knowledge and high-touch user support and troubleshooting. We provide a simple and robust management layer with reporting capability.

- **Attractive return on investment.** Our platform drives higher employee engagement and improved collaboration, resulting in increased organizational productivity. Switching to our platform also reduces the costs associated with expensive on-premises infrastructure and continual maintenance. Moreover, the reliability of our platform's free voice over internet protocol (VoIP) provides our customers with considerable cost savings when compared to the public switched telephone network. The quality of the user experience provided by our platform makes it a compelling alternative to in-person meetings.
- **Scalability.** Our cloud-native platform was purpose-built to scale with organizations as they grow in size and complexity. Our platform delivers the highest quality experience for organizations of all sizes and for meetings, whether with two or thousands of users. Organizations can confidently scale their deployment of our platform with the assurance that it will continue to serve their needs as their operations grow.
- **Integrated.** Our robust integrations and partner ecosystem enable organizations to connect our platform seamlessly with both existing physical workspaces and business applications that their employees already use, allowing them to choose the most natural medium for any part of an interaction. For example, our platform integrates with cloud software applications provided by companies such as Atlassian, Dropbox, Google, LinkedIn, Microsoft, salesforce.com, Slack and others. We also have an ecosystem of hardware partners through which we deploy our Zoom Rooms and Conference Room Connector offerings.
- **Flexible terms.** We allow organizations to purchase subscriptions to our communications platform that are right-sized for their business needs. Customers can subscribe to our communications platform based on the number of hosts that they require on a month-to-month basis or purchase one- to multi-year subscriptions. In general, customers are not obligated to extend the term of their subscriptions beyond the contract term and can cancel their subscriptions at any time, although any amounts owed under the contract term remain due and payable. We are not obligated to provide refunds for services for which payment has already been made. The average term for our multi-year contracts is 2.4 years.

Our Competitive Strengths

We believe that we have a number of competitive advantages that will enable us to maintain and extend our leadership in communications. Our competitive strengths include:

- **Video-first cloud architecture.** We built our platform from the ground up to be cloud-native and video-first, unlike other approaches that have attempted to add video to an aging, pre-existing conference call or chat tool. We developed our purpose-built, video-first architecture to achieve the objective of providing our customers with a high-quality experience. Our unique architecture was built by our talented team, led by a founding group of engineers who have extensive expertise in real-time communications technology.
- **A recognized market leader.** We have been recognized by industry analysts as a market leader. For the third consecutive year, Gartner has named Zoom a Leader in its Magic Quadrant for Meeting Solutions (previously named Magic Quadrant for Web Conferencing). Gartner recognized Zoom in the Leaders quadrant based on our "ability to execute" and "completeness of vision." G2 Crowd recognized Zoom as the leading pacesetter in the industry in its 2018 Momentum Grid of Video Conferencing. Zoom is also Frost & Sullivan's 2019 Company of the Year Award recipient for the Global Video Conferencing Industry.
- **Viral demand driven by individual users.** Our rapid adoption is driven by a virtuous cycle of positive user experiences. Individuals typically begin using our platform when a colleague or associate invites them to a Zoom meeting. We allow anyone to join or host a meeting for free. When attendees experience our platform and realize the benefits, they often become paying customers to unlock

additional functionality. This user adoption model facilitates user growth and helps drive penetration within large organizations. The success of our user adoption model is reflected in our net dollar expansion rate of over 130% for the trailing 12 months ended January 31, 2019.

- **Growing base of happy customers.** We believe that making and keeping users happy is critical to growing our business. We use NPS data as a numerical expression of customer happiness. We believe that our customer NPS, which averaged over 70 in 2018, demonstrates that our high-quality, easy-to-use platform is making customers happy. We believe that our happy customers drive viral demand with potential new customers and lead existing customers to expand the use of our platform.
- **Multipronged go-to-market strategy.** We have a multipronged, go-to-market strategy that integrates the viral enthusiasm for our platform with optimal routes-to-market that match the size of the customer opportunity. Our direct sales force and strategic partners sell to customers of all sizes, and we leverage our online sales channel for smaller customers. Our platform and sales model allow us to turn a single non-paying user into a full enterprise deployment. Many of our customers started with only a single user on the free version. For the fiscal year ended January 31, 2019, 55% of our 344 customers that contributed more than \$100,000 of revenue started with at least one free host prior to subscribing. These 344 customers contributed 30% of revenue in the fiscal year ended January 31, 2019, underscoring the power of our model.
- **Robust customer support and success function.** We offer 24/7/365 support through live chat, phone and video for paying customers. Free customers have the ability to chat or open tickets with our support team. Additionally, we offer a variety of support options on our website, including a comprehensive knowledge base, to all customers. Our customer success team provides customized onboarding, training, branding, implementation and development solutions for our larger customers. Additionally, we regularly use customer feedback to drive further innovation on our platform. For the 90-day period ended January 31, 2019, our customer support team had a customer satisfaction score (CSAT) of over 90%.

Our Culture of Happiness

We are focused on delivering happiness to our employees and customers. We strive to change the way business is done through our communications technology and our company culture. We take happiness so seriously that we have an employee-led happiness committee and crew to facilitate and amplify our efforts to deliver happiness to our employees and customers.

Our culture of delivering happiness drives our mission, vision and values and is fundamental to everything we do at Zoom:

- **Mission.** Our mission is to make video communications frictionless.
- **Vision.** Our vision is to empower people to accomplish more through video communications.
- **Values.** We care for our community, our customers, our company, our teammates and ourselves.

This culture supports our hiring and serves as a competitive advantage in attracting and retaining top talent. Our Chief Executive Officer received Glassdoor's #1 CEO of a large company award in 2018, and we placed #2 in Glassdoor's Best Places to Work in the large company category in 2019.

Our Market Opportunity

Video has increasingly become the way that individuals want to communicate in the workplace and their daily lives. As a result, it has become a fundamental component of today's communication and collaboration market, which also includes integrated voice, chat and content sharing. IDC has defined this market as Unified Communications and Collaboration. Within this market, we address the Hosted / Cloud Voice and Unified Communications, Collaborative Applications and IP Telephony Lines segments. IDC estimated that these segments combined represent a \$43.1 billion opportunity in 2022.

We believe we address a broader opportunity than is currently captured in third-party market research because once our customers begin to experience the benefits of our video-first communications platform, they tend to greatly expand their use of video throughout their organizations. As a result, we expect that use of our platform will significantly increase the penetration of video communications across a broad range of customer types and use cases. We believe that all of today's knowledge workers could benefit from our platform's ability to connect people through frictionless video, voice, chat and content sharing.

Our Growth Strategy

We focus on the following elements of our strategy to drive our growth:

- **Keep our existing customers happy.** We provide happiness to our customers by giving them an experience that delights them. We respond to customer needs with action to drive positive user experiences. We believe these practices result in our high NPS and will continue to generate referrals from our existing customers, providing meaningful viral adoption for the foreseeable future.
- **Drive new customer acquisition.** Our platform is designed to make it easy to host meetings. By attracting free hosts to use our platform, we promote usage that allows hosts and their meeting attendees to experience the difference of Zoom. We complement this lead-generation model with our multipronged go-to-market strategy that integrates the viral enthusiasm for our platform with optimal routes-to-market, including direct sales representatives, online channel, resellers and strategic partners. This approach allows us to cost-effectively drive upgrades to our paid offering and expansion within organizations of all sizes and verticals.
- **Expand within existing customers.** As organizations experience our video platform and become familiar with its benefits, more teams and departments within these organizations adopt Zoom. Our platform may begin in a line of business and then organically expand across departments. This "land and expand" model has led to some of our largest deployments.
- **Innovate our platform continuously.** Our engineers aim to stay on the cutting edge of video communication and collaboration technologies and release on average over 200 new and enhanced features a year. We strive to deliver the best experience to our users by dedicating approximately 20% of engineering capacity to developing on-demand, customer-requested features that would be valuable across our customer base.
- **Accelerate international expansion.** With users, offices and data centers strategically located around the world, we are poised to reach new customers globally. Our platform is intuitively designed such that localization requirements are minimal. For example, our platform works without intensive translation requirements with only a few language adjustments to our user interface and support systems.
- **Grow our partnership ecosystem and continue to expand our platform.** Our platform integrates easily with other systems and tools. We enable developers to embed our platform into their own offerings through open application program interfaces (APIs) and our cross-platform software development kits (SDKs). We have already partnered with several hardware video conferencing and peripheral providers and with software providers, including Atlassian and Dropbox. Our App Marketplace has attracted over 1,000 third-party developers, which we believe will extend the value and adoption of Zoom. We intend to continue to grow our partnership ecosystem to drive ubiquity and a better user experience.

Our Products

We provide a video-first communications platform that delivers happiness and fundamentally changes how people interact, connecting them through frictionless video, voice, chat and content sharing. Our products include

[Table of Contents](#)

Zoom Meetings (including Zoom Chat), Zoom Rooms, Zoom Conference Room Connector, Zoom Phone, Zoom Video Webinars, Zoom for Developers and Zoom App Marketplace. The following graphic depicts our products:



Zoom Meetings

Zoom Meetings is the cornerstone of our platform that ties all of our other products and features together. Zoom Meetings provide HD video, voice, chat and content sharing across mobile devices, desktops, laptops, telephones and conference room systems. Our architecture can support tens of thousands of video participants in a single meeting. Conversations can be one-to-one, one-to-many or many-to-many. Zoom Meetings feature MP4/M4A cloud/local recording with transcripts, video breakout rooms, screen sharing with annotation and other powerful business applications to help teams get more done together. Zoom Meetings integrate with tools such as Atlassian, Dropbox, Google, LinkedIn, Microsoft, Salesforce and Slack. Our meetings are a flexible tool for on-the-go employees who rely on their mobile device or tablet throughout their business day as we are the only service to have mobile start, join, scheduling and screen sharing.

Zoom Chat, a feature of our Zoom Meetings platform, allows users to send texts, images, audio files and content instantly across desktop, laptop, tablet and mobile devices. Organizations use messaging to collaborate in groups or 1-1 channels, share files and information and stay connected. Chat allows easy invitation to people outside a user's organization, and users can easily switch from a chat to a video meeting during a conversation. Zoom Chat can also store content, offering discoverability to users who want to review their conversations or shared files.

Zoom Rooms

Zoom Rooms is our software-based conference room system, which enables users to have frictionless Zoom Meetings in their physical meeting spaces. Running on third-party off-the-shelf hardware, Zoom Rooms is a cost-effective way to outfit meeting spaces at scale with video and voice conferencing, wireless content sharing and calendar integrations. This adaptable platform brings video to conference, huddle and training rooms, as well as executive offices, clinics and classrooms. The use of affordable, off-the-shelf hardware means that companies can outfit many more rooms with video instead of a few key executive conference rooms.

Zoom Rooms Scheduling Display, running on an iOS or Android tablet outside the conferencing space, allows users to see upcoming meetings, check in and schedule spontaneous meetings.

Zoom Rooms Digital Signage, running on commodity monitors, enables organizations to display content in common spaces and meeting spaces for corporate communications, internal marketing and branding.

Zoom Conference Room Connector

The Zoom Conference Room Connector is a gateway for H.323 and SIP devices to join Zoom meetings. For organizations that use H.323 or SIP conference room systems from providers such as Polycom and Cisco, Zoom's Conference Room Connector can take these traditional hardware video conferencing systems to the cloud, allowing users to leverage their existing investments while taking advantage of our platform. This service may be used permanently, or as a bridge while an organization transitions from its legacy hardware-based conference rooms to software-based Zoom Rooms.

Zoom Phone

Zoom Phone is a cloud phone system available as an add-on that enhances our communications platform. We support inbound and outbound calling through the public switched telephone network and integrated traditional telephony features to enable customers to replace their existing private branch exchange (PBX) solution and consolidate all of their business communications and collaboration requirements onto Zoom.

Zoom Video Webinars

Zoom Video Webinars allows users to conduct large-scale online events such as town hall meetings, workshops and marketing presentations. Up to 100 panelists with full video, voice, chat and content sharing are able to communicate to over 10,000 view-only attendees. Zoom Video Webinars includes features such as Q&A, reporting, invitations and CRM and marketing automation software integrations. It also easily integrates with Facebook Live and YouTube, providing access to large bases of viewers.

Zoom for Developers and Zoom App Marketplace

Zoom for Developers allows developers to integrate our video, voice, chat and content sharing into other applications. On this solution, Zoom, third-party developers and partners build applications that integrate our platform with other cloud services. Our customers can also develop private applications that integrate Zoom into their systems. Our rich toolbox of extensible APIs, cross-platform SDKs and MobileRTC powered an average of more than 140 million API engagements per month for the 12 months ended January 31, 2019.

Our App Marketplace brings together these integrations built by Zoom and third-party developers, making it easy for developers to publish their apps and for customers to enhance their Zoom experience with new functionalities. We fully vet apps in our marketplace for security and user experience. Our App Marketplace features apps and bots with services such as HubSpot, Microsoft Teams and YouTube.

Our Technology and Infrastructure

Our unique technology and infrastructure enable best-in-class reliability, scalability and performance. We designed our communications platform to be video-first and cloud-native. Most legacy approaches utilize single multipoint control units (MCUs) to bridge video and voice participants into an integrated stream that is broadcast back to the participants. These hardware devices are shipped with defined processing and memory capacity that are difficult to scale. In addition, an MCU architecture is similar to other mainframe-like approaches where stream processing and mixing run on the same machine, which is resource-intensive and limits scalability.

Our technology was specifically designed from the start to address the most difficult component of communications: video. Video requires intense computing resources for encoding, decoding, multiplexing and synchronization, as well as higher bandwidth and network performance, to a much higher degree than other

forms of communication like voice, chat and content sharing. Our architecture separates video content processing from the transporting and mixing of streams. We allocate video content processing to intelligent agents that reside on client devices and dynamically encode and decode based upon the performance of client technology, network performance and bandwidth. We leverage a next-generation multimedia router (MMR) that operates on commodity hardware and a globally distributed cloud infrastructure to determine the optimal data centers to host a meeting and an optimal set of paths to connect the participants.

Our technology and infrastructure have the following key strengths:

- **Architectural separation of content processing from stream routing.** Client-side processing for encoding and decoding, our MMR for routing and dynamic optimization of stream traffic enables us to provide reliable high-quality communications. This architecture means each MMR can support approximately 1,100 more meeting participants than a standard MCU, which generally supports up to 80 participants.
- **Distributed cloud-native infrastructure from the start.** From day one, we have invested in a distributed architecture and load balancing to ensure that end users always get the best possible performance and quality. Our geographically distributed architecture enables users to connect to the data center closest to their location. Our distributed architecture also enables us to provide a more scalable service. Our microservices architecture allows us to access resources automatically that enable us to seamlessly grow our capacity. As a result, from a technology perspective, we provide our users with a reliable video experience from two to thousands of video participants.
- **Proactive quality of service application layer at client.** Our optimization technology is based on proprietary algorithms that detect packet loss, latency, jitter, CPU utilization and bitrate/bandwidth to optimize the video, audio and content sharing experience. Depending on the type of device, our algorithm prioritizes the factors most important for the particular device, resulting in the best possible user experience.
- **Security and disaster recovery.** We offer robust security capabilities, including end-to-end encryption, secure login, administrative controls and role-based access controls. Our platform is SOC2 Type II and TRUSTArc compliant and enables customer HIPAA compliance. We have resilient disaster recovery capabilities, including active-active disaster recovery for real-time processes to help ensure that backup active servers are available.

Our cloud-native infrastructure offers the following key strengths:

- **Private cloud for real-time activities.** We host real-time video and voice using 13 co-located data centers on our own servers around the world. We have built a network of private links so that each data center connects to multiple others. This structure creates redundancies and ensures reliability and performance.
- **Optimized public cloud usage.** For maximum efficiency, we deploy public cloud providers (Amazon Web Services and Microsoft Azure) to host our web applications and messaging service that do not require real time usage.

Our Customers

We have customers of all sizes, from individuals to global Fortune 50 organizations. Our current customer base spans numerous industry categories, including education, entertainment/media, enterprise infrastructure, finance, healthcare, manufacturing, non-profit/not for profit and social impact, retail/consumer products and software/internet. No individual customer represented more than 5% of our revenue in the fiscal year ended January 31, 2019. A representative list of our largest customers is set forth below by industry:

Education:

Indiana University
Oklahoma State Regents for Higher Education
The Pennsylvania State University
The University of North Carolina at Chapel Hill
Yale University

Entertainment/Media:

Caesars Enterprise Services, LLC
Condé Nast
Discovery Communications, LLC
Pandora Media, Inc.
United Talent Agency

Enterprise Infrastructure:

Dell USA L.P.
F5 Networks, Inc.
Hitachi Vantara
Oracle America, Inc.
VMware, Inc.
Workday, Inc.

Finance:

Capital One Services, LLC
LPL Financial
National Australia Bank Limited
Wells Fargo Bank, N.A.
Western Union Financial Services, Inc.

Healthcare:

Boston Children's Hospital
Medical Information Technology, Inc.
nib health fund limited
Novant Health, Inc.

Manufacturing:

Aristocrat Technologies Australia Pty Ltd
Cooper-Standard Automotive Inc.
Flextronics International
Management Services Ltd
LIXIL Group Corporation

Non-Profit, Not for Profit, and Social Impact Organizations:

Chan Zuckerberg Initiative, LLC
Cooperative for Assistance and Relief Everywhere, Inc. (CARE USA)
Teach for America, Inc.

Retail/Consumer Products:

Diageo Great Britain Limited
Gap Inc.
H-E-B Grocery Company, LP
Southern Glazer's Wine and Spirits, LLC
Williams-Sonoma Inc.

Software and Internet:

ServiceNow, Inc.
Splunk Inc.
Uber Technologies Inc.

Customer Case Studies

The following are representative examples of how some of our customers have benefitted from adopting Zoom:

Chan Zuckerberg Initiative

Situation: The Chan Zuckerberg Initiative (CZI) is a philanthropic organization focused on using technology to help solve intractable challenges such as eradicating disease and reforming the criminal justice system. Entering 2018 as a rapidly growing organization, CZI struggled with having high-quality and reliable video conferencing. Meetings with remote participants often did not start on time as conference rooms were not easy to use, regularly had technical failures such as dropped calls, and rapid employee growth led to confusion due to a lack of training on a complicated system.

Solution: CZI deployed Zoom across the organization, initially for mostly internal meetings, but rapidly expanded to global internal and external communications. Meetings begin on time more often as Zoom meetings are easy to start and do not require complex setup within Zoom Rooms. Employees no longer need extensive video conferencing training and have experienced increased reliability with their calls. CZI employees periodically work with organizations around the world, so Zoom's reliability in low-bandwidth environments helps ensure those meetings can be conducted over video. In addition to deploying Zoom to employee devices, CZI has adopted a 100% video conferencing approach within their conference rooms and event spaces, building out nearly 100 Zoom Rooms of varying sizes and uses.

Discovery Communications, LLC

Situation: Discovery Communications, LLC (Discovery) is a global leader in real life entertainment, with more than 150 worldwide cable TV networks, including Discovery Channel, Animal Planet, and The Learning Channel (TLC). Discovery was previously operating with a mix of video conferencing solutions across desktop, mobile, and conference rooms, which created significant complexity due to the number of disparate tools and use cases, coupled with the burden of maintaining on-premises systems. Many of these tools were unable to properly share video and audio content simultaneously at high bit rates, a critical task for a media company that needs to collaborate on, review and edit video content across its global workforce.

Solution: In 2018, Discovery chose Zoom as its communication platform to unify video communications across desktop, mobile and conference rooms. Zoom was selected in part for its cloud infrastructure and its support for legacy hardware with Zoom Conference Room Connector, which allowed Discovery to transition over time from its legacy solutions to Zoom Rooms. Discovery is now rolling out Zoom Rooms globally, thereby unifying all video communications through one cloud platform. Discovery makes extensive use of Zoom's video and audio screen sharing, a feature that allows its employees to share and collaborate on streaming content, such as television episodes and commercials, over Zoom. Discovery also makes frequent use of Zoom's Microsoft Outlook and Workplace by Facebook integrations, through which Discovery's employees can directly broadcast from the Zoom client to Workplace.

F5 Networks, Inc.

Situation: F5 Networks, Inc. (F5) delivers cloud and application security services to the world's largest businesses, service providers, governments, and consumer brands. With more than 4,500 employees around the globe, F5 found that its previous collaboration tools struggled to support users across different regions and devices (especially Mac users). F5's employees were using four different collaboration providers, creating inefficiencies and requiring F5's IT to support multiple tools. Additionally, without reliable VoIP, F5 relied heavily on PSTN audio calls, which resulted in an average of \$65,000 per year in overage charges.

Solution: In May 2018, F5 chose Zoom to replace all four providers it had been using for communication and collaboration. F5 rolled out Zoom in fewer than 90 days to the entire company. F5 saw a dramatic increase in its Zoom usage, with the total number of Zoom meetings increasing by more than seven times and total hours spent on Zoom increasing by more than 10 times, all within the first 90 days of adoption. F5's employees were also using Zoom differently than previous tools. The number of people using video to connect through virtual face-to-face interactions increased significantly. Zoom's high-quality VoIP reduced the audio overages expense as employees used Zoom for meeting audio instead of the phone, resulting in significant cost savings. Within the first month, VoIP was used in more than 70% of Zoom meetings, and VoIP usage has continued to grow quarter-over-quarter. Zoom has helped support broader company initiatives, such as an expanded work-from-home policy, greater international expansion, and virtual company-wide all-hands meetings. F5's new Seattle headquarters is fully Zoom-enabled with over 190 Zoom Rooms, including a Zoom-powered executive briefing center, interview rooms, and training rooms.

National Australia Bank

Situation: National Australia Bank (NAB) is Australia's largest business bank, with 33,000 employees serving 9 million customers at more than 900 locations. NAB funds important infrastructure in its communities including schools, hospitals and roads. In 2018, NAB began looking for a collaboration technology that would support its modernization efforts and help to drive cultural transformation at the 160-year-old bank.

Solution: NAB extensively tested a variety of services, simulating, in particular, low bandwidth environments given its broad local and international footprint. NAB found that Zoom consistently outperformed other services, solving the challenges it experienced collaborating across its branch network. Zoom also met all of NAB's requirements, including working across devices and workspaces, performing well in low bandwidth environments, and suitable to scale to 33,000+ users effortlessly. Zoom was also selected because of its ability to integrate seamlessly with Microsoft Teams and Office 365. Additionally, Zoom's ability to support companywide all-hands meetings on video, allowing NAB's CEO to connect face-to-face with the global employee base, was a key selection factor. Finally, Zoom Rooms have significantly lowered the cost of building video-enabled conference rooms, allowing NAB to scale video collaboration spaces even to small remote branches.

Uber Technologies Inc.

Situation: Uber Technologies Inc. (Uber) is a global company whose mission is to ignite opportunity by setting the world in motion. Uber has completed more than 10 billion trips and is committed to building a platform that enables the safe, efficient movement of people around the world. With over 20,000 employees in hundreds of offices in more than 60 countries, Uber needed a scalable, robust platform to manage its workforce communications. Uber also wanted to outfit thousands of huddle and conference rooms in a way that would not cost tens of thousands of dollars per room. Additionally, given the global distribution of its workforce, Uber required a communication platform that its employees could use to communicate and collaborate from anywhere.

Solution: Uber deployed Zoom in 2014 across its organization. Zoom was able to match Uber's swift growth as it expanded around the world and rapidly grew its employee base. Uber has added thousands of Zoom licenses each year to match Uber's growth. Zoom is now woven into the fabric of Uber's culture. Employees use Zoom to communicate and collaborate with each other from around the world. Uber has also established over 2,000 Zoom Rooms. Uber averaged over 14 million Zoom meeting minutes a month in 2018 with a Zoom CSAT greater than 95.

VMware, Inc.

Situation: VMware, Inc. (VMware) is a provider of cloud computing and platform virtualization software and services with over 21,000 employees and large engineering offices in Palo Alto and India. VMware employees historically used a mix of legacy tools to collaborate, causing users to experience low-quality connections and consistent challenges sharing content through video communications. VMware wanted to encourage a collaborative environment through the use of video, which it found to be difficult given the poor quality and reliability of video services in low bandwidth environments.

Solution: VMware rolled out Zoom across the company starting in December 2017. In January 2019, VMware had over 19,000 Zoom users who hosted over 41 million meeting minutes in January alone. Those meetings were attended by more than a million participants. In addition to providing Zoom to its employees for desktop and mobile meetings, VMware deployed Zoom Video Webinars for town halls and public events. VMware uses a number of Zoom integrations that further collaboration and business goals, including Slack, Microsoft Teams and Salesforce Pardot. VMware has achieved significant cost savings by using Zoom VoIP in place of PSTN. Employees are overwhelmingly happy with Zoom. The average monthly CSAT for VMware employees using Zoom from December 2017 through November 2018 was 96%, as measured by customer

[Table of Contents](#)

surveys. Zoom has become more than just a vendor for VMware, as improving employee experience is a key transformation program for IT. With Zoom solutions integrated with VMware Workspace ONE, deployment has been flawless and the one-touch sign-on features have been well-received by users.

Sales

Our sales model combines our viral demand generation and our free Zoom Meeting plan with a sales approach optimized for the size of each customer opportunity. This approach allows us to cost-effectively drive strong lead generation, upgrade free users to paid users and expand within organizations of all sizes and verticals. We leverage this demand through an integrated set of routes-to-market that include direct sales representatives, online channel, resellers and strategic partners. Our direct sales force includes our field sales representatives as well as our inside sales team, and it is organized by customer employee count and vertical. Our channel team coordinates the activities of resellers and strategic partners to build a strong ecosystem that broadens our reach. Our online channel supports high-volume, high-velocity, self-service sales.

Marketing

Our marketing team's primary objective is to create preference for our brand by leveraging our viral growth, building awareness and engaging our users in person. Our team leverages our viral demand model to attract more paying users through orchestrated customer marketing programs, which reduces customer acquisition costs. We complement our viral growth with targeted online and out of home advertising. We use a variety of weighted metrics to determine our target geographic markets. We work with analysts and customers to provide third-party validation of our platform. We also participated in over 180 marketing and customer events around the world in 2018 and connect with and celebrate our users at Zoomtopia, our annual user conference.

Research and Development

We drive our business with constant innovation. Our ability to lead our market depends on our rapid introduction of new applications, technologies, features and functionality. We respond to customer needs with action to drive positive user experiences. Our engineers aim to stay on the cutting edge of video communication and collaboration technologies and release on average over 200 new and enhanced features a year. We strive to deliver the best experience to our users by dedicating approximately 20% of engineering capacity to developing on-demand, customer-requested features that would be valuable across our customer base. We have research and development presence in both the United States and China, which we believe is a strategic advantage for us, allowing us to invest more in increasing our product capabilities in an efficient manner.

Our Competition

The markets in which we operate are highly competitive. A significant number of companies have developed or are developing products and services that currently, or in the future may, compete with some or all of our offerings. Many of these services do not offer complete solutions – often they provide a feature comparable to a component of our platform (e.g., only conference rooms, only chat, only telephony). We primarily face competition from legacy web-based meeting services providers, including Webex and Skype for Business, bundled productivity solutions providers with basic video functionality, including Google, and point solutions providers, including LogMeIn. Our introduction of Zoom Phone may lead to competition with legacy PBX providers.

We believe we compete favorably based on the following competitive factors:

- video-first platform;
- cloud-native architecture;
- functionality and scalability;

[Table of Contents](#)

- ease of use and reliability;
- ability to utilize existing infrastructure such as legacy conference room hardware; and
- low total cost of ownership.

Intellectual Property

Intellectual property is an important aspect of our business, and we seek protection for our intellectual property as appropriate. To establish and protect our proprietary rights, we rely upon a combination of patent, copyright, trade secret and trademark laws and contractual restrictions such as confidentiality agreements, licenses and intellectual property assignment agreements. We maintain a policy requiring our employees, contractors, consultants and other third parties to enter into confidentiality and proprietary rights agreements to control access to our proprietary information. These laws, procedures and restrictions provide only limited protection, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Furthermore, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and we therefore may be unable to protect our proprietary technology in certain jurisdictions. Moreover, our platform incorporates software components licensed to the general public under open source software licenses. We obtain many components from software developed and released by contributors to independent open source components of our platform. Open source licenses grant licensees broad permissions to use, copy, modify and redistribute our platform. As a result, open source development and licensing practices can limit the value of our software copyright assets.

We continually review our development efforts to assess the existence and patentability of new intellectual property. We pursue the registration of our domain names, trademarks and service marks in the United States and in certain locations outside the United States. To protect our brand, we file trademark registrations in some jurisdictions.

Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees. We may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained.

Our Facilities

Our corporate headquarters is located in San Jose, California, where we lease approximately 66,000 square feet of commercial space pursuant to operating leases that expire in the year ending January 31, 2030. In addition, we maintain additional offices in the United States and internationally in Australia, China and the United Kingdom. We believe that our facilities are suitable to meet our current needs.

Our Employees

As of January 31, 2019, we had 1,702 full-time employees. Of these employees, 1,012 are in the United States and 690 are in our international locations. None of our employees are represented by a labor union or covered by collective bargaining agreements, and we have not experienced any work stoppages.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information for our executive officers and directors as of March 15, 2019:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Executive Officers		
Eric S. Yuan	49	President, Chief Executive Officer and Chairman of the Board
Aparna Bawa	41	General Counsel and Secretary
Janine Pelosi	36	Chief Marketing Officer
Kelly Steckelberg	51	Chief Financial Officer
Non-Employee Directors		
Jonathan Chadwick ⁽¹⁾	53	Director
Carl M. Eschenbach ⁽¹⁾	52	Director
Peter Gassner	53	Director
Kimberly L. Hammonds ⁽³⁾	51	Director
Dan Scheinman ⁽¹⁾⁽²⁾	56	Lead Independent Director
Santiago Subotovsky ⁽²⁾⁽³⁾	41	Director
Bart Swanson ⁽²⁾⁽³⁾	55	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

Executive Officers

Eric S. Yuan. Mr. Yuan is the founder of our company and has served as the Chairman of our board directors, President and Chief Executive Officer since June 2011. From May 2007 to June 2011, Mr. Yuan served as Corporate Vice President of Engineering at Cisco Systems, Inc., a multinational technology company. Mr. Yuan served in various roles, most recently as Vice President of Engineering, at WebEx Communications, Inc., an internet company, from August 1997 until its acquisition by Cisco Systems, Inc. in May 2007. Mr. Yuan holds a Bachelor's degree in Applied Math from Shandong University of Science & Technology and a Master's degree in engineering from China University of Mining & Technology.

Mr. Yuan was selected to serve on our board of directors because of the perspective and experience he brings as our founder, as well as his extensive experience with technology companies.

Aparna Bawa. Ms. Bawa has served as our General Counsel since September 2018 and as our Secretary since December 2018. Prior to joining us, Ms. Bawa served as Senior Vice President and General Counsel of Magento, Inc., an e-commerce platform company, from June 2017 until its acquisition by Adobe Inc. in June 2018. From November 2012 to May 2017, Ms. Bawa served as Vice President, General Counsel and Secretary of Nimble Storage, Inc., an enterprise flash storage company, which was acquired by Hewlett Packard Enterprise in April 2017. Ms. Bawa holds a B.Sc. in Accounting from Marquette University and a J.D. from Harvard Law School.

Janine Pelosi. Ms. Pelosi has served as our Chief Marketing Officer since March 2019. She previously served as our Head of Marketing and Online Business from November 2018 to March 2019. Prior to this, Ms. Pelosi served as our Head of Marketing from March 2015 to November 2018. From May 2007

to March 2015, Ms. Pelosi served in various marketing roles at Cisco Systems, Inc., most recently as Senior Manager of Marketing WebEx Online. Ms. Pelosi served in various roles at WebEx Communications, Inc., most recently as Online Marketing Manager, from June 2004 until its acquisition by Cisco Systems, Inc. in May 2007. Ms. Pelosi holds a B.S. degree in Business Administration and Marketing from San Jose State University.

Kelly Steckelberg. Ms. Steckelberg has served as our Chief Financial Officer since November 2017. Prior to joining us, Ms. Steckelberg served in various executive positions at Zoosk, Inc., an internet dating company, including Chief Executive Officer from December 2014 to June 2017, Chief Operating Officer from August 2012 to December 2014 and Chief Financial Officer from March 2011 to December 2014. From May 2007 to March 2011, Ms. Steckelberg worked at Cisco Systems, Inc., where her roles included Consumer Segment Finance Senior Director and divisional Chief Financial Officer for WebEx. Prior to joining Cisco Systems, Inc., Ms. Steckelberg served as Controller and Chief Accounting Officer at WebEx Communications, Inc., from May 2006 until its acquisition by Cisco Systems, Inc. in May 2007. Ms. Steckelberg holds a B.B.A. in Accounting and an MPA from the University of Texas at Austin.

Non-Employee Directors

Jonathan Chadwick. Mr. Chadwick has served as a member of our board of directors since September 2017. Since April 2016, Mr. Chadwick has been a private investor. From November 2012 to April 2016, Mr. Chadwick served as Chief Financial Officer, Chief Operating Officer and Executive Vice President of VMware, Inc., a virtualization and cloud infrastructure solutions company. From March 2011 until October 2011, he served as the Chief Financial Officer of Skype Communication S.a.r.l., a voice over IP (VoIP) service company, and as a Corporate Vice President of Microsoft Corporation, a technology company, after its acquisition of Skype Communication S.a.r.l. from October 2011 until November 2012. From June 2010 until February 2011, Mr. Chadwick served as Executive Vice President and Chief Financial Officer of McAfee, Inc., a security software company, until its acquisition by Intel Corporation. From September 1997 until June 2010, Mr. Chadwick served in various executive roles at Cisco Systems, Inc. He also worked for Coopers & Lybrand, an accounting firm (now PricewaterhouseCoopers) in various roles in the United States and United Kingdom. He currently serves on the boards of directors of Cognizant Technology Solutions Corporation, an IT business services provider, Elastic N.V., a search and data analysis company, ServiceNow, Inc., a cloud computing company, and various private companies. He previously served on the board of directors of F5 Networks, Inc., an application networking delivery company. Mr. Chadwick is a Chartered Accountant in England and holds a B.Sc. degree in Electrical and Electronic Engineering from the University of Bath.

We believe Mr. Chadwick is qualified to serve as a member of our board of directors because of his significant financial expertise as a Chief Financial Officer and service on the boards of directors of various public companies.

Carl M. Eschenbach. Mr. Eschenbach has served as a member of our board of directors since November 2016. Since April 2016, Mr. Eschenbach has been a general partner at Sequoia Capital Operations, LLC, a venture capital firm. Prior to joining Sequoia Capital Operations, LLC, Mr. Eschenbach spent 14 years at VMware, Inc., most recently as its President and Chief Operating Officer, a role he held from December 2012 to March 2016. He served as VMware, Inc.'s Co-President and Chief Operating Officer from April 2012 to December 2012, as Co-President, Customer Operations from January 2011 to April 2012, and as Executive Vice President of Worldwide Field Operations from May 2005 to January 2011. Prior to joining VMware, Inc. in 2002, Mr. Eschenbach held various sales management positions with Inktomi Corporation, 3Com Corporation, Lucent Technologies Inc., and Dell EMC. He currently serves on the boards of directors of Palo Alto Networks, Inc., a global cybersecurity company, and Workday, Inc., a leading provider of enterprise cloud applications. Mr. Eschenbach is also a director of several private companies. Mr. Eschenbach received an electronics technician diploma from DeVry University.

[Table of Contents](#)

We believe Mr. Eschenbach is qualified to serve as a member of our board of directors because of his significant experience in the technology industry and service on the boards of directors of various public companies.

Peter Gassner. Mr. Gassner has served as a member of our board of directors since October 2015. Since January 2007, Mr. Gassner has served as Chief Executive Officer and member of the board of directors of Veeva Systems Inc., a cloud computing company. Prior to that, from July 2003 to June 2005, Mr. Gassner served as Senior Vice President of Technology at salesforce.com, inc., a global leader in CRM. From January 1995 to June 2003, Mr. Gassner served as Chief Architect and General Manager of PeopleTools at PeopleSoft, Inc., a company providing human resources management systems acquired by Oracle. Mr. Gassner also serves on the board of directors of Guidewire Software, Inc., a software publisher. Mr. Gassner holds a B.S. in Computer Science from Oregon State University.

We believe Mr. Gassner is qualified to serve as a member of our board of directors because of his significant management experience in the technology industry and service on the boards of directors of various public companies.

Kimberly L. Hammonds. Ms. Hammonds has served as a member of our board of directors since September 2018. Ms. Hammonds served as the Group Chief Operating Officer at Deutsche Bank AG, a global financial services company and as a member of the Deutsche Bank Management Board from November 2015 to May 2018. She joined Deutsche Bank as Chief Information Officer and Global Co-Head Technology and Operations in November 2013 from The Boeing Company, a global aerospace company. Ms. Hammonds joined The Boeing Company in 2008 and served in a number of capacities, including most recently as Chief Information Officer/Vice President, Global Infrastructure, Global Business Systems from January 2011 to November 2013. Ms. Hammonds joined The Boeing Company from Dell Incorporated, a technology company, where she led IT systems development for manufacturing operations in the Americas, and directed global IT reliability and factory systems since 2007. Ms. Hammonds currently serves on the boards of directors of Box, Inc., an enterprise cloud content and file sharing provider, Cloudera, Inc., a data management, machine learning and advance analytics platform provider, Tenable Holdings, Inc., a provider of cybersecurity solutions, and Red Hat, Inc., a provider of open source solutions. Ms. Hammonds holds a B.S.E. from the University of Michigan at Ann Arbor and an MBA from Western Michigan University.

We believe Ms. Hammonds is qualified to serve as a member of our board of directors because of her significant market and financial expertise and service on the boards of directors of various public companies.

Dan Scheinman. Mr. Scheinman has served as a member of our board of directors since January 2013. Since April 2011, Mr. Scheinman has served as an angel investor. From January 1997 to April 2011, Mr. Scheinman served in various roles at Cisco Systems, Inc., most recently as Senior Vice President, Cisco Media Solutions Group. He currently serves on the boards of directors of Arista Networks, Inc., a cloud networking company and SentinelOne, an endpoint protection company. Mr. Scheinman holds a B.A. degree in Politics from Brandeis University and a J.D. from the Duke University School of Law.

We believe Mr. Scheinman is qualified to serve as a member of our board of directors because of his significant knowledge of our company and the technology industry.

Santiago Subotovsky. Mr. Subotovsky has served as a member of our board of directors since December 2014. Since May 2010, Mr. Subotovsky has served as a general partner at Emergence Capital, a venture capital firm. In 1999, Mr. Subotovsky founded AXG Tecnonexo, an e-learning vendor in Latin America. Mr. Subotovsky currently serves on the boards of directors of several private companies. He holds a B.S. in Economics from Universidad de San Andrés in Argentina and an MBA from Harvard Business School. Mr. Subotovsky is an Endeavor Entrepreneur and Kauffman Fellow.

[Table of Contents](#)

We believe Mr. Subotovsky is qualified to serve on our board of directors because of his experience in the venture capital industry and his market knowledge and experience serving as a director of various private companies.

Bart Swanson. Mr. Swanson has served as a member of our board of directors since August 2013. Since March 2013, Mr. Swanson has served as an advisor at Horizons Ventures Limited, a venture capital firm. Previously, Mr. Swanson served as Chairman and President of Summly Ltd., a mobile news app acquired by Yahoo Inc., the Chief Operating Officer of Badoo Ltd., a social discovery network, the Managing Director and Vice President International at GSI Commerce, an e-commerce corporation acquired by eBay Inc., and a General Manager at Amazon.com, Inc., a multinational technology company. Mr. Swanson currently serves on the boards of directors of several private companies, including Beyond Merits Limited. Mr. Swanson previously served as a director of the Modern Times Group (MTG), a digital entertainment company. Mr. Swanson holds a B.A. in History and Political Science from the University of Southern California, an M.A. in International Studies from the University of Pennsylvania, and an MBA from The Wharton School of the University of Pennsylvania.

We believe Mr. Swanson is qualified to serve as a member of our board of directors because of his experience in the venture capital industry and his market knowledge and experience serving as a director of various private companies.

Composition of Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. We currently have eight directors. Our current directors will continue to serve as directors until their resignation, removal or successor is duly elected. Pursuant to our amended and restated bylaws and amended and restated certificate of incorporation as in effect prior to the completion of this offering and a voting agreement, Messrs. Scheinman and Yuan were elected to serve as members of our board of directors by the holders of our common stock, Messrs. Eschenbach, Subotovsky and Swanson were elected to serve as members of our board of directors by the holders of our convertible preferred stock, and Messrs. Chadwick and Gassner and Ms. Hammonds were elected to serve as members of our board of directors by the holders of a majority of our capital stock, voting together. The provisions of our amended and restated bylaws, amended and restated certificate of incorporation, and the voting agreement by which the directors are currently elected will terminate in connection with this offering, and there will be no contractual obligations regarding the election of our directors upon completion of this offering.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation that will be in effect upon the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Messrs. Gassner and Yuan, and their terms will expire at our first annual meeting of stockholders following this offering;
- the Class II directors will be Messrs. Chadwick and Scheinman and Ms. Hammonds, and their terms will expire at our second annual meeting of stockholders following this offering; and
- the Class III directors will be Messrs. Eschenbach, Subotovsky and Swanson, and their terms will expire at our third annual meeting of stockholders following this offering.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board of directors has determined that Ms. Hammonds and Messrs. Chadwick, Eschenbach, Gassner, Scheinman, Subotovsky and Swanson do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the listing standards of The Nasdaq Stock Market. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares held by each non-employee director and the transactions described in the section titled “Certain Relationships and Related Party Transactions.”

Lead Independent Director

Effective as of the date the registration statement of which this prospectus forms a part is declared effective by the SEC, our corporate governance guidelines will provide that in the event that the chairman of the board of directors is not an independent director, our independent directors will designate one of the independent directors to serve as lead independent director, and if the chairman of the board of directors is an independent director, our board of directors may determine whether it is appropriate to appoint a lead independent director. The corporate governance guidelines will provide that if our board of directors elects a lead independent director, currently Mr. Scheinman, such lead independent director will preside over meetings of our independent directors, coordinate activities of the independent directors, oversee, with our nominating and corporate governance committee, the self-evaluation of our board of directors, including committees of our board of directors, and preside over any portions of meetings of our board of directors at which the performance of our board of directors is presented or discussed, be available for consultation and director communication with stockholders as deemed appropriate, and perform such additional duties as our board of directors may otherwise determine and delegate.

Committees of Our Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

Our audit committee consists of Messrs. Chadwick, Eschenbach and Scheinman. Our board of directors has determined that each member of the audit committee satisfies the independence requirements under the listing standards of The Nasdaq Stock Market and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee is Mr. Chadwick. Our board of directors has determined that Mr. Chadwick is an “audit committee financial expert” within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member’s scope of experience and the nature of his employment.

The primary purpose of the audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and financial statement audits, and to oversee our independent registered public accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;

Table of Contents

- managing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing related person transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually that describes our internal quality control procedures, any material issues with such procedures and any steps taken to deal with such issues when required by applicable law; and
- approving or, as permitted, pre-approving, audit and permissible non-audit services to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of The Nasdaq Stock Market.

Compensation Committee

Our compensation committee consists of Messrs. Scheinman, Subotovsky and Swanson. The chair of our compensation committee is Mr. Scheinman. Our board of directors has determined that each member of the compensation committee is independent under the listing standards of The Nasdaq Stock Market, and a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

- reviewing and recommending to our board of directors the compensation of our chief executive officer and other executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending and terminating incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management; and
- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation philosophy.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of The Nasdaq Stock Market.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Ms. Hammonds and Messrs. Subotovsky and Swanson. The chair of our nominating and corporate governance committee is Mr. Subotovsky. Our board of directors has determined that each member of the nominating and corporate governance committee is independent under the listing standards of The Nasdaq Stock Market.

Specific responsibilities of our nominating and corporate governance committee include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;
- considering and making recommendations to our board of directors regarding the composition and chairmanship of the committees of our board of directors;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and related matters; and
- overseeing periodic evaluations of the board of directors' performance, including committees of the board of directors.

Our nominating and corporate governance committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of The Nasdaq Stock Market.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Upon the completion of this offering, our code of business conduct and ethics will be available under the Corporate Governance section of our website at <https://zoom.com>. In addition, we intend to post on our website all disclosures that are required by law or the listing standards of The Nasdaq Stock Market concerning any amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Director Compensation

During the fiscal year ended January 31, 2019, we did not pay cash compensation to any of our non-employee directors for service on our board of directors. We have reimbursed and will continue to reimburse all of our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

Table of Contents

The following table sets forth information regarding the compensation earned or paid to our directors during the fiscal year ended January 31, 2019, other than Eric S. Yuan, our President and Chief Executive Officer, who is also a member of our board of directors but did not receive any additional compensation for service as a director. The compensation of Mr. Yuan as a named executive officer is set forth below under “Executive Compensation—Summary Compensation Table.”

Name	Option Awards \$(1)(2)	Total (\$)
Jonathan Chadwick ⁽³⁾	—	—
Samuel Chen ⁽⁴⁾	—	—
Carl Eschenbach	—	—
Peter Gassner ⁽⁵⁾	—	—
Kimberly L. Hammonds ⁽⁶⁾	\$ 861,000	\$861,000
Dan Scheinman ⁽⁷⁾	\$ 724,000	\$724,000
Santiago Subotovsky	—	—
Bart Swanson	—	—

- (1) The amounts reported represent the aggregate grant date fair value of the stock options granted during the fiscal year ended January 31, 2019 under our 2011 Plan, computed in accordance with Financial Accounting Standard Board Accounting Standards Codification, Topic 718, or ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in Note 7 to the notes to our consolidated financial statements included elsewhere in this prospectus. These amounts do not reflect the actual economic value that may be realized by the non-employee directors.
- (2) As of January 31, 2019, only Mr. Chadwick, Mr. Gassner, Ms. Hammonds and Mr. Scheinman held shares underlying unvested equity awards.
- (3) As of January 31, 2019, Mr. Chadwick held 400,000 restricted shares of our Class B common stock, acquired pursuant to his early exercise of a stock option granted in September 2017, of which 133,333 shares had vested as of such date and 266,667 shares remain subject to our repurchase right in accordance with the option’s vesting schedule. One forty-eighth of the shares subject to the option vested on October 6, 2017, and one forty-eighth of the total shares vest monthly thereafter, subject to Mr. Chadwick’s continued service to us through each such date. Upon a change in control (as defined in the 2011 Plan), the vesting of the shares shall accelerate in full.
- (4) Mr. Chen resigned from our board of directors on September 6, 2018.
- (5) As of January 31, 2019, Mr. Gassner held 1,202,720 restricted shares of our Class B common stock of which 1,022,312 shares had vested as of such date and 180,408 shares remain subject to our repurchase right in accordance with the vesting schedule of the restricted stock award. The right of repurchase subject to the shares under the restricted stock award lapsed with respect to 481,088 shares as of October 28, 2015 and the right of repurchase shall lapse with respect to an additional 180,408 shares annually thereafter, subject to his continued service to us through each such date. Upon a change in control (as defined in the 2011 Plan), the vesting of the shares shall accelerate in full.
- (6) As of January 31, 2019, Ms. Hammonds held a stock option to purchase 150,000 shares of our Class B common stock at an exercise price per share of \$3.77, which was granted in September 2018. The option vests in 48 equal monthly installments measured from September 12, 2018, subject to Ms. Hammonds’ continued service and acceleration upon a change in control (as defined in the 2011 Plan), and may be early exercised prior to vesting subject to our right to repurchase the shares that lapses in accordance with the option vesting schedule.
- (7) As of January 31, 2019, Mr. Scheinman held a stock option to purchase 100,000 shares of our Class B common stock at an exercise price per share of \$10.79, which was granted in November 2018. The option vests in 48 equal monthly installments measured from November 29, 2018, subject to Mr. Scheinman’s continued service and acceleration upon a change in control (as defined in the 2011 Plan), and may be early exercised prior to vesting subject to our right to repurchase the shares that lapses in accordance with the option vesting schedule.

EXECUTIVE COMPENSATION

Our named executive officers for the fiscal year ended January 31, 2019 were:

- Eric S. Yuan, our President and Chief Executive Officer;
- Janine Pelosi, our Chief Marketing Officer;
- Aparna Bawa, our Secretary and General Counsel; and
- Gregory Holmes, our former Head of Worldwide Sales.

Ms. Bawa commenced employment with us as our Secretary and General Counsel on September 5, 2018. As of January 15, 2019, Mr. Holmes is no longer our Head of Worldwide Sales or one of our executive officers, and has transitioned to a corporate strategy role with us.

Summary Compensation Table

The following table presents all of the compensation awarded to or earned by or paid to our named executive officers during the fiscal years ended January 31, 2019 and January 31, 2018, in the case of Mr. Yuan and Mr. Holmes, who were also named executive officers for the fiscal year ended January 31, 2018.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Option Awards(1)</u>	<u>Non-Equity Incentive Plan Compensation(2)</u>	<u>Other Compensation</u>	<u>Total</u>
Eric S. Yuan, <i>President and Chief Executive Officer</i>	2019	\$300,000	\$ 2,725,000	—	—	\$ 3,025,000
	2018	\$300,000	—	—	\$ 8,636,599(3)	\$ 8,936,599
Janine Pelosi, <i>Chief Marketing Officer</i>	2019	\$224,167	\$ 1,872,000	\$ 52,500	—	\$ 2,148,667
Aparna Bawa, <i>Secretary and General Counsel</i>	2019	\$102,083	\$ 1,508,400	\$ 32,083	—	\$ 1,642,566
Gregory Holmes, <i>former Head of Worldwide Sales</i>	2019	\$226,667	\$ 1,635,000	\$ 346,763	—	\$ 2,208,430
	2018	\$192,083	—	\$ 508,039	—	\$ 700,122

- (1) The amounts disclosed represent the aggregate grant date fair value of stock options granted under our 2011 Plan during the indicated fiscal year computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options during fiscal year 2019 are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. These amounts do not reflect the actual economic value that may be realized by the named executive officers.
- (2) The amounts disclosed represent the applicable named executive officer's total performance bonus earned for the fiscal years ended January 31, 2018 and January 31, 2019 as described below under "—Performance-Based Bonus Opportunity."
- (3) The amount disclosed represents the stock-based compensation cost, computed in accordance with ASC Topic 718, attributed to Mr. Yuan's sale of 2,899,136 shares of our common stock to Digital Mobile Venture Ltd., an existing investor in our company, in May 2017. The amount disclosed above is calculated for purposes of financial accounting purposes under U.S. GAAP. The assumptions used in calculating the amount are included in Note 7 to our audited consolidated financial statements included elsewhere in this prospectus. The transfer was not intended to be compensation paid by us to Mr. Yuan and is described in the section titled "Certain Relationships and Related Party Transactions—Common Stock Transfer Agreement."

Annual Base Salary

The compensation of our named executive officers is generally determined and approved by the compensation committee of our board of directors. The base salaries of each of our executive officers for the fiscal year ended January 31, 2019 are listed in the table below.

<u>Name</u>	<u>Fiscal Year 2018 Base Salary</u>
Eric S. Yuan	\$ 300,000
Janine Pelosi	\$ 250,000 ⁽¹⁾
Aparna Bawa	\$ 250,000 ⁽²⁾
Gregory Holmes	\$ 250,000 ⁽³⁾

- (1) Ms. Pelosi's base salary rate was effective as of October 1, 2018. Ms. Pelosi's base salary rate was \$215,000 from April 1, 2018 until September 30, 2018 and was \$200,000 from February 1, 2018 until March 31, 2018.
- (2) Ms. Bawa's base salary rate was effective as of September 5, 2018 upon commencement of her employment.
- (3) Mr. Holmes' base salary rate was effective as of October 1, 2018. Mr. Holmes' base salary rate was \$215,000 from February 1, 2018 through September 30, 2018. As of January 15, 2019, Mr. Holmes is no longer our Head of Worldwide Sales or an executive officer.

Annual Performance-Based Bonus Opportunity

In addition to base salaries, our executive officers other than Mr. Yuan are eligible to receive performance-based cash bonuses, which are designed to provide appropriate incentives to our executives to achieve defined performance goals and to reward our executives for individual achievement towards these goals. The performance-based bonus each executive officer is eligible to receive is generally based on the extent to which we achieve the corporate goals that our board or compensation committee establishes and is paid quarterly.

For the fiscal year ended January 31, 2019, Ms. Pelosi was eligible to receive a bonus at an annual target of approximately 20% of her fiscal base salary, Ms. Bawa was eligible to receive a bonus at an annual target of 35% of her base salary and Mr. Holmes was eligible to receive a bonus at an annual target of approximately 100% of his base salary. Our corporate performance objectives for the fiscal year ended January 31, 2019 related to achievement of monthly recurring revenue targets and, with respect to Mr. Holmes, sales targets under our sales commission program. Ms. Pelosi, Ms. Bawa and Mr. Holmes earned bonuses for the fiscal year ended January 31, 2019 performance based on our achievement of the relevant performance targets for each executive. Ms. Bawa's earned bonus amount was prorated for the period of time she was employed during the fiscal year ended January 31, 2019. All bonuses for the fiscal year ended January 31, 2019 were paid in cash.

Equity-Based Incentive Awards

Prior to this offering, we have granted stock options to each of our named executive officers pursuant to the 2011 Plan, the terms of which are described below under "—Equity Incentive Plans." All options are granted with a per share exercise price equal to no less than the fair market value of a share of our common stock on the date of the grant of such award.

In September 2018, our compensation committee granted options to purchase 500,000 shares to Mr. Yuan, 450,000 shares to Ms. Pelosi, 360,000 shares to Ms. Bawa and 300,000 shares to Mr. Holmes. Each of the options have an exercise price per share of \$3.77, except that 132,585 shares of Mr. Yuan's option have an exercise price per share of \$4.15 in order to comply with tax rules governing options intended to be "incentive stock options." The shares subject to each of the September 2018 options vest in 48 equal monthly installments measured from the grant date, subject to the executive's continuous service with us as of each such vesting date. Ms. Bawa's option grant permits early exercise, whereby Ms. Bawa may purchase shares prior to vesting, subject to our right to repurchase such shares, lapsing over time in accordance with the vesting schedule of the stock option.

[Table of Contents](#)

Ms. Bawa exercised her option in full in September 2018. In October 2018, our compensation committee amended Mr. Yuan's September 2018 option (to the extent of 367,415 shares thereunder that did not pertain to the "incentive stock option" portion of his grant) to also permit early exercise, whereby Mr. Yuan could purchase shares prior to vesting, subject to our right to repurchase such shares, lapsing over time in accordance with the vesting schedule of the stock option.

Each of our named executive officer's option grants are additionally subject to potential vesting acceleration as described below under "—Agreements with our Named Executive Officers."

Agreements with Our Named Executive Officers

Eric S. Yuan. In December 2018, we entered into a confirmatory offer letter with Mr. Yuan. The confirmatory offer letter has no specific term, provides for at-will employment and reflects Mr. Yuan's current annual base salary of \$300,000 and "double trigger" severance benefits upon an involuntary termination in connection with a change in control, as described below under "—Potential Payments upon Termination or Change in Control."

Janine Pelosi. We entered into an initial letter agreement with Ms. Pelosi in February 2015 that provided for her at-will employment, initial annual base salary, performance bonus opportunity and the terms of her initial stock option, which was granted in April 2015. In December 2018, we entered into a confirmatory offer letter with Ms. Pelosi. The confirmatory offer letter has no specific term, provides for at-will employment and reflects Ms. Pelosi's current annual base salary of \$250,000, target bonus opportunity per year of 20% of her annual base salary and "double trigger" severance benefits upon an involuntary termination in connection with a change in control, as described below under "—Potential Payments upon Termination or Change in Control."

Aparna Bawa. We entered into an initial letter agreement with Ms. Bawa in August 2018 that provided for her at-will employment, initial annual base salary, performance bonus opportunity and the terms of her initial stock option which was granted in September 2018. In December 2018, we entered into a confirmatory offer letter with Ms. Bawa. The confirmatory offer letter has no specific term, provides for at-will employment and reflects Ms. Bawa's current annual base salary of \$250,000, target bonus opportunity per year of 35% of her annual base salary and "double trigger" severance benefits upon an involuntary termination in connection with a change in control, as described below under "—Potential Payments upon Termination or Change in Control."

Gregory Holmes. We entered into an offer letter agreement with Mr. Holmes in December 2012 that provided for his at-will employment, initial annual base salary, commission-based performance bonus opportunity and the terms of his initial stock option that was granted in January 2014, which Mr. Holmes has exercised. In December 2018, we entered into a confirmatory offer letter with Mr. Holmes. The confirmatory offer letter has no specific term, provides for at-will employment and reflects Mr. Holmes' current annual base salary of \$250,000, target bonus opportunity per year of 100% of his annual base salary and "double trigger" severance benefits upon an involuntary termination in connection with a change in control, as described below under "—Potential Payments upon Termination or Change in Control." Mr. Holmes is no longer our Head of Worldwide Sales or one of our executive officers, and has transitioned to a corporate strategy role with us.

Potential Payments upon Termination or Change in Control

Regardless of the manner in which a named executive officer's service terminates, each named executive officer is entitled to receive amounts earned during his or her term of service, including unpaid salary and unused vacation.

Each of our named executive officers is eligible for severance benefits in the form of a payment equal to six months of base salary, accelerated vesting of all outstanding equity awards and payment of up to six months of COBRA premiums, upon an involuntary termination within the 12 months following a change in control (as

Table of Contents

defined in the confirmatory offer letter), pursuant to the confirmatory offer letters described above under “—Agreements with Our Named Executive Officers.” An involuntary termination for purposes of the severance benefits generally means a termination by us other than for death, disability or cause (as defined in the confirmatory offer letter) or a resignation for good reason (as defined in the confirmatory offer letter). In addition, each of our named executive officers’ stock options are subject to the terms of the 2011 Plan and form of share option agreement thereunder. A description of the termination and change in control provisions in the 2011 Plan and stock options granted thereunder is provided below under “—Equity Incentive Plans.”

Outstanding Equity Awards at Fiscal Year-End

The following table presents the outstanding equity incentive plan awards held by each named executive officer as of January 31, 2019.

Name	Grant Date	Option Awards(1)			Stock Awards(1)		
		Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price Per Share(2)	Option Expiration Date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested
Eric S. Yuan	9/24/2018(3)	28,730	103,855	\$ 4.15	9/24/2023	—	—
	9/24/2018(4)	367,415	—	\$ 3.77	9/24/2028	—	—
Janine Pelosi	4/24/2015(5)	50,000	16,667	\$ 0.14	4/24/2025	—	—
	9/6/2018(6)	56,250	393,750	\$ 3.77	9/6/2028	—	—
Aparna Bawa	—	—	—	—	—	360,000(7)	\$ 1,508,400
Gregory Holmes	11/3/2016	80,000	220,000(8)	\$ 0.30	11/3/2026	—	—
	9/24/2018	25,000	275,000(9)	\$ 3.77	9/24/2028	—	—

- (1) All of the stock and option awards were granted under the 2011 Plan, the terms of which plan is described below under “—Equity Incentive Plans.”
- (2) All of the option awards were granted with a per share exercise price equal to the fair market value of one share of our common stock on the date of grant, as determined in good faith by our board of directors or compensation committee, except that Mr. Yuan’s stock option covering 132,585 shares was granted with an exercise price per share equal to 110% of the fair market value of one share of our common stock on the date of grant in order to comply with tax rules governing options intended to be “incentive stock options.”
- (3) The shares subject to the option vest in monthly installments, subject to Mr. Yuan’s continuous service with us as of each such vesting date as follows: approximately 8,840 shares vested on October 24, 2018 and approximately 8,840 shares vested on the 24th day of each month thereafter through and including December 24, 2018, approximately 2,210 shares vested on January 24, 2019 and approximately 2,210 shares vest on the 24th day of each month thereafter through and including December 24, 2021 and approximately 2,945 shares vest on the 24th day of each month thereafter through and including September 24, 2022.
- (4) The shares subject to the option vest in monthly installments, subject to Mr. Yuan’s continuous service with us as of each such vesting date as follows: approximately 1,577 shares vested on October 24, 2018 and approximately 1,577 vested on the 24th day of each month thereafter through and including December 24, 2018, approximately 8,207 shares vested on January 24, 2019 and approximately 8,207 shares vest on the 24th day of each month thereafter through and including December 24, 2021 and approximately 7,472 shares vest on the 24th day of each month thereafter through and including September 24, 2022. This option was amended by our compensation committee in October 2018 to permit early exercise so that all shares are exercisable prior to vesting, subject to our right to repurchase such shares, lapsing over time in accordance with the vesting schedule of the stock option.
- (5) One-fourth of the shares subject to the option vested on March 16, 2016 and the remaining shares subject to the option vest in 36 equal monthly installments measured from March 16, 2016, subject to Ms. Pelosi’s continuous service with us as of each such vesting date.

Table of Contents

- (6) The shares subject to the option vest in 48 equal monthly installments measured from July 11, 2018, subject to Ms. Pelosi's continuous service with us as of each such vesting date.
- (7) The shares were purchased by Ms. Bawa at \$3.77 per share in September 2018 and are subject to our right of repurchase upon Ms. Bawa's termination of service with us which lapses over time in accordance with the following vesting schedule: one-fourth of the shares will vest on September 5, 2019 and the remaining shares will vest in 36 equal monthly installments measured from September 5, 2019, subject to Ms. Bawa's continuous service with us as of each such vesting date.
- (8) The shares subject to the option vest in 48 equal monthly installments measured from November 3, 2016, subject to Mr. Holmes' continuous service with us as of each such vesting date.
- (9) The shares subject to the option vest in 48 equal installments measured from September 24, 2018, subject to Mr. Holmes' continuous service with us as of each such vesting date.

Other Compensation and Benefits

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, life, disability and accidental death and dismemberment insurance plans, in each case on the same basis as all of our other employees. We pay the premiums for the life, disability and accidental death and dismemberment insurance for all of our employees, including our named executive officers. We generally do not provide perquisites or personal benefits to our named executive officers.

We maintain a 401(k) plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees are able to defer eligible compensation up to certain Code limits, which are updated annually. We have the ability to make matching and discretionary contributions to the 401(k) plan. Currently, we do not make matching contributions or discretionary contributions to the 401(k) plan. The 401(k) plan is intended to be qualified under Section 401(a) of the Code, with the related trust intended to be tax exempt under Section 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan are deductible by us when made and contributions and earnings on those amounts are not generally taxable to the employees until withdrawn or distributed from the 401(k) plan.

Our named executive officers did not participate in, or earn any benefits under, a nonqualified deferred compensation plan sponsored by us during the fiscal year ended January 31, 2019. Our board of directors may elect to provide our officers and other employees with nonqualified defined contribution or other nonqualified deferred compensation benefits in the future if it determines that doing so is in our best interests.

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by us during the fiscal year ended January 31, 2019.

Clawback Policy

As a public company, if we are required to restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws as a result of misconduct, our Chief Executive Officer and Chief Financial Officer may be legally required to reimburse us for any bonus or other incentive-based or equity-based compensation they receive in accordance with the provisions of section 304 of the Sarbanes-Oxley Act.

Additionally, we voluntarily adopted an incentive compensation recoupment, or "clawback", policy that will become effective on the date of the underwriting agreement related to this offering, ahead of final guidance by the SEC regarding the claw back rules that will be required under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under our clawback policy, if an officer's misconduct contributed to our having to prepare an accounting restatement to correct an error material to our previously issued financial statements, we may seek to recover incentive compensation (which may include cash bonus or incentive compensation, certain outstanding equity awards or severance or change in control compensation) that was granted, vested or paid

during the 12 month period preceding the restatement obligation as noted above. Our board of directors has the authority and discretion to determine whether an event covered by our clawback policy has occurred and, depending on the facts and circumstances, may (but need not) require full or partial forfeiture and/or prepayment of the incentive compensation described above. Additionally, we intend to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and will modify our clawback policy to the extent required by law as soon as, and to the extent that, the requirements of such clawbacks are finalized by the SEC.

Equity Plans

Fourth Amended and Restated 2011 Global Share Plan

Our board of directors adopted our 2011 Plan in April 2011, and our stockholders approved the 2011 Plan in June 2011. The 2011 Plan has been periodically amended, most recently in September 2017. As of January 31, 2019, there were 1,848,100 shares of Class B common stock remaining available for the future grant of stock awards under our 2011 Plan. As of January 31, 2019, stock options covering 35,064,465 shares of our Class B common stock were outstanding and restricted shares covering 1,493,369 shares of Class B common stock were outstanding and subject to vesting and our repurchase right under the 2011 Plan. We expect that any shares of Class B common stock remaining available for issuance under the 2011 Plan at the time of this offering will become available for issuance for a corresponding number of shares of our Class A common stock under the 2019 Plan.

Stock Awards. Our 2011 Plan provides for the grant of incentive stock options (ISOs) within the meaning of Section 422 of the Internal Revenue Code (Code) to our employees or certain of our subsidiary companies, and for the grant of nonstatutory stock options (NSOs) and restricted shares to such employees, our directors and to consultants engaged by us or any of our subsidiary companies. The 2011 Plan further provides for the grant of options and restricted shares to service providers who are not U.S. persons and certain types of trusts for the benefit of service providers, subject to certain restrictions.

Authorized Shares. Subject to certain capitalization adjustments, the aggregate number of shares of Class B common stock that may be issued pursuant to stock awards under the 2011 Plan will not exceed 71,240,000 shares.

Shares subject to stock awards granted under our 2011 Plan that expire, become unexercisable or are cancelled, forfeited to or repurchased by us due to the failure to vest, or otherwise terminated without having been exercised or settled in full, or are surrendered pursuant to an exchange program (as described below) in accordance with the 2011 Plan, shall revert to and again become available for issuance under the 2011 Plan (unless the 2011 Plan has terminated). This includes shares that are reacquired pursuant to any forfeiture provision, right of repurchase or redemption or shares that are used to satisfy the exercise or purchase price for the award or any tax withholding obligations related to an award.

Plan Administration. Our board of directors administers and interprets the provisions of the 2011 Plan. The board of directors may delegate its authority to a committee of the board and has delegated authority to the compensation committee of the board, referred to as the “plan administrator.” The plan administrator may additionally delegate limited authority to specified officers to execute any instrument required to effect an award previously granted by the plan administrator. Under our 2011 Plan, the plan administrator has the authority to, among other things, determine award recipients, the numbers and types of stock awards to be granted, the applicable fair market value and the provisions of each stock award, including the period of their exercisability and the vesting schedule applicable to a stock award, construe and interpret the 2011 Plan and awards granted thereunder, prescribe, amend and rescind rules and regulations for the administration of the 2011 Plan, and accelerate the vesting of awards.

Under the 2011 Plan, the plan administrator also has the authority, without stockholder consent, to institute and determine the terms of an exchange program under which (i) outstanding awards are surrendered or

[Table of Contents](#)

cancelled in exchange for awards of the same type (which may have higher or lower exercise or purchase prices and different terms), awards of a different type, and/or cash, (ii) participants would have the opportunity to transfer any outstanding awards to a financial institution or other person or entity selected by the plan administrator and/or (iii) the exercise or purchase price of an outstanding award is reduced or increased.

Stock Options. ISOs and NSOs are granted under share option agreements and option rules adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the 2011 Plan, provided that the exercise price of a stock option generally will not be less than 100% of the fair market value of our common stock on the date of grant (or 110% of the fair market value for 10% stockholders as required by the Code). Options granted under the 2011 Plan vest at the rate specified in the share option agreements and option rules as determined by the plan administrator.

The plan administrator determines the term of stock options granted under the 2011 Plan, up to a maximum of 10 years (or five years for 10% stockholders as required by the Code). If an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability or death, the optionholder may generally exercise any vested options for a period of up to 30 days following the cessation of service, or such other period of time set forth in the share option agreement. If an optionholder's service relationship with us or any of our affiliates ceases due to death, the executors or administrators of the optionholder's estate or any person who has acquired the option from the optionholder by beneficiary designation, bequest or inheritance may generally exercise any vested options for a period of up to six months following the date of death, or such other period of time set forth in the share option agreement. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of up to six months following the cessation of service, or such other period of time set forth in the share option agreement. In no event may an option be exercised beyond the expiration of its term.

The exercise price for shares issued under the 2011 Plan are generally payable in cash or cash equivalents or other forms of consideration determined by the plan administrator, including but not limited to a broker-assisted cashless exercise or a net exercise.

Unless the plan administrator provides otherwise, options generally are not transferable except by will or the laws of descent and distribution or (except for ISOs) pursuant to a domestic relations order.

Restricted Shares. Restricted shares may be awarded in consideration for cash or cash equivalents or another form of consideration, including past services, as determined by our plan administrator. Restricted shares may also be issued upon an optionholder's exercise of an unvested option, or an "early exercise." The plan administrator determines the terms and conditions of restricted shares, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of Class B common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right. Restricted shares acquired upon early exercise of a stock option are generally subject to our right to repurchase such shares upon the holder's termination of service with us for any reason, at the lesser of the price paid for such shares or the then-current fair market value.

Changes to Capital Structure. In the event of any dividend or other distribution, recapitalization, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other change in our corporate structure affecting our shares, the plan administrator will adjust the number and class of shares that may be delivered under the 2011 Plan and/or the number, class and price of shares covered by each outstanding award.

Corporate Transactions. In the event of a merger or a change in control, each outstanding award will be treated as the plan administrator determines, which may include, without limitation, a determination that:

- awards will be assumed or substituted by the acquiring or succeeding corporation with appropriate adjustments;

[Table of Contents](#)

- upon written notice to the participant, the participant's awards will terminate upon or immediately prior to the consummation of such merger or change in control;
- outstanding awards will vest and become exercisable, realizable or payable, or restrictions applicable to an award will lapse, in whole or in part prior to or upon consummation of such merger or change in control and, to the extent the plan administrator determines, terminate upon or immediately prior to the effectiveness of such merger or change in control;
- an award will terminate in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such award or realization of the participant's rights as of the date of the occurrence of the transaction or an award will be replaced with other rights or property selected by the plan administrator in its sole discretion; or
- any combination of the foregoing.

The plan administrator is not obligated to treat all awards similarly.

In the event that the successor corporation in a merger or change in control does not assume or substitute an award, the award will fully vest and become exercisable and with respect to awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and all other terms and conditions met. If the award is an option, it will be exercisable for a period of time determined by the plan administrator and will terminate upon the expiration of such period.

In addition to the above, the plan administrator may provide, in an award agreement or in any other written agreement between the participant and the Company, for accelerated vesting and exercisability in the event of a change in control or similar transaction.

Under the 2011 Plan, a change in control is generally defined as the occurrence of any of the following events: (i) a change in our ownership that occurs on the date that any one person, or more than one person acting as a group, acquires ownership of our share capital that, together with the share capital held by such person, constitutes more than 50% of our stockholders' total voting power, except as a result of a private financing approved by the board of directors; (ii) if we have a class of securities registered pursuant to Section 12 of the Exchange Act, a change in the effective control of the Company that occurs on the date that a majority of our directors on the board of directors are replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the board of directors prior to the date of the appointment or election or (iii) a change in the ownership of a substantial portion of our assets that occurs on the date that any person acquires assets from us that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of our assets immediately prior to such acquisition.

Plan Amendment or Termination. The plan administrator may at any time amend, alter, suspend or terminate the 2011 Plan. Certain amendments, alterations, or the suspension or discontinuance of the 2011 Plan may require the written consent of holders of outstanding awards. Certain material amendments also require the approval of our stockholders. Unless sooner terminated, the 2011 Plan terminates in September 2027.

2019 Equity Incentive Plan

Our board of directors adopted our 2019 Plan in 2019 and our stockholders approved our 2019 Plan in 2019. Our 2019 Plan is a successor to and continuation of our 2011 Plan. Our 2019 Plan will become effective on the date of the underwriting agreement related to this offering. The 2019 Plan came into existence upon its adoption by our board of directors, but no grants will be made under the 2019 Plan prior to its effectiveness. Once the 2019 Plan is effective, no further grants will be made under the 2011 Plan.

Awards. Our 2019 Plan provides for the grant of ISOs to employees, including employees of any parent or subsidiary, and for the grant of NSOs, stock appreciation rights, restricted stock awards, restricted stock unit

[Table of Contents](#)

awards, performance awards and other forms of awards to employees, directors and consultants, including employees and consultants of our affiliates.

Authorized Shares. Initially, the maximum number of shares of our Class A common stock that may be issued under our 2019 Plan after it becomes effective will not exceed _____ shares of our Class A common stock, which is the sum of (1) _____ new shares, plus (2) _____ shares that remain available for the issuance of awards under our 2011 Plan as of immediately prior to the time our 2019 Plan becomes effective. In addition, the share reserve of the 2019 Plan will be automatically increased by a number of shares of Class A common stock equal to the number of shares of Class B common stock subject to outstanding stock options or other stock awards that were granted under our 2011 Plan that terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price, if any, as such shares become available from time to time, for an additional number of shares not to exceed _____ shares of Class A common stock. In addition, the number of shares of our Class A common stock reserved for issuance under our 2019 Plan will automatically increase on February 1 of each calendar year, starting on February 1, 2020 through February 1, 2029, in an amount equal to (i) 5% of the total number of shares of our common stock (both Class A and Class B) outstanding on January 31 of the fiscal year before the date of each automatic increase, or (ii) a lesser number of shares determined by our board of directors prior to the applicable February 1st. The maximum number of shares of our Class A common stock that may be issued on the exercise of ISOs under our 2019 Plan is _____ shares.

Shares subject to stock awards granted under our 2019 Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares do not reduce the number of shares available for issuance under our 2019 Plan. Shares withheld under a stock award to satisfy the exercise, strike or purchase price of a stock award or to satisfy a tax withholding obligation do not reduce the number of shares available for issuance under our 2019 Plan. If any shares of Class A common stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us for any reason, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under the 2019 Plan. Any shares previously issued which are reacquired in satisfaction of tax withholding obligations or as consideration for the exercise or purchase price of a stock award will again become available for issuance under the 2019 Plan.

Plan Administration. Our board of directors, or a duly authorized committee of our board of directors, will administer our 2019 Plan and is referred to as the “plan administrator” herein. Our board of directors may also delegate to one or more of our officers the authority to (1) designate employees (other than officers) to receive specified stock awards and (2) determine the number of shares subject to such stock awards. Under our 2019 Plan, our board of directors has the authority to determine award recipients, grant dates, the numbers and types of stock awards to be granted, the applicable fair market value, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

Under the 2019 Plan, the board of directors also generally has the authority to effect, with the consent of any materially adversely affected participant, (A) the reduction of the exercise, purchase, or strike price of any outstanding award; (B) the cancellation of any outstanding award and the grant in substitution therefore of other awards, cash, or other consideration; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options. ISOs and NSOs are granted under stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the 2019 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our Class A common stock on the date of grant. Options granted under the 2019 Plan vest at the rate specified in the stock option agreement as determined by the plan administrator.

The plan administrator determines the term of stock options granted under the 2019 Plan, up to a maximum of 10 years. Unless the terms of an optionholder’s stock option agreement provide otherwise, if an optionholder’s

[Table of Contents](#)

service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of Class A common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (1) cash, check, bank draft or money order, (2) a broker-assisted cashless exercise, (3) the tender of shares of our common stock previously owned by the optionholder, (4) a net exercise of the option if it is an NSO, or (5) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the plan administrator or a duly authorized officer, an option may be transferred pursuant to a domestic relations order, official marital settlement agreement, or other divorce or separation instrument.

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of our Class A common stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year under all of our stock plans may not exceed \$100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our affiliates unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (2) the term of the ISO does not exceed five years from the date of grant.

Restricted Stock Unit Awards. Restricted stock unit awards are granted under restricted stock unit award agreements adopted by the plan administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the plan administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, restricted stock unit awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

Restricted Stock Awards. Restricted stock awards are granted under restricted stock award agreements adopted by the plan administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, past or future services to us, or any other form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. The plan administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of Class A common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

Stock Appreciation Rights. Stock appreciation rights are granted under stock appreciation right agreements adopted by the plan administrator. The plan administrator determines the purchase price or strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our Class A common stock on the date of grant. A stock appreciation right granted under the 2019 Plan vests at the rate specified in the

[Table of Contents](#)

stock appreciation right agreement as determined by the plan administrator. Stock appreciation rights may be settled in cash or shares of Class A common stock.

The plan administrator determines the term of stock appreciation rights granted under the 2019 Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards. The 2019 Plan permits the grant of performance awards that may be settled in stock, cash or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, the Class A common stock.

The performance goals may be based any measure of performance selected by the board of directors. The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the board of directors at the time the performance award is granted, the board will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (i) to exclude restructuring and/or other nonrecurring charges; (ii) to exclude exchange rate effects; (iii) to exclude the effects of changes to generally accepted accounting principles; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; (v) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (vi) to exclude the dilutive effects of acquisitions or joint ventures; (vii) to assume that any portion of our business which is divested achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (viii) to exclude the effect of any change in the outstanding shares of our Class A common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (ix) to exclude the effects of stock based compensation and the award of bonuses under our bonus plans; (x) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (xi) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our Class A common stock. The plan administrator will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid to any Non-Employee Director with respect to any calendar year, including awards granted and cash fees paid by the Company to such Non-Employee Director, will not exceed \$750,000 in total value.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (1) the class and maximum number of shares reserved for issuance under the 2019 Plan, (2) the class and maximum number of

[Table of Contents](#)

shares by which the share reserve may increase automatically each year, (3) the class and maximum number of shares that may be issued on the exercise of ISOs, and (4) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions. The following applies to stock awards under the 2019 Plan in the event of a corporate transaction (as defined in the 2019 Plan), unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the plan administrator at the time of grant.

In the event of a corporate transaction, any stock awards outstanding under the 2019 Plan may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by us with respect to the stock award may be assigned to the successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then (i) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction), and (ii) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the plan administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the per share amount payable to holders of Class A common stock in connection with the corporate transaction, over (ii) any per share exercise price payable by such holder provided in the stock award, if applicable. In addition, any escrow, holdback, earn out or similar provisions in the definitive agreement for the corporate transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Class A common stock.

Under the 2019 Plan, a corporate transaction is generally the consummation of: (1) a sale of all or substantially all of our assets, (2) the sale or disposition of more than 50% of our outstanding securities, (3) a merger or consolidation where we do not survive the transaction, or (4) a merger or consolidation where we do survive the transaction but the shares of our Class A common stock outstanding immediately before such transaction are converted or exchanged into other property by virtue of the transaction.

Change in Control. Awards granted under the 2019 Plan may be subject to acceleration of vesting and exercisability upon or after a change in control as may be provided in the applicable stock award agreement or in any other written agreement between us or any affiliate and the participant, but in the absence of such provision, no such acceleration will automatically occur. Under the 2019 Plan, a change in control is generally (1) the acquisition by any person or company of more than 50% of the combined voting power of our then outstanding stock, (2) a merger, consolidation or similar transaction in which our stockholders immediately before the transaction do not own, directly or indirectly, more than 50% of the combined voting power of the surviving entity (or the parent of the surviving entity) in substantially the same proportions as their ownership immediately prior to such transaction, (3) stockholder approval of a complete dissolution or liquidation, (4) a sale, lease, exclusive license or other disposition of all or substantially all of our assets other than to an entity more than 50% of the combined voting power of which is owned by our stockholders in substantially the same proportions as their ownership of our outstanding voting securities immediately prior to such transaction, or (5) when a majority

of our board of directors becomes comprised of individuals who were not serving on our board of directors on the date of the underwriting agreement related to this offering, or the incumbent board, or whose nomination, appointment, or election was not approved by a majority of the incumbent board still in office.

Plan Amendment or Termination. Our board of directors has the authority to amend, suspend, or terminate our 2019 Plan, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopts our 2019 Plan. No stock awards may be granted under our 2019 Plan while it is suspended or after it is terminated.

2019 Employee Stock Purchase Plan

Our board of directors adopted, and our stockholders approved, our ESPP in 2019. The ESPP will become effective immediately prior to and contingent upon the date of the underwriting agreement related to this offering. The purpose of the ESPP is to secure the services of new employees, to retain the services of existing employees, and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. The ESPP includes two components. One component is designed to allow eligible U.S. employees to purchase our common stock in a manner that may qualify for favorable tax treatment under Section 423 of the Code. In addition, purchase rights may be granted under a component that does not qualify for such favorable tax treatment because of deviations necessary to permit participation by eligible employees who are foreign nationals or employed outside of the U.S. while complying with applicable foreign laws.

Share Reserve. Following this offering, the ESPP authorizes the issuance of _____ shares of our Class A common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our Class A common stock reserved for issuance will automatically increase on February 1 of each calendar year, beginning on February 1, 2020 through February 1, 2029, by the lesser of (1) 1% of the total number of shares of our common stock (both Class A and Class B) outstanding on the last day of the fiscal year before the date of the automatic increase, and (2) 7,500,000 shares; provided that before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (1) and (2). As of the date hereof, no shares of our Class A common stock have been purchased under the ESPP.

Administration. Our board of directors administers the ESPP and may delegate its authority to administer the ESPP to our compensation committee. The ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our Class A common stock on specified dates during such offerings. Under the ESPP, we may specify offerings with durations of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our Class A common stock will be purchased for employees participating in the offering. An offering under the ESPP may be terminated under certain circumstances.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in the ESPP and may contribute, normally through payroll deductions, up to 20% of their earnings (as defined in the ESPP) for the purchase of our Class A common stock under the ESPP. Unless otherwise determined by our board of directors, Class A common stock will be purchased for the accounts of employees participating in the ESPP at a price per share that is at least the lesser of (1) 85% of the fair market value of a share of our Class A common stock on the first date of an offering, or (2) 85% of the fair market value of a share of our Class A common stock on the date of purchase.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by our board of directors, including: (1) being customarily employed for more than 20 hours per week, (2) being customarily employed for more than five months per calendar year, or (3) continuous employment with us or one of our affiliates for a period of time (not to exceed two years). No

[Table of Contents](#)

employee may purchase shares under the ESPP at a rate in excess of \$25,000 worth of our Class A common stock based on the fair market value per share of our Class A common stock at the beginning of an offering for each calendar year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under the ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value under Section 424(d) of the Code.

Changes to Capital Structure. In the event that there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or similar transaction, the board of directors will make appropriate adjustments to: (1) the class(es) and maximum number of shares reserved under the ESPP, (2) the class(es) and maximum number of shares by which the share reserve may increase automatically each year, (3) the class(es) and number of shares subject to and purchase price applicable to outstanding offerings and purchase rights, and (4) the class(es) and number of shares that are subject to purchase limits under ongoing offerings.

Corporate Transactions. In the event of certain significant corporate transactions, any then-outstanding rights to purchase our stock under the ESPP may be assumed, continued, or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue, or substitute for such purchase rights, then the participants' accumulated payroll contributions will be used to purchase shares of our Class A common stock within 10 business days before such corporate transaction, and such purchase rights will terminate immediately after such purchase.

Under the ESPP, a corporate transaction is generally the consummation of: (1) a sale of all or substantially all of our assets, (2) the sale or disposition of more than 50% of our outstanding securities, (3) a merger or consolidation where we do not survive the transaction, and (4) a merger or consolidation where we do survive the transaction but the shares of our Class A common stock outstanding immediately before such transaction are converted or exchanged into other property by virtue of the transaction.

ESPP Amendment or Termination. Our board of directors has the authority to amend or terminate our ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

Limitations of Liability and Indemnification Matters

Upon the completion of this offering, our amended and restated certificate of incorporation will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent

[Table of Contents](#)

permitted by Delaware law. Our amended and restated bylaws that will be in effect upon the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect upon the completion of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in connection with any action, proceeding or investigation. We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, the following describes transactions since February 1, 2015 and each currently proposed transaction in which:

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

Equity Financing

In December 2016 and January 2017, we sold an aggregate of 30,727,064 shares of our Series D convertible preferred stock at a purchase price of \$3.74 per share, for an aggregate purchase price of approximately \$115.0 million. The following table summarizes purchases of our Series D convertible preferred stock by related persons:

Stockholder	Shares of Series D Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Sequoia Capital (1)(2)	26,727,064	\$ 99,999,978
EZP Opportunity, L.P.(3)	2,850,724	\$ 10,666,055

(1) Entities associated with Sequoia Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Sequoia Capital Global Growth Fund II, L.P., Sequoia Capital Global Growth II Principals Fund, L.P., Sequoia Capital U.S. Growth Fund VII, L.P. and Sequoia Capital U.S. Growth VII Principals Fund, L.P.

(2) Carl Eschenbach, a member of our board of directors, is a General Partner at Sequoia Capital.

(3) Santiago Subotovsky, a member of our board of directors, is a General Partner at Emergence Capital Partners.

Transactions with Digital Mobile Venture Limited

Common Stock Transfer Agreement

In May 2017, Mr. Yuan entered into a stock transfer agreement with one of our investors, Digital Mobile Venture Ltd. (Digital Mobile), a holder of more than 5% of our outstanding capital stock and a fund affiliated with Samuel Chen, a former member of our board of directors, pursuant to which Mr. Yuan transferred 2,899,136 shares of our common stock to Digital Mobile and received \$3.74 per share for such transferred shares. We had previously redeemed 4,000,000 shares of Series A convertible preferred stock from Digital Mobile to offset dilution and facilitate our Series D convertible preferred stock financing. Mr. Yuan, by means of the stock transfer described above, and another stockholder transferred an aggregate of 4,000,000 shares to Digital Mobile to replace the shares we had previously redeemed from Digital Mobile. The purpose of Mr. Yuan's stock transfer was not intended to be compensation paid by us to him. However, under financial accounting standards, we recognized a portion of the price paid to Mr. Yuan as stock-based compensation. We waived our right of first refusal in connection with the stock transfer described above.

Preferred Stock Repurchase

In December 2016, we entered into a repurchase agreement with Digital Mobile pursuant to which we repurchased 4,000,000 shares of our Series A convertible preferred stock for an aggregate purchase price of approximately \$15.0 million.

Partnership Agreement

In October 2015, we entered into a reseller agreement with Digit Mobile Inc. (DMI) for a total contractual amount of \$0.9 million. One of our former directors serves as the managing director of DMI. In October 2016, we entered into an amendment to the reseller agreement with DMI whereby the remaining contractual amount was amended from \$0.6 million to \$0.5 million. Pursuant to the amended reseller agreement, DMI is obligated to purchase a minimum of \$0.2 million per year.

Investors' Rights Agreement

We are party to an amended and restated investors' rights agreement (IRA) with certain holders of our capital stock, including Eric S. Yuan, Bucantini Enterprises Limited, Beyond Merits Limited, an entity affiliated with Bart Swanson, Digital Mobile, entities affiliated with Emergence Capital Partners and entities affiliated with Sequoia Capital, as well as other holders of our convertible preferred stock. The IRA provides the holders of our convertible preferred stock with certain registration rights, including the right to demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing, including the registration statement related to this offering. The IRA also provides these stockholders with information rights, which will terminate upon the completion of this offering, and a right of first refusal with regard to certain issuances of our capital stock, which will not apply to, and will terminate upon, the completion of this offering. In connection with this offering, the holders of up to 209,264,532 shares of our Class B common stock issuable on conversion of outstanding preferred stock will be entitled to rights with respect to the registration of their shares under the Securities Act under this agreement. For a description of these registration rights, see the section titled "Description of Capital Stock—Registration Rights."

Right of First Refusal

Pursuant to our equity compensation plans and certain agreements with our stockholders, including a right of first refusal and co-sale agreement with certain holders of our capital stock, including Bucantini Enterprises Limited, Beyond Merits Limited, an entity affiliated with Bart Swanson, Digital Mobile, entities affiliated with Emergence Capital Partners, entities affiliated with Sequoia Capital and Eric S. Yuan, we or our assignees have a right to purchase shares of our capital stock which stockholders propose to sell to other parties. This right will terminate upon the completion of this offering. Since February 1, 2015, we have waived our right of first refusal in connection with the sale of certain shares of our capital stock, including sales by certain of our executive officers, resulting in the purchase of such shares by certain of our stockholders, including related persons. See the section titled "Principal and Selling Stockholders" for additional information regarding beneficial ownership of our capital stock.

Loan to Executive Officer

In November 2015, we loaned Eric S. Yuan \$2.0 million pursuant to a full-recourse promissory note. The note bore interest at a rate per annum of 4%, compounded annually. The balance of the loan and interest were repaid in full by Mr. Yuan in March 2016.

Transactions with Veeva Systems Inc.

In September 2016, we entered into a service agreement with Veeva Systems Inc. (Veeva), a cloud-based business solutions company. The chief executive officer of Veeva serves as one of our directors. Revenue recognized from Veeva was \$0.3 million, \$1.4 million and \$1.3 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively.

Indemnification Agreements

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect upon the completion of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the completion of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into an indemnification agreement with each of our directors and executive officers, which requires us to indemnify them. For more information regarding these agreements, see the section titled “Executive Compensation—Limitations of Liability and Indemnification Matters.”

Policies and Procedures for Related Person Transactions

Prior to the completion of this offering, our board of directors will adopt a related person transaction policy setting forth the policies and procedures for the identification, review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and a related person were or will be participants and the amount involved exceeds \$120,000, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness and guarantees of indebtedness. In reviewing and approving any such transactions, our audit committee will consider all relevant facts and circumstances as appropriate, such as the purpose of the transaction, the availability of other sources of comparable products or services, whether the transaction is on terms comparable to those that could be obtained in an arm’s length transaction, management’s recommendation with respect to the proposed related person transaction, and the extent of the related person’s interest in the transaction.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our capital stock as of December 31, 2018, and as adjusted to reflect the sale of our Class A common stock offered by us in this offering assuming no exercise of the underwriters' option to purchase additional shares, for:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group;
- each person or group of affiliated persons known by us to beneficially own more than 5% of our Class A or Class B common stock; and
- each of the selling stockholders.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on no shares of Class A common stock and 242,618,755 shares of Class B common stock outstanding as of December 31, 2018, assuming the automatic conversion of all outstanding shares of preferred stock into shares of Class B common stock upon the completion of this offering. Applicable percentage ownership after the offering is based on _____ shares of Class A common stock and _____ shares of Class B common stock outstanding immediately after the completion of this offering, assuming no exercise by the underwriters of their over-allotment option. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable within 60 days of December 31, 2018. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o Zoom Video Communications, Inc., 55 Almaden Boulevard, 6th Floor, San Jose, California 95113.

[Table of Contents](#)

Name of Beneficial Owner	Shares Beneficially Owned Prior to Offering				# of Shares being Sold	Shares Beneficially Owned After Offering				
	Class A Common Stock		Class B Common Stock			Class A Common Stock		Class B Common Stock		% of Total Voting Power
	Shares	%	Shares	%		Shares	%	Shares	%	
5% Stockholders										
Entities affiliated with Emergence Capital Partners ⁽¹⁾			30,400,851	12.5%						
Entities affiliated with Sequoia Capital ⁽²⁾			27,614,576	11.4%						
Digital Mobile Venture Ltd. ⁽³⁾			23,773,356	9.8%						
Bucantini Enterprises Limited ⁽⁴⁾			14,715,641	6.1%						
Directors and Named Executive Officers										
Eric S. Yuan ⁽⁵⁾			53,499,219	22.0%						
Jonathan Chadwick ⁽⁶⁾			400,000	*						
Carl Eschenbach ⁽⁷⁾			—	—						
Peter Gassner ⁽⁸⁾			1,022,312	*						
Kimberly L. Hammonds ⁽⁹⁾			166,797	*						
Dan Scheinman ⁽¹⁰⁾			2,846,372	1.2%						
Santiago Subotovsky ⁽¹¹⁾			30,400,851	12.5%						
Bart Swanson ⁽¹²⁾			130,556	*						
Janine Pelosi ⁽¹³⁾			457,291	*						
Aparna Bawa ⁽¹⁴⁾			360,000	*						
All directors and executive officers as a group (10 persons) ⁽¹⁵⁾			89,283,398	36.7%						

Other Selling Stockholders:

* Represents beneficial ownership of less than 1%.

- (1) Consists of (i) 26,908,848 shares held of record by Emergence Capital Partners III, L.P. (Emergence), (ii) 3,277,836 shares held of record by EZZ Opportunity, L.P. (EZZ) and (iii) 214,167 Shares held of record by Red Porphyry, LLC (Red Porphyry), and together with Emergence and EZZ, the Emergence Entities. Emergence GP Partners, LLC (EGP) is the sole general partner of Emergence Equity Partners III, L.P. (EEP III), which is the sole general partner of Emergence and EZZ. Mr. Subotovsky, one of our directors, is a member of EEP III and shares voting and investment control with respect to the shares held by the Emergence Entities. The address for Emergence and EZZ is 160 Bovet Road, Suite 300, San Mateo, California 94402. The address for Red Porphyry is 635 Knight Way, Stanford, California 94305.
- (2) Consists of: (i) 6,672,044 shares of record held by Sequoia Capital Global Growth Fund II, L.P. (SC GGFII); (ii) 82,704 shares of record held by Sequoia Capital Global Growth II Principals Fund, L.P. (SC GGFII PF); (iii) 194,538 shares of record held by Sequoia Capital U.S. Growth Fund V, LP (SC US GFV); (iv) 19,402,643 shares held of record by Sequoia Capital U.S. Growth Fund VII, LP (SC US GFVII); and (v) 1,262,647 shares held of record by U.S. Growth VII Principals Fund, LP (SC US GFVII PF). SC US (TTGP), Ltd. is (i) the general partner of SC Global Growth II Management, L.P., which is the general partner of each of SC GGFII and SC GGFII PF (collectively, the SC GGFII Funds), (ii) the general partner of SCGF V Management, L.P., which is the general partner of SC US GFV, and (iii) the general partner of SC U.S. Growth VII Management, L.P., which is the general partner of each of SC US GFVII and SC US GFVII PF (collectively, the SC US GFVII Funds). As a result, SC US (TTGP), Ltd. may be deemed to share

Table of Contents

voting and dispositive power with respect to the shares held by the SC GGFII Funds, SC US GFV and the SC US GFVII Funds. In addition, the directors and stockholders of SC US (TTGP), Ltd. who exercise voting and investment discretion with respect to the SC GGFII Funds are Douglas M. Leone and Michael Abramson. As a result, and by virtue of the relationships described in this footnote, each such person may be deemed to share voting and dispositive power with respect to the shares held by the SC GGFII Funds. The address for each of the Sequoia Capital entities identified in this footnote is 2800 Sand Hill Road, Suite 101, Menlo Park, California 94025.

- (3) Consists of 23,773,356 shares held of record by Digital Mobile Venture Ltd. Samuel Chen, a former member of our board of directors, is a director and stockholder of Digital Mobile Venture Ltd., and as such, is deemed to have beneficial ownership of shares held by Digital Mobile Venture Ltd. The address for this entity is 5F, No. 550, Ruei Guang Road, Taipei F5, Taiwan.
- (4) Consists of 14,715,641 shares held of record by Bucantini Enterprises Limited (Bucantini). Bucantini is wholly owned by Prime Doyen Limited, which is wholly owned by Mayspin Management Limited (Mayspin). Mayspin is wholly owned by Mr. Li Ka-shing. The address for Bucantini is c/o 7/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
- (5) Consists of (i) 47,156,864 shares held of record by Mr. Yuan, (ii) 5,940,000 shares held of record by 2018 Yuan's Children's Irrevocable Trust, for which Mr. Yuan shares voting and investment control with respect to such shares, (iii) 4,000 shares held pursuant to the proxies described below and (iv) 398,355 shares subject to options exercisable within 60 days of December 31, 2018, of which 52,084 are vested as of such date. Each of Zilin Liu and Bin Yuan, immediate family members of Mr. Yuan, have granted Mr. Yuan a proxy to vote the shares held of record by them, which will terminate upon the earlier of (i) the expiration of the lock-up period following this offering, (ii) a liquidation event as defined in our amended and restated certificate of incorporation, (iii) the conversion of the shares held of record into shares of Class A Common Stock and (iv) the agreement of the parties.
- (6) Consists of (i) 400,000 shares held of record by Mr. Chadwick, of which 275,000 are subject to repurchase by us at the original issue price as of December 31, 2018.
- (7) Mr. Eschenbach, a member of our board of directors, is a general partner at Sequoia Capital Operations, LLC. Mr. Eschenbach disclaims beneficial ownership of all shares held by the Sequoia Capital entities referred to in footnote 2 above.
- (8) Consists of 1,022,312 shares of restricted stock held of record by Mr. Gassner, which vest on October 28, 2019.
- (9) Consists of (i) 16,797 shares held of record by Ms. Hammonds and (ii) 150,000 shares subject to options exercisable within 60 days of December 31, 2018, of which 15,625 are vested as of such date.
- (10) Consists of (i) 1,056,960 shares held of record by Dan & Zoe Scheinman Trust Dated 2/23/01, for which Mr. Scheinman serves as trustee, (ii) 1,689,412 shares held of record by The 2017 Scheinman Irrevocable Trust, for which Mr. Scheinman serves as trustee and (iii) 100,000 shares subject to options exercisable within 60 days of December 31, 2018, of which 6,250 are vested as of such date.
- (11) Consists of the shares listed in footnote 1 above. Mr. Subotovsky is a member of EEP III and shares voting and investment control with respect to the shares held by the Emergence Entities.
- (12) Consists of (i) 44,648 shares held of record by Beyond Merits Limited, for which Mr. Swanson is a director and shareholder and shares voting and investment control with respect to such shares, and (ii) 85,908 shares held of record by Mr. Swanson.
- (13) Consists of (i) 333,333 shares held of record by Ms. Pelosi and (ii) 123,958 shares subject to options exercisable within 60 days of December 31, 2018, all of which are vested as of such date.
- (14) Consists of (i) 360,000 shares held of record by Ms. Bawa, all of which are subject to repurchase by us at the original issue price as of December 31, 2018.
- (15) Consists of (i) 88,511,085 shares beneficially owned by our current executive officers and directors, of which 635,000 may be repurchased by us at the original purchase price as of December 31, 2018, and (ii) 772,313 shares subject to options exercisable within 60 days of December 31, 2018, of which 197,917 shares are vested as of such date.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common and preferred stock and some of the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, which will each become effective upon the completion of this offering, the amended and restated investors' rights agreement and relevant provisions of Delaware General Corporation Law. The descriptions herein are qualified in their entirety by our amended and restated certificate of incorporation, amended and restated bylaws and amended and restated investors' rights agreement, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part, as well as the relevant provisions of Delaware General Corporation Law.

Our amended and restated certificate of incorporation provides for two classes of common stock: Class A common stock and Class B common stock. Upon completion of this offering, our amended and restated certificate of incorporation will authorize shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our board of directors.

Upon the completion of this offering, our authorized capital stock will consist of the following shares, all with a par value of \$0.001 per share, of which:

- shares are designated as Class A common stock;
- shares are designated as Class B common stock; and
- shares are designated as preferred stock.

As of January 31, 2019, we had no shares of Class A common stock, 90,327,435 shares of Class B common stock and 152,665,804 shares of preferred stock outstanding. After giving effect to the conversion of all outstanding shares of preferred stock into shares of Class B common stock immediately upon the completion of this offering, there would have been 242,993,239 shares of Class B common stock outstanding on January 31, 2019, held by 391 stockholders of record. As of January 31, 2019, we had outstanding options to acquire 35,064,465 shares of Class B common stock.

Class A and Class B Common Stock

All issued and outstanding shares of our Class A common stock and Class B common stock will be duly authorized, validly issued, fully paid and non-assessable. All authorized but unissued shares of our Class A common stock and Class B common stock will be available for issuance by our board of directors without any further stockholder action, except as required by the listing standards of The Nasdaq Stock Market. Our amended and restated certificate of incorporation will provide that, except with respect to voting rights and conversion rights, the Class A common stock and Class B common stock are treated equally and identically.

Voting Rights

Holders of Class A common stock will be entitled to one vote per share on all matters to be voted upon by the stockholders, and holders of Class B common stock will be entitled to 10 votes per share on all matters to be voted upon by the stockholders. The holders of our Class A common stock and Class B common stock will generally vote together as a single class on all matters submitted to a vote of our stockholders, unless otherwise required by Delaware law or our amended and restated certificate of incorporation. Delaware law would permit holders of Class A common stock to vote separately, as a single class, if we were to change the par value of the common stock or amend our certificate of incorporation to alter the powers, preferences or special rights of the common stock as a whole in a way that would adversely affect the holders of our Class A common stock.

In addition, Delaware law would permit holders of Class A common stock to vote separately, as a single class, if an amendment of our certificate of incorporation would adversely affect them by altering the powers,

preferences, or special rights of the Class A common stock, but not the Class B common stock. As a result, in these limited instances, the holders of a majority of the Class A common stock could defeat any amendment to our certificate of incorporation. For example, if a proposed amendment of our certificate of incorporation provided for the Class A common stock to rank junior to the Class B common stock with respect to (i) any dividend or distribution, (ii) the distribution of proceeds were we to be acquired or (iii) any other right, Delaware law would require the vote of the Class A common stock. In this instance, the holders of a majority of Class A common stock could defeat that amendment to our certificate of incorporation.

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will provide that the number of authorized shares of preferred stock, Class A common stock or Class B common stock, may be increased or decreased (but not below the number of shares of preferred stock, Class A common stock and Class B common stock then outstanding) by the affirmative vote of the holders of a majority of the outstanding voting power of all of our outstanding, voting together as a single class. As a result, the holders of a majority of the outstanding Class B common stock can approve an increase or decrease in the number of authorized shares of Class A common stock without a separate vote of the holders of Class A common stock. This could allow us to increase and issue additional shares of Class A common stock beyond what is currently authorized in our certificate of incorporation without the consent of the holders of our Class A common stock.

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will not provide for cumulative voting for the election of directors.

Dividend Rights

Holders of Class A common stock and Class B common stock will be entitled to ratably receive dividends if, as and when declared from time to time by our board of directors at its own discretion out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock, if any. Under Delaware law, we can only pay dividends either out of “surplus” or out of the current or the immediately preceding year’s net profits. Surplus is defined as the excess, if any, at any given time, of the total assets of a corporation over its total liabilities and statutory capital. The value of a corporation’s assets can be measured in a number of ways and may not necessarily equal their book value. In addition, holders of our Class A common stock would be entitled to vote separately as a class on dividends and distributions if the holders of Class A common stock were treated adversely. As a result, if the holders of Class A common stock were treated adversely in any dividend or distribution, the holders of a majority of Class A common stock could defeat that dividend or distribution.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation or winding-up or a deemed liquidation, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our Class A common stock and Class B common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of each class of common stock, including the Class A common stock, voting separately as a class. As a result, the holders of a majority of each class of common stock, including the Class A common stock, could defeat a proposed distribution of any assets on our liquidation, dissolution, or winding-up or deemed liquidation if that distribution were not to be shared equally, identically, and ratably. If a change of control transaction is not considered a deemed liquidation, such transaction shall require the approval of the affirmative vote of the holders of a majority of the outstanding shares of each class of common stock, including the Class A common stock, voting separately as a class.

Subdivisions and Combinations

If we subdivide or combine in any manner outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other class will be subdivided or combined in the same manner.

Conversion

Each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. In addition, each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except certain transfers to entities, to the extent the transferor retains sole dispositive power and exclusive voting control with respect to the shares of Class B common stock, and certain other transfers described in our amended and restated certificate of incorporation. All outstanding shares of our Class B common stock will convert into shares of our Class A common stock upon the earliest of (i) 15 years after the consummation of our initial public offering, (ii) the date that Eric S. Yuan ceases providing services to us or his employment is terminated by us for cause, (iii) six months after the death or incapacity of Mr. Yuan and (iv) the date specified by the holders of a majority of the then outstanding shares of Class B common stock, voting separately as a class.

Other Matters

The Class A common stock and Class B common stock will have no preemptive rights pursuant to the terms of our amended and restated certificate of incorporation and our amended and restated bylaws. There will be no redemption or sinking fund provisions applicable to the Class A common stock and Class B common stock. All outstanding shares of our Class A common stock will be fully paid and non-assessable, and the shares of our Class A common stock offered in this offering, upon payment and delivery in accordance with the underwriting agreement, will be fully paid and non-assessable.

If holders of Class A common stock are treated the same as holders of Class B common stock with respect to the dividends and distributions, liquidation rights, change of control transactions, and subdivisions and combinations, such holders of Class A common stock will not have the right to vote on such matters separately as a single class.

Preferred Stock

As of January 31, 2019, there were 152,665,804 shares of preferred stock outstanding. Immediately upon the completion of this offering, each outstanding share of preferred stock will convert into one share of Class B common stock.

Upon the completion of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of _____ shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our common stock. The issuance of our preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action. Upon the completion of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Options

As of January 31, 2019, we had outstanding options under our equity compensation plans to purchase an aggregate of 35,064,465 shares of our Class B common stock, with a weighted-average exercise price of \$1.48 per share.

Registration Rights

We are party to an amended and restated investors' rights agreement that provides that certain holders of our preferred stock, including certain holders of at least 1% of our outstanding capital stock, have certain registration rights as set forth below. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire five years after the completion of this offering, of which this prospectus is a part, or with respect to any particular stockholder, such time after the completion of this offering that such stockholder can sell all of its shares entitled to registration rights under Rule 144 of the Securities Act during any 90-day period.

Demand Registration Rights

The holders of an aggregate of 156,171,668 shares of our Class B common stock will be entitled to certain demand registration rights. At any time beginning 180 days after the completion of this offering, the holders of a majority of these shares may request that we register all or a portion of their shares. We are obligated to effect only two such registrations. Such request for registration must cover shares with an anticipated aggregate offering price, net of underwriting discounts and commissions, of at least \$10 million.

Piggyback Registration Rights

In connection with this offering, the holders of an aggregate of 209,264,532 shares of our Class B common stock were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (i) a registration relating solely to employee benefit plans, (ii) a registration relating to the offer and sale of debt securities, (iii) a registration relating to a corporate reorganization or other Rule 145 transaction, or (iv) a registration on any registration form that does not permit secondary sales, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

The holders of an aggregate of 156,171,668 shares of Class B common stock will be entitled to certain Form S-3 registration rights. The holders of these shares can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate gross proceeds of the shares offered would equal or exceed \$1 million. We will not be required to effect more than two registrations on Form S-3 within any 12-month period.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain or will contain provisions that could make the following transactions more difficult:

an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Dual Class Stock

As described above in “—Class A and Class B Common Stock—Voting Rights,” our amended and restated certificate of incorporation provides for a dual class common stock structure, which provides our founders, current investors, executives and employees with significant influence over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets.

Stockholder Meetings

Our amended and restated bylaws will provide that a special meeting of stockholders may be called only by our chairman of the board, chief executive officer or president, or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws will eliminate the right of stockholders to act by written consent without a meeting.

Staggered Board

Our board of directors will be divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. For more information on the classified board, see “Management—Composition of our Board Directors.” This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our amended and restated certificate of incorporation will provide that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two thirds of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

Stockholders Not Entitled to Cumulative Voting

Our amended and restated certificate of incorporation will not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be “interested stockholders” from engaging in a “business combination” with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation’s voting stock. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

Choice of Forum

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative form, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees or agents to us or our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws; (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws; or (v) any action asserting a claim governed by the internal affairs doctrine. Our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Our amended and restated certificate of incorporation will also provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to these choice of forum provisions. It is possible that a court of law could rule that either choice of forum provision to be contained in our amended and restated certificate of incorporation is inapplicable or unenforceable if it is challenged in a proceeding or otherwise.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least two-thirds of the total voting power of all of our outstanding voting stock.

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers, and as a consequence, they may also inhibit temporary fluctuations in the market price of our Class A common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

[Table of Contents](#)

Transfer Agent and Registrar

Upon completion of this offering, the transfer agent and registrar for our Class A common stock and Class B common stock will be Computershare Trust Company, N.A. The transfer agent and registrar's address is 250 Royall Street, Canton, Massachusetts 02021.

Exchange Listing

Our Class A common stock is currently not listed on any securities exchange. We have applied to have our Class A common stock listed on The Nasdaq Global Select Market under the symbol "ZM."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of substantial amounts of Class A common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our Class A common stock. Although we have applied to have our Class A common stock listed on The Nasdaq Global Select Market, we cannot assure you that there will be an active public market for our Class A common stock.

Following the completion of this offering, based on the number of shares of our Class A common stock and Class B common stock outstanding as of January 31, 2019 and assuming (i) the issuance of shares of Class A common stock in this offering, (ii) the conversion of all outstanding shares of our convertible preferred stock into 152,665,804 shares of Class B common stock, which will automatically occur immediately prior to the completion of the offering, (iii) the conversion of _____ shares of Class B common stock into Class A common stock upon the sale of such shares by the selling stockholders and (iv) no exercise of the underwriters' over-allotment option, we will have outstanding an aggregate of approximately _____ shares of Class A common stock and _____ shares of Class B common stock.

Of these shares, all shares of Class A common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares of Class A common stock purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Shares purchased by our affiliates would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The Class B common stock outstanding after this offering will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, each of which is summarized below. All of these shares will be subject to a 180-day lock-up period under the lock-up agreements and market standoff agreements described below.

In addition, of the 35,064,465 shares of our Class B common stock that were subject to stock options outstanding as of January 31, 2019, of which options to purchase 19,131,267 shares of Class B common stock were vested as of such date, upon exercise, these shares will be eligible for sale subject to the lock-up agreements described below and Rules 144 and 701 under the Securities Act.

Lock-Up Agreements and Market Standoff Provisions

We, along with our directors, executive officers and substantially all of our other stockholders and optionholders, have agreed with the underwriters that for a period of 180 days after the date of this prospectus, subject to specified exceptions as detailed further in "Underwriters" below, we or they will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of Class A common stock and Class B common stock or any securities convertible into or exercisable or exchangeable for shares of Class A common stock and Class B common stock, request or demand that we file a registration statement related to our common stock or enter into any swap or other agreement that transfers to another, in whole or in part, directly or indirectly, the economic consequence of ownership of the common stock. All of our stockholders are subject to a market stand-off agreement with us that imposes similar restrictions.

Upon expiration of the lock-up period, certain of our stockholders will have the right to require us to register their shares under the Securities Act. See "—Registration Rights" below and "Description of Capital Stock—Registration Rights."

Upon the expiration of the lock-up period, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed below.

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, and who has beneficially owned shares of our capital stock for at least six months would be entitled to sell in “broker’s transactions” or certain “riskless principal transactions” or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately _____ shares immediately after this offering; or
- the average weekly trading volume in our Class A common stock on The Nasdaq Global Select Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of \$50,000, the seller must file a notice on Form 144 concurrently with either the placing of a sale order with the broker or the execution of a sale directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the 90 days preceding a sale, and who has beneficially owned shares of our capital stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above, beginning 90 days after the date of this prospectus, may be sold by persons other than “affiliates,” as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by “affiliates” under Rule 144 without compliance with its one-year minimum holding period requirement. However, substantially all Rule 701 shares are subject to lock-up agreements as described above and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

Form S-8 Registration Statement

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of Class B common stock subject to outstanding stock options and Class A common stock issued or issuable under the 2019 Plan, the 2011 Plan and the ESPP. We expect to file the registration statement covering shares offered pursuant to these stock plans shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

Registration Rights

As of January 31, 2019, holders of up to 209,264,532 shares of our Class B common stock, which includes all of the shares of Class B common stock issuable upon the automatic conversion of our convertible preferred stock immediately prior to the completion of this offering, or their transferees, will be entitled to various rights with respect to the registration of these shares under the Securities Act upon the completion of this offering and the expiration of lock-up agreements. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See “Description of Capital Stock—Registration Rights” for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR CLASS A COMMON STOCK

The following discussion is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the acquisition, ownership and disposition of our Class A common stock issued pursuant to this offering. This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, does not address the potential application of the Medicare contribution tax on net investment income or the alternative minimum tax, and does not address any estate or gift tax consequences or any tax consequences arising under any state, local or foreign tax laws, or any other U.S. federal tax laws. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (the IRS), all as in effect as of the date of this prospectus. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion is limited to non-U.S. holders who purchase our Class A common stock pursuant to this offering and who hold our Class A common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a particular holder in light of such holder’s particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to holders subject to special rules under the U.S. federal income tax laws, including:

- certain former citizens or long-term residents of the United States;
- partnerships or other pass-through entities (and investors therein);
- “controlled foreign corporations”;
- “passive foreign investment companies”;
- corporations that accumulate earnings to avoid U.S. federal income tax;
- banks, financial institutions, investment funds, insurance companies, brokers, dealers or traders in securities;
- tax-exempt organizations and governmental organizations;
- tax-qualified retirement plans;
- persons subject to special tax accounting rules under Section 451(b) of the Code;
- persons who hold or receive our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds;
- persons that own, or have owned, actually or constructively, more than 5% of our Class A common stock;
- persons who have elected to mark securities to market; and
- persons holding our Class A common stock as part of a hedging or conversion transaction or straddle, or a constructive sale, or other risk reduction strategy or integrated investment.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds our Class A common stock, the U.S. federal income tax treatment of a partner in the partnership will generally

depend on the status of the partner and the activities of the partnership. Partnerships holding our Class A common stock and the partners in such partnerships are urged to consult their tax advisors about the particular U.S. federal income tax consequences to them of holding and disposing of our Class A common stock.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR CLASS A COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS. IN ADDITION, SIGNIFICANT CHANGES IN U.S. FEDERAL TAX LAWS WERE RECENTLY ENACTED. PROSPECTIVE INVESTORS SHOULD ALSO CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO SUCH CHANGES IN U.S. TAX LAW AS WELL AS POTENTIAL CONFORMING CHANGES IN STATE TAX LAWS.

Definition of Non-U.S. Holder

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our Class A common stock that is not a “U.S. person” or a partnership (including any entity or arrangement treated as a partnership) for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Distributions on Our Class A Common Stock

As described under the section titled “Dividend Policy,” we have not paid and do not anticipate paying any cash dividends in the foreseeable future. However, if we make cash or other property distributions on our Class A common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts that exceed such current and accumulated earnings and profits and, therefore, are not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder’s tax basis in our Class A common stock, but not below zero. Any excess amount distributed will be treated as gain realized on the sale or other disposition of our Class A common stock and will be treated as described under the section titled “—Gain On Disposition of Our Class A Common Stock” below.

Subject to the discussion below regarding effectively connected income, backup withholding and FATCA (as defined below), dividends paid to a non-U.S. holder of our Class A common stock generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish us or the applicable withholding agent a valid IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form) certifying such holder’s qualification for the reduced rate. This certification must be provided to us or the withholding agent before the payment of dividends and must be updated periodically. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder’s behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or the withholding agent, either directly or through other intermediaries.

[Table of Contents](#)

If a non-U.S. holder holds our Class A common stock in connection with the conduct of a trade or business in the United States, and dividends paid on our Class A common stock are effectively connected with such holder's U.S. trade or business (and are attributable to such holder's permanent establishment or fixed base in the United States if required by an applicable tax treaty), the non-U.S. holder will be exempt from U.S. federal withholding tax. To claim the exemption, the non-U.S. holder must generally furnish a valid IRS Form W-8ECI (or applicable successor form) to the applicable withholding agent.

However, any such effectively connected dividends paid on our Class A common stock generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Non-U.S. holders that do not provide the required certification on a timely basis, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Gain on Disposition of Our Class A Common Stock

Subject to the discussion below regarding backup withholding and FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale or other disposition of our Class A common stock, unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our Class A common stock constitutes a "United States real property interest" by reason of our status as a United States real property holding corporation (USRPHC) for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-U.S. holder's holding period for our Class A common stock, and our Class A common stock is not regularly traded on an established securities market during the calendar year in which the sale or other disposition occurs.

Determining whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our foreign real property interests. We believe that we are not currently and do not anticipate becoming a USRPHC for U.S. federal income tax purposes, although there can be no assurance we will not in the future become a USRPHC.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Gain described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), but may be offset by certain U.S.-source capital losses (even though the individual

is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses. Gain described in the third bullet point above will generally be subject to U.S. federal income tax in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business (subject to any provisions under an applicable income tax treaty), except that the branch profits tax generally will not apply. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Annual reports are required to be filed with the IRS and provided to each non-U.S. holder indicating the amount of dividends on our Class A common stock paid to such holder and the amount of any tax withheld with respect to those dividends. These information reporting requirements apply even if no withholding was required because the dividends were effectively connected with the holder's conduct of a U.S. trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding, currently at a 24% rate, generally will not apply to payments to a non-U.S. holder of dividends on or the gross proceeds of a disposition of our Class A common stock provided the non-U.S. holder furnishes the required certification for its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI (or applicable successor form), or certain other requirements are met. Backup withholding may apply if the payor has actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, the non-U.S. holder should consult with a U.S. tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the non-U.S. holder's U.S. federal income tax liability, if any.

Withholding on Foreign Entities

Sections 1471 through 1474 of the Code (commonly referred to as FATCA) impose a U.S. federal withholding tax of 30% on certain payments made to a "foreign financial institution" (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or an exemption applies. FATCA also generally will impose a U.S. federal withholding tax of 30% on certain payments made to a non-financial foreign entity unless such entity either certifies that it does not have any "substantial United States owners" as defined in the Code or provides the withholding agent a certification identifying certain direct and indirect U.S. owners of the entity or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2019, although under recently issued proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on such proposed regulations pending finalization), no withholding would apply with respect to payments of gross proceeds.

Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our Class A common stock.

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, J. P. Morgan Securities LLC and Goldman Sachs & Co. LLC are acting as representatives, have severally agreed to purchase, and we and the selling stockholders have agreed to sell to them, severally, the number of shares indicated below:

<u>Name</u>	<u>Number of Shares</u>
Morgan Stanley & Co. LLC	
J. P. Morgan Securities LLC	
Goldman Sachs & Co. LLC	
Credit Suisse Securities (USA) LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
RBC Capital Markets, LLC	
Wells Fargo Securities, LLC	
JMP Securities LLC	
KeyBanc Capital Markets Inc.	
Piper Jaffray & Co.	
Stifel, Nicolaus & Company, Incorporated	
William Blair & Company, L.L.C.	
Total:	

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the shares of Class A common stock subject to their receipt and acceptance of the shares from us and the selling stockholders and subject to prior sale and the underwriters’ right to reject any order in whole or in part. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class A common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of Class A common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We and the selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of Class A common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering the over-allotments, if any, made in connection with the offering of the shares of Class A common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of Class A common stock as the number listed next to the underwriter’s name in the preceding table bears to the total number of shares of Class A common stock listed next to the names of all underwriters in the preceding table.

[Table of Contents](#)

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us and the selling stockholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

	<u>Per Share</u>	<u>Total</u>	
		<u>No Exercise</u>	<u>Full Exercise</u>
	\$	\$	\$
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by:			
Us	\$	\$	\$
The selling stockholders	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$. The underwriters have agreed to reimburse us for certain of these expenses. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority (FINRA) up to \$.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of Class A common stock offered by them.

We have submitted an application to list our Class A common stock on The Nasdaq Global Select Market under the trading symbol "ZM".

We and all directors and officers and the holders of all of our outstanding stock and equity securities have agreed that, without the prior written consent of Morgan Stanley & Co. LLC, J. P. Morgan Securities LLC and Goldman Sachs & Co. LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus, or the restricted period:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock or publicly announce the intention to enter into any such transaction;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock.

Whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC, J. P. Morgan Securities LLC and Goldman Sachs & Co. LLC on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph are subject to specified exceptions, including, without limitation, the following:

- transfers of shares of common stock acquired in open market transactions after the completion of this offering provided that no filing under Section 16 of the Exchange Act would be required or voluntarily made;

[Table of Contents](#)

- sales of shares of Class A common stock pursuant to the underwriting agreement;
- transfers of shares of common stock or any security convertible into or exercisable or exchangeable for common stock (1) as bona fide gifts, charitable contributions or for bona fide estate planning purposes; (2) upon death, by will or intestate succession; (3) to an immediate family member or a trust for the direct or indirect benefit of the lock-up party or the immediate family of the lock-up party; or (4) by a lock-up party that is a trust to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust;
- transfers or distributions of shares of common stock or any security convertible into or exercisable or exchangeable for common stock by a lock-up party that is a corporation, partnership, limited liability company, trust or other business entity (1) to limited partners, members, stockholders or holders of similar equity interests in the undersigned (or in each case its nominee or custodian) or (2) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate of the lock-up party, or to any investment fund or other entity controlled or managed by the lock-up party or affiliates of the lock-up party;
- transfers of shares of common stock or any security convertible into or exercisable or exchangeable for common stock that occurs by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement; provided that any filing required by Section 16 of the Exchange Act shall clearly indicate in the footnotes thereto the nature and conditions of such transfer and that such transfer occurred by operation of law, court order, or in connection with a divorce settlement, as the case may be; provided further that no other public announcement or filing shall be required or shall be voluntarily made during the restricted period;
- (1) the receipt by the lock-up party of shares of common stock upon the exercise, vesting or settlement of options, restricted stock units or other equity awards granted under a stock incentive plan or other equity award plan, which plan is described in this prospectus, or (2) the transfer of shares of common stock or any securities convertible into common stock to us upon a vesting or settlement event of our restricted stock units or other securities or upon the exercise of options to purchase our securities on a “cashless” or “net exercise” basis to the extent permitted by the instruments representing such options (and any transfer to us necessary in respect of such amount needed for the payment of taxes, including estimated taxes and withholding tax and remittance obligations, due as a result of such vesting, settlement or exercise whether by means of a “net settlement” or otherwise) so long as such vesting, settlement, “cashless” exercise or “net exercise” is effected solely by the surrender of outstanding options (or the common stock issuable upon the exercise thereof) or shares of common stock to us and our cancellation of all or a portion thereof to pay the exercise price and/or withholding tax and remittance obligations in connection with the vesting, settlement or exercise of the restricted stock unit, option or other equity award; provided that the shares received upon vesting, settlement or exercise of the restricted stock unit, option or other equity award are subject to a lock-up agreement with the underwriters, and that in the case of (1) or (2), no public announcement or filing under Section 16 of the Exchange Act, or any other public filing or disclosure or such receipt or transfer, shall be required or shall be voluntarily made by or on behalf of the lock-up party within 60 days after the date of this prospectus, and thereafter, any filing required under Section 16 of the Exchange Act to be made during the remainder of the restricted period shall include a statement to the effect that (A) such transaction reflects the circumstances described in (1) or (2), as the case may be, (B) such transaction was only with the Company and (C) in the case of (1) the shares of common stock received upon exercise or settlement of the option, restricted stock units or other equity awards are subject to the lock-up agreement with the underwriters;
- transfers to us of shares of common stock or any security convertible into or exercisable or exchangeable for common stock in connection with the repurchase by us from the lock-up party of shares of common stock or any security convertible into or exercisable or exchangeable for common stock pursuant to a repurchase right arising upon the termination of the lock-up party’s employment

Table of Contents

with us; provided that such repurchase right is pursuant to contractual agreements with us; provided further that any filing required by Section 16 of the Exchange Act shall clearly indicate in the footnotes thereto that the such transfer is being made pursuant to the circumstances described in this bullet point and that no shares or securities were sold by the reporting person; provided further that no other public announcement or filing shall be required or shall be voluntarily made during the restricted period;

- transfers of shares of common stock or any security convertible into or exercisable or exchangeable for common stock pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by our board of directors, made to all holders of common stock involving a change of control of the Company which occurs after the consummation of this offering, is open to all holders of our capital stock and has been approved by our board of directors; provided that in the event that such tender offer, merger, consolidation or other such transaction is not completed, the securities held by the lock-up party shall remain subject to the provisions of the lock-up agreement;
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock; provided that (1) such plan does not provide for the transfer of common stock during the restricted period and (2) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the lock-up party or us regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period; or
- (1) to the conversion of outstanding preferred stock into shares of common stock in connection with the consummation of this offering or (2) any conversion or reclassification of common stock as described in this prospectus (including the conversion of shares of Class B common stock into Class A common stock), provided that such shares of common stock received upon conversion remain subject to the terms of the lock-up agreement; provided further that in the case of (2) any filing required by Section 16 of the Exchange Act shall clearly indicate in the footnotes thereto the nature and conditions of such transfer.

provided that:

- in the case of any transfer or distribution pursuant to the third through fifth bullets above, each donee, trustee, distributee or transferee shall sign and deliver a lock-up letter agreement; and
- in the case of any transfer or distribution pursuant to the third and fourth bullets above, (1) no public announcement or filing under Section 16 of the Exchange Act, or any other public filing or disclosure shall be required or shall be voluntarily made during the restricted period, and (2) such transfer or distribution shall not involve a disposition for value.

Morgan Stanley & Co. LLC, J. P. Morgan Securities LLC and Goldman Sachs & Co. LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time, provided that, if the stockholder is one of our officers or directors, Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC will notify us of the impending release or waiver at least three business days before the release or waiver, and when and as required by FINRA Rule 5131, we have agreed to announce the impending release or waiver at least two business days before the release or waiver, except where the release or waiver is effected solely to permit a transfer of securities that is not for consideration and where the transferee has agreed in writing to be bound by the same lock-up agreement terms in place for the transferor.

In order to facilitate the offering of the Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of

shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of Class A common stock in the open market to stabilize the price of the Class A common stock. These activities may raise or maintain the market price of the Class A common stock above independent market levels or prevent or retard a decline in the market price of the Class A common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We, the selling stockholders and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of Class A common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses. Certain of the underwriters and their respective affiliates are our customers or have been customers from time to time and may be customers in the future in arm's length transactions on market competitive terms.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price was determined by negotiations between us, the selling stockholders and the representatives. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any shares of our common stock may not be

Table of Contents

made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each person located in a Member State to whom any offer of securities is made or who receives any communication in respect of any offer of ordinary shares, or who initially acquires any securities will be deemed to have represented, warranted, acknowledged and agreed to and with each Representative and the Company that (i) it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and (ii) in the case of any securities acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the securities acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Representatives has been given to the offer or resale; or where ordinary shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those ordinary shares to it is not treated under the Prospectus Directive as having been made to such persons.

The Company, the representatives and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgments and agreements.

This prospectus has been prepared on the basis that any offer of securities in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of securities. Accordingly any person making or intending to make an offer in that Member State of securities which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the company or any of the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the representatives have authorized, nor do they authorize, the making of any offer of securities in circumstances in which an obligation arises for the company or the representatives to publish a prospectus for such offer.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

[Table of Contents](#)

Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Canada

The shares of Class A common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares of Class A common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

Shares of our Class A common stock may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation, or document relating to shares of our Class A common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our Class A common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of our Class A common stock may not be circulated or distributed, nor may the shares of our Class A common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA) (ii) to

[Table of Contents](#)

a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where shares of our Class A common stock are subscribed or purchased under Section 275 by a relevant person which is: (i) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired shares of our Class A common stock under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the FIEL) has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of Class A common stock.

Accordingly, the shares of Class A common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors (QII)

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of Class A common stock constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of Class A common stock. The shares of Class A common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of Class A common stock constitutes either a "small number private placement" or a "small number private secondary distribution" (each as described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of Class A common stock. The shares of Class A common stock may only be transferred en bloc without subdivision to a single investor.

Australia

No placement document, prospectus, product disclosure statement, or other disclosure document has been lodged with the Australian Securities and Investments Commission (ASIC) in relation to this offering. This prospectus does not constitute a prospectus, product disclosure statement, or other disclosure document under the Corporations Act 2001 (the Corporations Act) and does not purport to include the information required for a prospectus, product disclosure statement, or other disclosure document under the Corporations Act.

Any offer in Australia of our Class A common stock may only be made to persons, or Exempt Investors, who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act), or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer our Class A common stock without disclosure to investors under Chapter 6D of the Corporations Act.

The Class A common stock applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring securities must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation, or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the DFSA). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The Class A common stock to which this prospectus relates may be illiquid or subject to restrictions on its resale. Prospective purchasers of the Class A common stock offered should conduct their own due diligence on the Class A common stock. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority (FINMA) as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended (CISA) and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to “qualified investors,” as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended (CISO) such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

LEGAL MATTERS

The validity of the shares of Class A common stock being offered by this prospectus will be passed upon for us by Cooley LLP, Palo Alto, California. Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California, is acting as counsel to the underwriters in connection with this offering. An investment fund associated with Wilson Sonsini Goodrich & Rosati, P.C. owns less than 1% of our outstanding capital stock as of January 31, 2019.

EXPERTS

The consolidated financial statements as of January 31, 2019 and January 31, 2018 and for each of the years in the three-year period ended January 31, 2019 have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act, with respect to the shares of Class A common stock being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the Class A common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov.

Upon the completion of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934 and we will file reports, proxy statements and other information with the SEC. We also maintain a website at <https://zoom.com>, at which, following the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on or accessible through our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

[Table of Contents](#)

ZOOM VIDEO COMMUNICATIONS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Comprehensive Income (Loss)	F-5
Consolidated Statements of Convertible Preferred Stock and Stockholders' Deficit	F-6
Consolidated Statements of Cash Flows	F-7
Notes to Consolidated Financial Statements	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Zoom Video Communications, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Zoom Video Communications, Inc. and subsidiaries (the Company) as of January 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), convertible preferred stock and stockholders' deficit, and cash flows for each of the years in the three-year period ended January 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended January 31, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2016.

San Francisco, California

March 22, 2019

ZOOM VIDEO COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	<u>As of January 31,</u>		Pro Forma as of January 31, 2019 (unaudited)
	<u>2018</u>	<u>2019</u>	
Assets			
Current assets:			
Cash and cash equivalents	\$ 36,146	\$ 63,624	
Marketable securities	103,056	112,777	
Accounts receivable, net of allowances of \$560 and \$2,071 as of January 31, 2018 and 2019, respectively	24,526	63,613	
Deferred contract acquisition costs, current	13,888	26,453	
Prepaid expenses and other current assets	5,546	10,252	
Total current assets	<u>183,162</u>	<u>276,719</u>	
Property and equipment, net	13,032	37,275	
Deferred contract acquisition costs, non-current	16,698	29,063	
Other assets, non-current	2,127	11,508	
Total Assets	<u>\$215,019</u>	<u>\$354,565</u>	
Liabilities, Convertible Preferred Stock and Stockholders' (Deficit) Equity			
Current liabilities:			
Accounts payable	\$ 2,723	\$ 4,963	
Accrued expenses and other current liabilities	15,455	32,256	
Deferred revenue, current	50,351	115,122	
Total current liabilities	<u>68,529</u>	<u>152,341</u>	
Deferred revenue, non-current	3,911	10,651	
Other liabilities, non-current	9,698	39,460	
Total Liabilities	<u>82,138</u>	<u>202,452</u>	
Commitments and contingencies (Note 6)			
Convertible preferred stock, \$0.001 par value per share, 158,104,540 shares authorized as of January 31, 2018 and 2019, 152,665,804 issued and outstanding as of January 31, 2018 and 2019; aggregate liquidation preference of \$160,724 as of January 31, 2018 and 2019; no shares issued and outstanding as of January 31, 2019, pro forma (unaudited)	159,552	159,552	—
Stockholders' (deficit) equity:			
Common stock, \$0.001 par value per share, 320,000,000 Class A shares authorized, zero, zero, and shares issued and outstanding as of January 31, 2018, 2019 and 2019 pro forma (unaudited), respectively; 300,000,000 Class B shares authorized, 82,609,638, 90,327,435 and 242,993,239 shares issued and outstanding as of January 31, 2018, 2019 and 2019 pro forma (unaudited), respectively	80	89	243
Additional paid-in capital	6,517	17,760	192,377
Accumulated other comprehensive loss	(531)	(135)	(135)
Accumulated deficit	<u>(32,737)</u>	<u>(25,153)</u>	<u>(25,153)</u>
Total Stockholders' (Deficit) Equity	<u>(26,671)</u>	<u>(7,439)</u>	<u>\$ 167,332</u>
Total Liabilities, Convertible Preferred Stock and Stockholders' (Deficit) Equity	<u>\$215,019</u>	<u>\$354,565</u>	

The accompanying notes are an integral part of these consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Year Ended January 31,		
	2017	2018	2019
Revenue	\$ 60,817	\$ 151,478	\$ 330,517
Cost of revenue	12,472	30,780	61,001
Gross profit	<u>48,345</u>	<u>120,698</u>	<u>269,516</u>
Operating expenses:			
Research and development	9,218	15,733	33,014
Sales and marketing	31,580	82,707	185,821
General and administrative	7,547	27,091	44,514
Total operating expenses	<u>48,345</u>	<u>125,531</u>	<u>263,349</u>
Income (loss) from operations	<u>—</u>	<u>(4,833)</u>	<u>6,167</u>
Interest income, net	98	1,241	1,837
Other income, net	60	74	345
Net income (loss) before provision for income taxes	158	(3,518)	8,349
Provision for income taxes	(172)	(304)	(765)
Net income (loss)	\$ (14)	\$ (3,822)	\$ 7,584
Distributed earnings attributable to participating securities	(14,366)	(4,405)	—
Undistributed earnings attributable to participating securities	—	—	(7,584)
Net income (loss) attributable to common stockholders, basic and diluted	<u>\$ (14,380)</u>	<u>\$ (8,227)</u>	<u>\$ —</u>
Net income (loss) per share attributable to common stockholders:			
Basic	<u>\$ (0.20)</u>	<u>\$ (0.11)</u>	<u>\$ 0.00</u>
Diluted	<u>\$ (0.20)</u>	<u>\$ (0.11)</u>	<u>\$ 0.00</u>
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders:			
Basic	<u>70,309,256</u>	<u>78,119,865</u>	<u>84,483,094</u>
Diluted	<u>70,309,256</u>	<u>78,119,865</u>	<u>116,005,681</u>
Pro forma net income per share attributable to common stockholders (unaudited):			
Basic			<u>\$ 0.03</u>
Diluted			<u>\$ 0.03</u>
Weighted-average shares used in computing pro forma net income per share attributable to common stockholders (unaudited):			
Basic			<u>237,148,898</u>
Diluted			<u>268,671,485</u>

The accompanying notes are an integral part of these consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

	Year Ended January 31,		
	2017	2018	2019
Net income (loss)	\$(14)	\$(3,822)	\$7,584
Other comprehensive loss:			
Unrealized gain (loss) on available for sale marketable securities, net of tax	—	(531)	396
Comprehensive income (loss)	<u>\$(14)</u>	<u>\$(4,353)</u>	<u>\$7,980</u>

The accompanying notes are an integral part of these consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT

(in thousands, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance as of February 1, 2016	127,304,540	\$ 45,527	70,679,484	\$ 67	\$ 1,771	\$ —	\$ (17,918)	\$ (16,080)
Issuance of Series D convertible preferred stock, net of issuance costs of \$136	30,727,064	114,830	—	—	—	—	—	—
Repurchase of Series A convertible preferred stock	(4,000,000)	(600)	—	—	(3,383)	—	(10,983)	(14,366)
Issuance of common stock upon exercise of stock options	—	—	8,971,412	9	394	—	—	403
Vesting of early exercised stock options and restricted stock awards	—	—	—	1	179	—	—	180
Stock-based compensation expense	—	—	—	—	1,039	—	—	1,039
Net loss	—	—	—	—	—	—	(14)	(14)
Balance as of January 31, 2017	154,031,604	159,757	79,650,896	77	—	—	(28,915)	(28,838)
Repurchase of Series A convertible preferred stock	(1,365,800)	(205)	—	—	(4,405)	—	—	(4,405)
Issuance of common stock upon exercise of stock options	—	—	2,958,742	2	419	—	—	421
Vesting of early exercised stock options and restricted stock awards	—	—	—	1	174	—	—	175
Stock-based compensation expense	—	—	—	—	10,329	—	—	10,329
Other comprehensive loss	—	—	—	—	—	(531)	—	(531)
Net loss	—	—	—	—	—	—	(3,822)	(3,822)
Balance as of January 31, 2018	<u>152,665,804</u>	<u>\$ 159,552</u>	<u>82,609,638</u>	<u>\$ 80</u>	<u>\$ 6,517</u>	<u>\$ (531)</u>	<u>\$ (32,737)</u>	<u>\$ (26,671)</u>
Issuance of common stock upon exercise of stock options	—	—	7,717,797	8	2,026	—	—	2,034
Vesting of early exercised stock options and restricted stock awards	—	—	—	1	276	—	—	277
Stock-based compensation expense	—	—	—	—	8,941	—	—	8,941
Other comprehensive income	—	—	—	—	—	396	—	396
Net income	—	—	—	—	—	—	7,584	7,584
Balance as of January 31, 2019	<u>152,665,804</u>	<u>\$ 159,552</u>	<u>90,327,435</u>	<u>\$ 89</u>	<u>\$ 17,760</u>	<u>\$ (135)</u>	<u>\$ (25,153)</u>	<u>\$ (7,439)</u>

The accompanying notes are an integral part of these consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended January 31,		
	2017	2018	2019
Cash flows from operating activities:			
Net income (loss)	\$ (14)	\$ (3,822)	\$ 7,584
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,219	2,786	7,008
Amortization of deferred contract acquisition costs	3,114	9,023	20,839
Stock-based compensation expense	1,039	10,329	8,941
Provision for accounts receivable allowances	333	727	1,953
Other	19	95	37
Changes in operating assets and liabilities:			
Accounts receivable	(5,882)	(16,560)	(41,040)
Prepaid expenses and other assets	(901)	(3,443)	(7,971)
Deferred contract acquisition costs	(11,230)	(27,470)	(45,769)
Accounts payable	537	1,254	832
Accrued expenses and other liabilities	6,082	15,011	27,407
Deferred revenue	15,045	31,496	71,511
Net cash provided by operating activities	<u>9,361</u>	<u>19,426</u>	<u>51,332</u>
Cash flows from investing activities:			
Purchases of marketable securities	—	(143,329)	(78,016)
Maturities of marketable securities	—	39,710	68,747
Purchases of property and equipment	(4,824)	(9,738)	(28,432)
Purchases of intangible assets	—	—	(2,018)
Payment received from loan to related party	2,000	—	—
Net cash used in investing activities	<u>(2,824)</u>	<u>(113,357)</u>	<u>(39,719)</u>
Cash flows from financing activities:			
Proceeds from issuance of convertible preferred stock, net of issuance costs	114,830	—	—
Proceeds from exercise of stock options	403	733	3,565
Proceeds from issuance of convertible promissory notes and derivatives	—	—	15,000
Repurchase of convertible preferred stock	(14,966)	(4,610)	—
Principal payments on capital lease obligations	—	(120)	(92)
Payments of deferred offering costs	—	—	(939)
Net cash provided by (used in) financing activities	<u>100,267</u>	<u>(3,997)</u>	<u>17,534</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	106,804	(97,928)	29,147
Cash, cash equivalents, and restricted cash – beginning of period	27,945	134,749	36,821
Cash, cash equivalents, and restricted cash – end of period	<u>\$134,749</u>	<u>\$ 36,821</u>	<u>\$ 65,968</u>
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	<u>\$ 15</u>	<u>\$ 133</u>	<u>\$ 214</u>
Supplemental disclosures of noncash investing and financing activities:			
Purchases of property and equipment during the period included in accounts payable and accrued expenses	<u>\$ 121</u>	<u>\$ 392</u>	<u>\$ 3,284</u>
Purchase of property and equipment under capital lease	<u>\$ —</u>	<u>\$ 212</u>	<u>\$ —</u>
Vesting of early exercised stock options and restricted stock awards	<u>\$ 180</u>	<u>\$ 175</u>	<u>\$ 277</u>
Deferred offering costs, accrued but not paid	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,490</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. Summary of Business and Significant Accounting Policies

Description of Business

Zoom Video Communications, Inc. and its subsidiaries (together, Zoom, the Company, we, us, or our) provide video communications services through a video-first communications platform. Our platform combines video, audio, phone, screen sharing and chat functionalities. The Company was incorporated in the state of Delaware in April 2011 and is headquartered in San Jose, California.

Fiscal Year

Our fiscal year ends on January 31. References to fiscal 2017, 2018 and 2019, refer to the fiscal year ended January 31, 2017, 2018 and 2019, respectively.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and include the accounts of Zoom Video Communications, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Unaudited Pro Forma Stockholders' Equity

We have presented unaudited pro forma stockholders' equity as of January 31, 2019 in order to show the assumed effect on the balance sheet of the automatic conversion of (i) the outstanding convertible preferred stock upon the consummation of a qualified initial public offering (IPO) as described in Note 7; and (ii) the convertible promissory notes and the related reclassification of the embedded derivative liabilities as described in Note 5. Upon the consummation of an IPO, all of the shares of outstanding convertible preferred stock will automatically convert into 152,665,804 shares of Class B common stock, and all outstanding convertible promissory notes and accrued interest will automatically convert into a number of shares of Class A common stock based on the offering price in the IPO. The unaudited pro forma stockholders' equity does not give effect to any proceeds from the assumed IPO.

Stock Split

In January 2018, our board of directors approved the amendment and restatement of the Company's certificate of incorporation to effect a four-for-one forward stock split of the Company's common stock and convertible preferred stock (collectively, the Capital Stock), which became effective on January 3, 2018. Accordingly, (i) each one share of outstanding Capital Stock was split into four shares of Capital Stock of the same class and series, as applicable; (ii) the number of shares of Capital Stock issuable upon the exercise of each outstanding option to purchase Capital Stock was proportionately increased on a four-for-one basis; (iii) the exercise price of each outstanding option to purchase Capital Stock was proportionately reduced on a four-for-one basis; (iv) the authorized number of each class and series of Capital Stock was proportionally increased in accordance with the four-for-one stock split; and (v) the par value of each class of Capital Stock was not adjusted as result of this stock split. All of the share numbers, share prices, and exercise prices have been adjusted retroactively within these financial statements to reflect this stock split.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include, but are not limited to, the estimated expected benefit period for deferred contract acquisition costs, the allowance for doubtful accounts, the useful lives of long-lived assets, the valuation of derivative liabilities, the value of common stock and other assumptions used to measure stock-based compensation, sales and other tax liabilities, the valuation of deferred income tax assets and uncertain tax positions. Actual results could differ from those estimates.

Concentration of Risks

Our financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, restricted cash and accounts receivable. We maintain our cash, cash equivalents, marketable securities and restricted cash with high-quality financial institutions with investment-grade ratings. A majority of the cash balances are with U.S. banks and are insured to the extent defined by the Federal Deposit Insurance Corporation.

No single customer accounted for more than 10% of accounts receivable at January 31, 2018 or 2019. No single customer accounted for 10% or more of total revenue during the fiscal years ended January 31, 2017, 2018 or 2019.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of cash in banks and highly liquid investments, primarily money market funds, purchased with an original maturity of three months or less.

Restricted cash consists of certificates of deposit collateralizing our operating leases and corporate credit cards. We have \$0.7 million and \$2.3 million of restricted cash as of January 31, 2018 and 2019, respectively, which are included in prepaid expenses and other current assets and other assets, non-current in the consolidated balance sheets.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	February 1, 2016	January 31,		
		2017	2018	2019
		(in thousands)		
Cash and cash equivalents	\$ 27,695	\$134,324	\$36,146	\$63,624
Restricted cash included in prepaid expenses and other current assets	—	250	—	200
Restricted cash included in other assets, non-current	250	175	675	2,144
Total cash, cash equivalents and restricted cash	<u>\$ 27,945</u>	<u>\$134,749</u>	<u>\$36,821</u>	<u>\$65,968</u>

Marketable Securities

Marketable securities consist primarily of high-grade commercial paper, corporate bonds, agency bonds and U.S. government agency securities. We classify our marketable securities as available-for-sale at the time of purchase and reevaluate such classification at each balance sheet date. We may sell these securities at any time

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for use in current operations even if they have not yet reached maturity. As a result, we classify our securities, including those with maturities beyond 12 months, as current assets in the consolidated balance sheets. We carry these securities at fair value and record unrealized gains and losses in accumulated other comprehensive income (loss), which is reflected as a component of stockholders' (deficit) equity. We evaluate our securities to assess whether those with unrealized loss positions are other than temporarily impaired. We consider impairments to be other than temporary if they are related to deterioration in credit risk or if it is likely we will sell the securities before the recovery of their cost basis. Realized gains and losses from the sale of marketable securities and declines in value deemed to be other than temporary are determined based on the specific identification method. Realized gains and losses are reported in other income, net in the consolidated statements of operations.

Fair Value Measurements

Fair value is defined as the exchange price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We measure financial assets and liabilities at fair value at each reporting period using a fair value hierarchy which requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

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

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial instruments consist of cash equivalents, restricted cash, marketable securities, accounts receivable, accounts payable, convertible promissory notes and derivative liabilities. Cash equivalents, restricted cash, marketable securities and derivative liabilities are stated at fair value on a recurring basis. Accounts receivable and accounts payable are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date. The principal amount of the convertible promissory notes approximate fair value as the stated interest rates approximate market rates currently available to us.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and amounts for which revenue has been recognized but not invoiced, net of allowance for doubtful accounts. The allowance for doubtful accounts is based on our assessment of the collectability of accounts. We regularly review the adequacy of the allowance for doubtful accounts based on a combination of factors. In establishing any required allowance, management considers historical losses adjusted to take into account current market conditions and our customers' financial condition, the amount of any receivables in dispute, the current receivables aging and the current payment terms. Accounts receivable deemed uncollectable are charged against the allowance for doubtful accounts when identified. There were no material impairment losses related to accounts receivable in the periods presented.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and Equipment, Net

Property and equipment, net, are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, determined to be three to five years. Leasehold improvements are amortized over the shorter of the remaining lease term or the estimated useful life of five years. Expenditures for maintenance and repairs are expensed as incurred. Significant improvements and betterments that substantially enhance the life of an asset are capitalized.

Software Development Costs

We capitalize certain development costs related to our video-first communications platform during the application development stage. Costs incurred in the preliminary stages of development are analogous to research and development activities and are expensed as incurred. The preliminary stage includes activities such as conceptual formulation of alternatives, evaluation of alternatives, determination of existence of needed technology and final selection of alternatives. Once the application development stage is reached, internal and external costs are capitalized until the software is substantially complete and ready for its intended use. Capitalized software development costs are recorded as part of property and equipment, net. Maintenance and training costs are expensed as incurred. Capitalized software development costs are amortized on a straight-line basis over the software's estimated useful life, which is generally three years, and are recorded in cost of revenue in the consolidated statements of operations. Capitalized software development costs were not material to our consolidated financial statements during the fiscal years ended January 31, 2017 or 2018. We have capitalized \$2.5 million of software development costs during the fiscal year ended January 31, 2019.

Impairment of Long-Lived Assets

We evaluate long-lived assets or asset groups for impairment whenever events indicate that the carrying value of an asset or asset group may not be recoverable based on expected future cash flows attributable to that asset or asset group. Recoverability of assets held and used is measured by comparing the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds estimated undiscounted future cash flows, then an impairment charge would be recognized based on the excess of the carrying amount of the asset or asset group over its fair value. Assets to be disposed of are reported at the lower of their carrying amount or fair value less costs to sell. There were no impairment charges recognized related to long-lived assets during the fiscal years ended January 31, 2017, 2018 or 2019.

Deferred Offering Costs

Deferred offering costs consist primarily of accounting, legal, and other fees related to our proposed IPO. Upon consummation of the IPO, the deferred offering costs will be reclassified to shareholders' (deficit) equity and recorded against the proceeds from the offering. In the event the offering is aborted, deferred offering costs will be expensed. We capitalized \$2.4 million of deferred offering costs within other assets, non-current in the consolidated balance sheets as of January 31, 2019. No offering costs were capitalized as of January 31, 2018.

Revenue Recognition

We derive our revenue from subscription agreements with customers for access to our video-first communications platform and services. We elected to adopt Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606), effective as of February 1, 2017, utilizing the full retrospective method of adoption. Accordingly, the consolidated financial statements for the fiscal years ended January 31, 2017, 2018 and 2019 are presented under ASC 606.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration that we expect to receive in exchange for these services. To achieve the core principle of this standard, we apply the following five steps:

1. Identification of the contract, or contracts, with the customer

We determine a contract with a customer to exist when the contract is approved, each party's rights regarding the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the ability and intent to pay, and the contract has commercial substance. At contract inception, we will evaluate whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation. We apply judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit and financial information pertaining to the customer.

2. Identification of the performance obligations in the contract

Performance obligations committed in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract. Our performance obligations generally consist of access to our video-first communications platform and related support services which is considered one performance obligation. Our customers do not have the ability to take possession of our software, and through access to our platform we provide a series of distinct software-based services that are satisfied over the term of the subscription.

We also provide services, which include professional services, consulting services and online event hosting, which are generally considered distinct from the access to our video-first communications platform.

3. Determination of the transaction price

The transaction price is determined based on the consideration to which we expect to be entitled in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur. None of our contracts contain a significant financing component. Revenue is recognized net of any taxes collected from customers which are subsequently remitted to governmental entities (e.g., sales and other indirect taxes).

Our video-first communications platform and related support services are typically warranted to perform in a professional manner that will comply with the terms of the subscription agreements. In addition, we include service level commitments to our customers warranting certain levels of uptime reliability and performance and permitting those customers to receive credits in the event that we fail to meet those service levels. These credits represent a form of variable consideration. Historically, we have not experienced any significant incidents affecting the defined levels of reliability and performance as required by the subscription agreements. We have not provided any material refunds related to these agreements in the consolidated financial statements during the periods presented.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Allocation of the transaction price to the performance obligations in the contract

Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on each performance obligation's relative standalone selling price. As noted above, access to our video-first communications platform and related support services are considered one performance obligation in the context of the contract and accordingly the transaction price is allocated to this single performance obligation.

5. Recognition of the revenue when, or as, a performance obligation is satisfied

Revenue is recognized at the time the related performance obligation is satisfied by transferring the control of the promised service to a customer. Revenue is recognized in an amount that reflects the consideration that we expect to receive in exchange for those services. Fees for access to our video-first communications platform and related support services are subscription revenue and are considered one performance obligation, and the related revenue is recognized ratably over the subscription period as we satisfy the performance obligation.

Services are time-based arrangements and revenue is recognized as these services are performed. Fees for services represent less than 3% of revenue in the periods presented.

Disaggregation of Revenue

The following table summarizes revenue by region based on the billing address of customers:

	Year Ended January 31,					
	2017		2018		2019	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage of Revenue
	(in thousands, except percentages)					
Americas	\$50,676	83%	\$125,428	83%	\$270,132	82%
APAC	5,756	10	13,652	9	27,720	8
EMEA	4,385	7	12,398	8	32,665	10
Total	<u>\$60,817</u>	<u>100%</u>	<u>\$151,478</u>	<u>100%</u>	<u>\$330,517</u>	<u>100%</u>

Contract Balances

We receive payments from customers based on a billing schedule as established in our customer contracts. Accounts receivable are recorded when we contractually have the right to consideration. In some arrangements, a right to consideration for our performance under the customer contract may occur before invoicing to the customer, resulting in an unbilled accounts receivable. The amount of unbilled accounts receivable included within accounts receivable, net on the consolidated balance sheets was \$2.5 million and \$7.2 million as of January 31, 2018 and 2019, respectively.

Contract liabilities consist of deferred revenue. Revenue is deferred when we have the right to invoice in advance of performance under a customer contract. The current portion of deferred revenue balances are recognized during the following 12-month period. The amount of revenue recognized during the fiscal years ended January 31, 2017, 2018 and 2019 that was included in deferred revenue at the beginning of each period was \$7.1 million, \$21.3 million and \$50.3 million, respectively.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Remaining Performance Obligation

The terms of our subscription agreements are monthly, annual and multi-year, and we may bill for the full term in advance or on an annual or monthly basis, depending on the customer preference. As of January 31, 2019, the aggregate amount of the transaction price allocated to remaining performance obligations was \$311.7 million, which consists of both billed consideration in the amount of \$125.8 million and unbilled consideration in the amount of \$185.9 million that we expect to recognize as revenue. We expect to recognize 67% of our remaining performance obligations as revenue in fiscal 2020, and the remainder thereafter.

Cost to Obtain a Contract

We capitalize sales commissions and associated payroll taxes paid to internal sales personnel that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. We determine whether costs should be deferred based on our sales compensation plans and if the commissions are incremental and would not have occurred absent the customer contract.

Sales commissions paid upon the initial acquisition of a customer contract are amortized over an estimated period of benefit of three years, which is typically greater than the contractual terms of the customer contracts. We do not pay sales commissions upon contract renewal. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. We determine the period of benefit for commissions paid for the acquisition of the initial customer contract by taking into consideration the initial estimated customer life and the technological life of our video-first communications platform and related significant features. Amortization of deferred contract acquisition costs is included in sales and marketing expense in the consolidated statements of operations.

We periodically review these deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit. There were no impairment losses recorded during the periods presented.

The following table represents a rollforward of deferred contract acquisition costs:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Beginning balance	\$ 4,023	\$12,139	\$ 30,586
Additions to deferred contract acquisition costs	11,230	27,470	45,769
Amortization of deferred contract acquisition costs	(3,114)	(9,023)	(20,839)
Ending balance	<u>\$12,139</u>	<u>\$30,586</u>	<u>\$ 55,516</u>
Deferred contract acquisition costs, current (to be amortized in next 12 months)	\$ 5,261	\$13,888	\$ 26,453
Deferred contract acquisition costs, non-current	6,878	16,698	29,063
Total deferred contract acquisition costs	<u>\$12,139</u>	<u>\$30,586</u>	<u>\$ 55,516</u>

Cost of Revenue

Cost of revenue primarily consists of costs related to hosting our video-first communications platform and providing general operating support services to our customers. These costs are comprised of co-located data center costs, third-party cloud hosting costs, integrated third-party public switched telephone network (PSTN)

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

services, personnel-related expenses, amortization of capitalized software development costs and allocated overhead costs. Indirect overhead associated with corporate facilities and related depreciation is allocated to cost of revenue and operating expenses based on applicable headcount.

Research and Development

Research and development costs include personnel-related expenses associated with our engineering personnel and consultants responsible for the design, development and testing of our video-first communications platform, depreciation of equipment used in research and development and allocated overhead costs. Research and development costs are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred in sales and marketing expense and amounted to \$3.7 million, \$17.1 million and \$36.1 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively.

Leases

We categorize leases at their inception as either operating or capital leases. In certain lease agreements, we may receive rent holidays and other incentives. For operating leases, we recognize lease costs on a straight-line basis once control of the space is achieved, without regard to deferred payment terms such as rent holidays that defer the commencement date of required payments. Additionally, incentives received are treated as a reduction of costs over the term of the agreement.

Stock-Based Compensation

Stock-based compensation expense related to stock awards is recognized based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates and the expected dividend yield of our common stock. The assumptions used to determine the fair value of the option awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. The related stock-based compensation expense is recognized on a straight-line basis over the requisite service period of the awards, which is generally four years. We account for forfeitures as they occur instead of estimating the number of awards expected to be forfeited.

Foreign Currency

The functional currency of our foreign subsidiaries is the U.S. dollar. Accordingly, monetary assets and liabilities of our foreign subsidiaries are re-measured into U.S. dollars at the exchange rates in effect at the reporting date, non-monetary assets and liabilities are re-measured at historical rates, and revenue and expenses are re-measured at average exchange rates in effect during each reporting period. Foreign currency related gains and losses have been immaterial in the periods presented.

Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. We must then assess the likelihood that the resulting deferred tax assets will be realized. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be fully realized. Due to our lack of earnings history, the net deferred tax assets have been fully offset by a valuation allowance.

We recognize benefits of uncertain tax positions if it is more likely than not that such positions will be sustained upon examination based solely on their technical merits at the largest amount of benefit that is more likely than not to be realized upon the ultimate settlement. Our policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Net Income (Loss) Per Share Attributable to Common Stockholders

We calculate our net income (loss) per share attributable to Class A and Class B common stock using the two-class method required for companies with participating securities. We consider our convertible preferred stock and unvested common stock, which includes early exercised stock options and restricted stock awards, to be participating securities as holders of such securities have non-forfeitable dividend rights in the event of our declaration of a dividend for shares of common stock. During the periods when we are in a net loss position, the net loss attributable to common stockholders was not allocated to the convertible preferred stock and unvested common stock under the two-class method as these securities do not have a contractual obligation to share in our losses.

Distributed and undistributed earnings allocated to participating securities are subtracted from net income (loss) in determining net income attributable to common stockholders. Basic net income (loss) per share is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of our Class A and Class B common stock outstanding.

The diluted net income per share attributable to common stockholders is computed by giving effect to all dilutive securities. Diluted net income per share attributable to common stockholders is computed by dividing the resulting net income attributable to common stockholders by the weighted-average number of fully diluted common shares outstanding. During the periods when there is a net loss attributable to common stockholders, potentially dilutive common stock equivalents have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is anti-dilutive.

Unaudited Pro Forma Net Income Per Share Attributable to Common Stockholders

Unaudited pro forma basic and diluted net income per share attributable to common stockholders for fiscal 2019 has been computed to give effect to the conversion of convertible preferred stock and convertible promissory notes and accrued interest into common stock as of the beginning of the period or the original date of issuance, if later.

Segment Information

We operate in one operating segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker, who is our Chief Executive Officer, in deciding how to allocate resources and assessing performance. Our chief operating decision maker allocates resources and assesses performance based upon consolidated financial information.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenue by geographical region can be found in the revenue recognition disclosures in Note 1 above. The following table presents our property and equipment, net of depreciation and amortization, by geographic region:

	January 31,	
	2018	2019
	(in thousands)	
Americas	\$ 9,612	\$26,048
APAC	2,746	8,928
Rest of World	674	2,299
Total property and equipment, net	<u>\$13,032</u>	<u>\$37,275</u>

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The standard provides principles for recognizing revenue for the transfer of promised goods or services to customers with the consideration to which the entity expects to be entitled in exchange for those goods or services. We elected to adopt ASC 606, Revenue from Contracts with Customers, effective as of February 1, 2017. We are presenting our consolidated financial statements for the fiscal years ended January 31, 2018 and 2019 under ASC 606.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We retrospectively adopted the guidance starting February 1, 2017.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes FASB ASC Topic 840, *Leases*, and makes other conforming amendments to U.S. GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on-balance sheet via a right of use asset and lease liability, and additional qualitative and quantitative disclosures. ASU 2016-02 is effective for the annual periods in fiscal years beginning after December 15, 2018, and interim periods therein, using a modified retrospective approach. Early adoption is permitted. We are required to adopt the standard as of February 1, 2019, and have elected the transition method that allows us to apply the standard as of the adoption date and record a cumulative adjustment in accumulated deficit, if applicable. At a minimum, total assets and total liabilities will increase upon adoption as we expect to record a right of use asset and a lease liability for our office space operating leases. We are in the process of concluding certain policy elections available under Topic 842 and plan to apply the package of practical expedients under which we have not reassessed whether any expired or existing contracts are or contain leases, the classification of any expired or existing leases, or the initial direct costs for any existing leases. See Note 6 to these consolidated financial statements for details on our current lease arrangements, the amounts of which represent the future undiscounted commitments.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. The standard simplifies the accounting for share-based payments granted to nonemployees for goods and services and aligns most of the guidance on such payments to the nonemployees with the requirements for share-based payments granted to employees. ASU 2018-07 is effective for the annual periods in fiscal years beginning after December 15, 2018, and interim periods therein, using a modified retrospective approach. Early

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

adoption is permitted. We are required to adopt ASU 2018-07 on February 1, 2019. The impact of the adoption of the standard is not expected to have a material impact on our consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The standard no longer requires disclosure of the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, however public companies will be required to disclose the range and weighted-average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU 2018-13 is effective for the annual periods in fiscal years beginning after December 15, 2019, and interim periods therein. Early adoption is permitted. The removed and modified disclosures will be adopted on a retrospective basis, and the new disclosures will be adopted on a prospective basis. We are required to adopt ASU 2018-13 on February 1, 2020. We are currently evaluating the effect that ASU 2018-13 will have on our consolidated financial statements and related disclosures.

2. Marketable Securities

As of January 31, 2018 and 2019, our marketable securities consisted of the following:

	January 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
Commercial paper	\$ 3,838	\$ —	\$ —	\$ 3,838
Corporate bonds	41,639	—	(236)	41,403
Agency bonds	44,940	—	(233)	44,707
U.S. government agency securities	13,170	—	(62)	13,108
Total	<u>\$103,587</u>	<u>\$ —</u>	<u>\$ (531)</u>	<u>\$103,056</u>

	January 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
Commercial paper	\$ 1,243	\$ —	\$ —	\$ 1,243
Corporate bonds	53,267	—	(53)	53,214
Agency bonds	32,675	—	(71)	32,604
U.S. government agency securities	24,028	—	(11)	24,017
Treasury bills	1,699	—	—	1,699
Total	<u>\$112,912</u>	<u>\$ —</u>	<u>\$ (135)</u>	<u>\$112,777</u>

We review the individual securities that have unrealized losses on a regular basis to evaluate whether or not any security has experienced an other-than-temporary decline in fair value. We evaluate, among other factors, whether we have the intention to sell any of these marketable securities and whether it is more likely than not that we will be required to sell any of them before recovery of the amortized cost basis. Based on the available evidence, we concluded that the gross unrealized losses on the marketable securities as of January 31, 2018 and 2019, are temporary in nature. There were no material realized gains or losses from available-for-sale securities that were reclassified out of accumulated other comprehensive loss for fiscal 2017, 2018 or 2019.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the contractual maturities of our marketable securities as of January 31, 2018 and 2019:

	January 31,	
	2018	2019
(in thousands)		
Less than one year	\$ 58,347	\$ 85,077
Due in one to five years	44,709	27,700
Total	\$ 103,056	\$ 112,777

3. Fair Value Measurements

The following table presents information about our financial instruments that are measured at fair value on a recurring basis using the input categories further discussed in Note 1:

	January 31, 2018			
	Fair Value	Level 1	Level 2	Level 3
(in thousands)				
Financial Assets:				
Money market fund	\$ 7,471	\$7,471	\$ —	\$ —
Cash equivalents	7,471	7,471	—	—
Commercial paper	3,838	—	3,838	—
Corporate bonds	41,403	—	41,403	—
Agency bonds	44,707	—	44,707	—
U.S. government agency securities	13,108	—	13,108	—
Marketable securities	103,056	—	103,056	—
Certificate of deposit	675	—	675	—
Other assets, non-current	675	—	675	—
Total financial assets	\$ 111,202	\$7,471	\$103,731	\$ —

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	January 31, 2019			
	Fair Value	Level 1	Level 2	Level 3
(in thousands)				
Financial Assets:				
Money market fund	\$ 78	\$ 78	\$ —	\$ —
Cash equivalents	78	78	—	—
Commercial paper	1,243	—	1,243	—
Corporate bonds	53,214	—	53,214	—
Agency bonds	32,604	—	32,604	—
U.S. government agency securities	24,017	—	24,017	—
Treasury bills	1,699	—	1,699	—
Marketable securities	112,777	—	112,777	—
Certificate of deposit	200	—	200	—
Prepaid expenses and other current assets	200	—	200	—
Certificate of deposit	2,144	—	2,144	—
Other assets, non-current	2,144	—	2,144	—
Total financial assets	<u>\$115,199</u>	<u>\$ 78</u>	<u>\$115,121</u>	<u>\$ —</u>
Financial Liabilities:				
Convertible promissory notes – bifurcated derivative liabilities	\$ 163	\$ —	\$ —	\$ 163
Other liabilities, non-current	163	—	—	163
Total financial liabilities	<u>\$ 163</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 163</u>

We classify our highly liquid money market funds within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. We classify our commercial paper, agency bonds, corporate bonds, U.S. government agency securities, treasury bills and certificate of deposit within Level 2 because they are valued using inputs other than quoted prices which are directly or indirectly observable in the market, including readily-available pricing sources for the identical underlying security which may not be actively traded. We classify the derivative liabilities as Level 3 due to the lack of relevant observable market data over fair value inputs such as the probability-weighting of the various scenarios that can impact settlement of the arrangement. There were no transfers of financial instruments between Level 1, Level 2 and Level 3 during the periods presented.

The following table sets forth a summary of the changes in the fair value of our Level 3 financial instruments as follows:

	Derivative Liabilities (in thousands)
Balance - January 31, 2018	\$ —
Derivative liabilities bifurcated from convertible promissory notes issued	159
Change in fair value	4
Balance - January 31, 2019	<u>\$ 163</u>

The fair value of the derivative liabilities were measured using a with-and-without approach. Inputs used to determine the estimated fair value of the derivative instruments include the probability estimates of potential

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

settlement scenarios for the convertible promissory notes, a present value discount rate and an estimate of the expected timing of settlement. Certain unobservable inputs used in the fair value measurement of the derivative instruments associated with the convertible promissory notes are the scenario probabilities and the discount rate estimated at the valuation date.

4. Consolidated Balance Sheet Components

Property and Equipment, Net

Property and equipment, net consisted of the following:

	January 31,	
	2018	2019
	(in thousands)	
Computer and office equipment	\$13,865	\$ 32,515
Furniture and fixtures	512	1,993
Software	1,818	6,575
Leasehold improvements	1,537	7,660
Property and equipment, gross	17,732	48,743
Less: accumulated depreciation and amortization	(4,700)	(11,468)
Property and equipment, net	<u>\$13,032</u>	<u>\$ 37,275</u>

Depreciation and amortization expense was \$1.2 million, \$2.8 million and \$7.0 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively.

As of January 31, 2018, property and equipment financed under capital leases were immaterial. We had no property and equipment financed under capital lease as of January 31, 2019.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	January 31,	
	2018	2019
	(in thousands)	
Accrued compensation and benefits	\$ 9,206	\$12,004
Accrued expenses	3,920	13,596
Liability for early exercise of common stock options	502	1,781
Sales and other tax liabilities	481	1,183
Other	1,346	3,692
Accrued expenses and other current liabilities	<u>\$15,455</u>	<u>\$32,256</u>

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other Liabilities, Non-current

Other liabilities, non-current consisted of the following:

	January 31,	
	2018	2019
	(in thousands)	
Sales and other tax liabilities	\$8,395	\$20,817
Convertible promissory notes, net of debt discount	—	14,858
Derivative liabilities	—	163
Deferred rent liabilities	764	2,314
Other	539	1,308
Other liabilities, non-current	<u>\$9,698</u>	<u>\$39,460</u>

5. Convertible Promissory Notes

In October 2018, we entered into a strategic partnership with Dropbox, Inc. (Dropbox), a global collaboration platform company, which involves the development of technology enabling integrated workflows for users between our platform and the Dropbox platform, as well as a strategic partnership with Atlassian, Inc. (Atlassian), a collaboration software company, which involves the development of technology enabling integrated workflows for users between our platform and Atlassian's Jira Ops and Jira Service Desk products. As part of the strategic partnerships, we issued unsecured three-year convertible promissory notes in the principal amounts of \$5.0 million and \$10.0 million to Dropbox and Atlassian, respectively, which accrue simple interest at 2.75% and 5.0% per annum, respectively. Both convertible promissory notes are collectively referred to as "the notes" throughout the notes to the consolidated financial statements, unless otherwise stated. The notes will automatically convert into shares of Class A common stock upon an IPO at a conversion price equal to the IPO price. The notes are automatically redeemed upon the occurrence of a "Liquidation Event" (defined as (1) the acquisition of the Company by another entity (other than an acquisition in which holders of the voting securities outstanding immediately prior to the transaction retain, immediately after the transaction, at least a majority of the total voting power), (2) a sale, lease, exclusive license or other disposition of all or substantially all of the Company's assets by means of a transaction or series of transactions (other than a sale, lease, exclusive license or other disposition made to a wholly-owned subsidiary), or (3) any dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary) for a cash amount equal to 1.2 times the principal plus accrued and unpaid interest as of the date of the liquidation event. In the event of a "Qualified Financing" (defined as a transaction or series of transactions in which we issue newly-issued preferred stock for aggregate gross proceeds of at least \$25.0 million), the notes will automatically convert into shares of newly-issued preferred stock at a conversion price equal to 80% of the preferred stock price. The holders of the notes also have the right, at their option, to convert the notes into shares of newly-issued preferred stock in a financing that is not a "Qualified Financing" at a conversion price equal to 80% of the preferred stock price.

We concluded that the conversion term on both the Liquidation Event and Qualified Financing should be bifurcated as embedded derivatives. The impact of the change in fair value of the derivatives was reported in other income, net on the consolidated statement of operations. We will remeasure the fair value of each embedded derivative at each reporting period and recognize the change in the consolidated statement of operations. The excess of the principal amount of the Dropbox and Atlassian notes over the liability component (debt discount) is amortized to interest expense over the contractual term of the notes at an effective interest rate of 3.22% and 5.39%, respectively. We recorded interest expense of \$0.2 million during fiscal 2019 related to the notes. We present a summary of the changes in the fair value of our embedded derivatives in Note 3 above.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table sets forth a summary of the outstanding convertible promissory notes:

	Convertible Promissory Notes (in thousands)
Balance—January 31, 2018	\$ —
Convertible promissory notes issued	15,000
Unamortized debt discount, net of accretion during the period	(142)
Balance—January 31, 2019	<u>\$ 14,858</u>

6. Commitments and Contingencies

Operating Leases

We lease our office facilities in Australia, China, the United Kingdom and the United States under noncancelable agreements that expire at various dates through January 2028. Rent expense during the fiscal year ended January 31, 2017, 2018 and 2019 was \$1.6 million, \$3.3 million and \$7.2 million, respectively.

Future minimum payments related to operating leases as of January 31, 2019 are as follows:

	January 31, 2019 (in thousands)
Year Ending January 31,	
2020	\$ 7,609
2021	7,837
2022	7,888
2023	7,514
2024	7,174
Thereafter	18,635
Total future minimum payments	<u>\$ 56,657</u>

Non-cancelable Purchase Obligations

In the normal course of business, we enter into non-cancelable purchase commitments with various parties to purchase primarily software-based services. As of January 31, 2019, we had outstanding non-cancelable purchase obligations with a term of 12 months or longer of \$25.1 million.

Indemnifications and Contingency

Our agreements with certain larger customers include certain provisions for indemnifying customers against liabilities if our services infringe a third party's intellectual property rights. It is not possible to determine the maximum potential amount under these indemnification obligations due to the limited history of prior indemnification claims and the unique facts and circumstances that may be involved in each particular agreement. To date, we have not incurred any material costs as a result of such provisions and have not accrued any liabilities related to such obligations in our consolidated financial statements.

In addition, we have indemnification agreements with our directors and our executive officers that require us, among other things, to indemnify our directors and executive officers for costs associated with any fees,

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

expenses, judgments, fines and settlement amounts incurred by any of those persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as our director or officer or that person's services provided to any other company or enterprise at our request. We maintain director and officer insurance coverage that may enable us to recover a portion of any future indemnification amounts paid. To date, there have been no claims under any of our directors and executive officers indemnification provisions.

Sales and Other Tax Liabilities

We conduct operations in many tax jurisdictions throughout the United States. In many jurisdictions, non-income-based taxes, such as sales and use tax and other indirect taxes are assessed on our operations. Although we are diligent in collecting and remitting such taxes, there is uncertainty as to what constitutes sufficient in-state presence for a state to levy taxes, fees and surcharges for sales made over the Internet. As of January 31, 2018 and 2019, we recorded sales and other tax liabilities of \$8.9 million and \$22.0 million, respectively, of which \$0.5 million and \$1.2 million are included in accrued expenses and other current liabilities, respectively, and \$8.4 million and \$20.8 million are included in other liabilities, non-current, respectively, on our consolidated balance sheets, based on our best estimate of the probable liability for the loss contingency incurred as of those dates. Our estimate of a probable outcome under the loss contingency is based on analysis of our sales and marketing activities, revenue subject to sales tax, and applicable regulations in applicable jurisdictions in each period. No significant adjustments to the sales and other tax liabilities have been recognized in the accompanying consolidated financial statements for changes to the assumptions underlying the estimate. However, changes in our assumptions may occur in the future as we obtain new information which can result in adjustments to the recorded liability.

Other Contingencies

Our platform and associated products are subject to various restrictions under U.S. export control and sanctions laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations (EAR) and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls (OFAC). The U.S. export control laws and U.S. economic sanctions laws include restrictions or prohibitions on the sale or supply of certain products and services to U.S. embargoed or sanctioned countries, governments, persons and entities, and also require authorization for the export of certain encryption items. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements and have enacted or could enact laws that could limit our ability to distribute our platform or could limit our hosts' ability to implement our platform in those countries.

Although we take precautions to prevent our platform and associated products from being accessed or used in violation of such laws, we have inadvertently allowed our platform and associated products to be accessed or used by some customers in apparent violation of U.S. economic sanction laws. In addition, we may have inadvertently made our software products available to some customers, including users in embargoed or sanctioned countries, in apparent violation of the EAR. As a result, we have submitted initial and final voluntary self-disclosures concerning potential violations of U.S. sanctions and export control laws and regulations to OFAC and the U.S. Department of Commerce's Bureau of Industry and Security and OFAC. If we are found to be in violation of U.S. economic sanctions or export control laws, it could result in fines and penalties. We may also be adversely affected through other penalties, reputational harm, loss of access to certain markets or other factors. No loss has been recognized in the financial statements for this loss contingency as it is not probable a loss has been incurred and the range of a possible loss is not estimable.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Legal Proceedings

In the ordinary course of business, we may be subject from time to time to various proceedings, lawsuits, disputes or claims. Although we cannot predict with assurance the outcome of any litigation, we do not believe there are currently any such actions that, if resolved unfavorably, would have a material impact on our financial condition, results of operations or cash flows.

7. Convertible Preferred Stock, Stockholders' Deficit and Equity Incentive Plan**Convertible Preferred Stock**

Convertible preferred stock consisted of the following:

	January 31, 2018 and 2019		
	Designated Shares Authorized	Shares Issued and Outstanding	Aggregate Liquidation Preference
	(in thousands, except share data)		
Series A	67,083,500	61,717,700	\$ 9,258
Series B	25,857,784	25,857,784	6,500
Series C	34,363,256	34,363,256	30,000
Series D	30,800,000	30,727,064	114,966
Total convertible preferred stock	<u>158,104,540</u>	<u>152,665,804</u>	<u>\$ 160,724</u>

The holders of the convertible preferred stock have the following rights, preferences and privileges:

Dividend Rights – Holders of convertible preferred stock are entitled to receive noncumulative dividends at the rate of 6% of their applicable original issue price per share (as adjusted for any stock dividends, combinations, recapitalizations or stock splits), on a pari passu basis when, as, and if, declared by the board of directors. No dividends will be paid to holders of common stock until the aforementioned dividends on convertible preferred stock have been paid or set aside for payment. Any remaining dividends shall be paid to the holders of convertible preferred stock and common stock on an as-converted basis. To date, no dividends have been declared.

Conversion Rights – Holders of convertible preferred stock have the right to convert at any time into shares of Class B common stock at the applicable conversion ratio arrived at by dividing the original issuance price by the applicable conversion price. All shares of the convertible preferred stock shall be automatically converted into shares of Class B common stock (i) upon the written request from holders of each of (a) a majority of the Series A convertible preferred stock then outstanding, (b) a majority of the Series B convertible preferred stock then outstanding, (c) a majority of the Series C convertible preferred stock then outstanding, and (d) a majority of the Series D convertible preferred stock outstanding, or (ii) into shares of Class B common stock immediately prior to the closing of a firm commitment underwritten public offering pursuant to an effective registration statement in connection with an offering of securities on the New York Stock Exchange, Nasdaq Global Market or other securities exchange resulting in at least \$75.0 million of proceeds (net of underwriting discounts and commissions) at a fully diluted pre-offering valuation of no less than \$1.0 billion.

Liquidation Preference – In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the holders of shares of Series B convertible preferred stock, Series C convertible preferred stock and Series D convertible preferred stock shall be entitled to receive, on a pari passu basis, prior and in preference to any distribution from the proceeds of the liquidation event of the Company to the holders of

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Series A convertible preferred stock or common stock by reason of their ownership thereof, an amount equal to the greater of (i) the applicable original issue price for such series of convertible preferred stock plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of such series of convertible preferred stock been converted into Class B common stock. After the payment to the holders of the Series B convertible preferred stock, Series C convertible preferred stock and Series D convertible preferred stock, the holders of shares of Series A convertible preferred stock shall be entitled to receive, prior and in preference to any distribution from the proceeds of the liquidation event of the Company to the holders of common stock by reason of their ownership thereof, an amount equal to the greater of (i) the applicable original issue price for the Series A convertible preferred stock plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Series A convertible preferred stock been converted into Class B common stock. The remaining funds are distributed with equal priority and pro rata among the holders of preferred stock and common stock.

Voting Rights – The holders of convertible preferred stock are entitled to vote on all matters and are entitled to the number of votes equal to ten times the number of shares of Class B common stock into which each share of convertible preferred stock is then convertible. The holders of convertible preferred stock vote together with the holders of Class B common stock as a single class on an as-converted basis, unless as expressly provided in our certificate of incorporation or as required by law. The holders of Series A convertible preferred stock, Series B convertible preferred stock, Series C convertible preferred stock and Series D convertible preferred stock voting as separate classes, are each entitled to elect one director. In addition, the holders of Class B common stock, voting as a separate class, are entitled to elect two members of the board of directors. The holders of convertible preferred stock and Class B common stock, voting together as a single class on an as-if-converted basis, are entitled to elect remaining members of the board of directors.

Redemption – The convertible preferred stock does not contain any date-certain redemption features.

Classification of Convertible Preferred Stock – The deemed liquidation preference provisions of the convertible preferred stock are considered contingent redemption provisions that are not solely within our control. Accordingly, the convertible preferred stock has been presented outside of permanent equity in the mezzanine section of the consolidated balance sheets.

Repurchases of Convertible Preferred Stock

In December 2016, in conjunction with the Series D convertible preferred stock financing, we repurchased 4,000,000 shares of Series A convertible preferred stock from an existing investor for a total consideration of approximately \$15.0 million. The amount paid in excess of the carrying value of the Series A convertible preferred stock is considered a deemed dividend and is reflected as distributed earnings attributable to participating securities in the calculation of net loss attributable to common stockholders. The shares of Series A convertible preferred stock that we repurchased were retired immediately thereafter.

In fiscal 2018, we voluntarily repurchased 1,365,800 shares of Series A convertible preferred stock from certain existing investors for a total consideration of \$4.6 million. The amount paid in excess of the carrying value of the Series A convertible preferred stock is considered a deemed dividend and is reflected as distributed earnings attributable to participating securities in the calculation of net loss attributable to common stockholders. The shares of Series A convertible preferred stock that we repurchased were retired immediately thereafter.

Dual Class Common Stock Structure

In November 2018, we implemented a dual class common stock structure pursuant to which all then-outstanding shares of our common stock were reclassified as Class B common stock and a new class of Class A

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

common stock was authorized. The Class A common stock is entitled to one vote per share and the Class B common stock is entitled to 10 votes per share. The Class A and Class B common stock have the same dividend and liquidation rights. Each share of Class B common stock will automatically convert into one share of Class A common stock upon (a) any transfer of such share, except for certain permitted transfers described in our amended and restated certificate of incorporation, and (b) the death of the holder of such share. In addition, each share of Class B common stock will be automatically converted into one share of Class A common stock upon the earliest of (a) the date that is six months following the death or incapacity of Eric S. Yuan (our CEO), (b) the date that Mr. Yuan is no longer providing services to us or his employment is terminated for cause, (c) the date specified by the holders of a majority of the then outstanding shares of convertible preferred stock, voting together on an as-converted basis, and the holders of a majority of the then outstanding shares of Class B common stock, voting as a separate class, and (d) the 15-year anniversary of our proposed IPO. In connection with the implementation of the dual class common stock structure, each then outstanding share of our convertible preferred stock became convertible into one share of Class B common stock, and all outstanding options to purchase shares of common stock became options to purchase an equivalent number of shares of Class B common stock.

Upon the effectiveness of the restated certificate of incorporation in November 2018, the number of shares of common stock that is authorized to be issued consisted of 320,000,000 shares of Class A common stock, \$0.001 par value per share and 300,000,000 shares of Class B common stock, \$0.001 par value per share. Class A and Class B common stock are referred to as common stock throughout the notes to the consolidated financial statements, unless otherwise noted.

Common Stock

We have the following shares of common stock reserved for future issuance:

	January 31,	
	2018	2019
Conversion of convertible preferred stock	152,665,804	152,665,804
Outstanding stock options	34,170,489	35,064,465
Remaining shares available for future issuance under the 2011 Plan	10,459,873	1,848,100
Total shares of common stock reserved	<u>197,296,166</u>	<u>189,578,369</u>

Equity Incentive Plan

In 2011, we adopted the 2011 Equity Incentive Plan (2011 Plan), under which officers, employees, and consultants may be granted various forms of equity incentive compensation at the discretion of the board of directors, including stock options and restricted stock awards. The awards have varying terms, but generally vest over four years, and are issued at the Fair Market Value (as defined in the 2011 Plan) of the shares of common stock on the date of grant. Certain awards provide for accelerated vesting if there is a Change in Control (as defined in the 2011 Plan).

As of January 31, 2018 and 2019, our board of directors had authorized 71,240,000 shares of common stock to be reserved for grants of awards under the 2011 Plan.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of stock option activity under our equity incentive plan and related information is as follows:

	Shares Available for Grant	Options Outstanding			Aggregate Intrinsic Value
		Outstanding Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	
(in thousands, except share, life and per share data)					
Balance as of February 1, 2016	10,758,016	31,802,500	\$ 0.06	7.5	\$ 8,281
Granted	(5,808,000)	5,808,000	0.30		
Exercised	—	(8,971,412)	0.04		3,541
Cancelled/forfeited/expired	628,088	(628,088)	0.19		
Balance as of January 31, 2017	5,578,104	28,011,000	0.11	7.2	13,900
Shares authorized	14,000,000	—			
Granted	(9,765,200)	9,765,200	0.87		
Exercised	—	(2,958,742)	0.25		2,497
Cancelled/forfeited/expired	646,969	(646,969)	0.39		
Balance as of January 31, 2018	10,459,873	34,170,489	\$ 0.31	6.9	\$ 53,947
Granted	(9,192,700)	9,192,700	4.92		
Exercised	—	(7,717,797)	0.46		60,849
Cancelled/forfeited/expired	580,927	(580,927)	1.10		
Balance as of January 31, 2019	<u>1,848,100</u>	<u>35,064,465</u>	\$ 1.48	6.8	\$534,572
Vested as of January 31, 2019		<u>19,132,388</u>	\$ 0.24	5.1	\$315,380

The weighted-average grant date fair value of options granted to employees during the fiscal years ended January 31, 2017, 2018 and 2019 was \$0.23, \$0.67 and \$6.28, respectively. As of January 31, 2019, unrecognized stock-based compensation cost related to outstanding unvested stock options was \$57.1 million, which is expected to be recognized over a weighted-average period of 3.4 years.

The Black-Scholes assumptions used to value the employee options at the grant dates are as follows:

	Year Ended January 31,		
	2017	2018	2019
Expected term (years)	5.4 – 6.1	5.6 – 6.7	5.0 – 6.2
Expected volatility	48.2% – 56.3%	47.7% – 52.0%	44.6% – 48.2%
Risk-free interest rate	1.2% – 1.5%	1.8% – 2.3%	2.6% – 3.1%
Expected dividend yield	0.0%	0.0%	0.0%

These assumptions and estimates were determined as follows:

- *Fair Value of Common Stock.* As our common stock is not publicly traded, the fair value was determined by our board of directors, with input from management and valuation reports prepared by third-party valuation specialists. Stock-based compensation for financial reporting purposes is measured based on updated estimates of fair value when appropriate, such as when additional relevant information related to the estimate becomes available in a valuation report issued as of a subsequent date.
- *Risk-Free Interest Rate.* The risk-free interest rate for the expected term of the options was based on the U.S. Treasury yield curve in effect at the time of the grant.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- *Expected Term.* The expected term of options represents the period of time that options are expected to be outstanding. Our historical stock option exercise experience does not provide a reasonable basis upon which to estimate an expected term due to a lack of sufficient data. For stock options granted to employees, we estimate the expected term by using the simplified method. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the options. For stock options granted to non-employees, the expected term equals the contractual term of the option.
- *Expected Volatility.* As we do not have a trading history for our common stock, the expected volatility was estimated by taking the average historic price volatility for industry peers, consisting of several public companies in our industry that are either similar in size, stage of life cycle, or financial leverage, over a period equivalent to the expected term of the awards.
- *Expected Dividend Yield.* We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. As a result, an expected dividend yield of zero percent was used.

Early Exercise of Common Stock Options

Our board of directors authorized certain stock option holders to exercise unvested options to purchase shares of common stock. Shares received from such early exercises are subject to repurchase in the event of the optionee's termination of service as a Service Provider (as defined in the 2011 Plan), at the original issuance price, until the options are fully vested. As of January 31, 2018 and 2019, 1,941,667 and 1,261,230 shares of Class B common stock were subject to repurchase at a weighted average price of \$0.26 and \$1.41 per share, respectively. As of January 31, 2018 and 2019, the cash proceeds received for unvested shares of common stock recorded within accrued expenses and other current liabilities in the consolidated balance sheets were \$0.5 million and \$1.8 million, respectively.

Restricted Stock Award

In October 2015, we issued 1,202,720 shares of common stock to a member of our board of directors under a restricted stock agreement at a grant date fair value of \$0.14 per share, totaling \$0.2 million. Of the total shares issued, 481,088 shares vested on the grant date and the remaining shares vest over four years from the grant date. The unvested shares are subject to a repurchase right held by us at the original purchase price.

For the fiscal years ended January 31, 2017, 2018 and 2019, 180,408 shares of the restricted common stock vested in each period, and the related stock-based compensation expense for such shares of common stock was immaterial. As of January 31, 2019, 180,408 shares of common stock were unvested and subject to repurchase.

Third-Party Stock Transactions

In May 2017, our CEO sold 2,899,136 shares of our common stock to an existing investor at a per share price of \$3.74. In the consolidated statements of operations for fiscal 2018, due to the fact that the purchase was made by an economic interest holder and is presumptively considered compensatory under U.S. GAAP, we recognized stock-based compensation expense related to such stock sale of \$8.6 million, the difference between the purchase price and the fair value of our common stock at the time of sale.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock-Based Compensation

The stock-based compensation expense by line item in the accompanying consolidated statements of operations is summarized as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Cost of revenue	\$ 87	\$ 204	\$1,119
Research and development	278	360	1,369
Sales and marketing	467	812	3,540
General and administrative	207	8,953	2,913
Total stock-based compensation expense	<u>\$1,039</u>	<u>\$10,329</u>	<u>\$8,941</u>

8. Income Taxes

The components of the net income (loss) before the provision for income taxes were as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Domestic	\$(115)	\$(3,782)	\$ (204)
Foreign	273	264	8,553
Total	<u>\$ 158</u>	<u>\$(3,518)</u>	<u>\$8,349</u>

The provision for income taxes were as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Current:			
Federal	\$ —	\$ —	\$ —
State	11	46	80
Foreign	161	258	685
Total current income tax expense	<u>172</u>	<u>304</u>	<u>765</u>
Deferred:			
Federal	—	—	—
State	—	—	—
Foreign	—	—	—
Total deferred income tax expense	<u>—</u>	<u>—</u>	<u>—</u>
Total provision for income taxes	<u>\$ 172</u>	<u>\$ 304</u>	<u>\$ 765</u>

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (Tax Act). The Tax Act makes broad and complex changes to the U.S. tax code that affect fiscal 2018, including, but not limited to, requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries that is payable over eight years (Transition Tax) and a reduction in the corporate tax rate to 21%. The Tax Act also establishes new tax laws that will affect later years, a general limitation of U.S.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

federal income taxes on dividends from foreign subsidiaries, net operating loss deduction limitations, a base erosion, anti-tax abuse tax (BEAT) and a deduction for foreign-derived intangible income (FDII) and a new provision designed to tax global intangible low-taxed income (GILTI). Under ASC 740, the effects of changes in tax rates and laws are recognized in the period in which the new legislation is enacted. In the case of U.S. federal income taxes, the enactment date is the date the bill becomes law. We do not expect a financial statement impact as a result of this legislation. We performed a re-measurement of deferred tax assets and liabilities as a result of the decrease in the corporate federal income tax rate to 21%, which was offset by the valuation allowance. We have elected to treat taxes on GILTI as period costs starting in the current year.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118) which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740, Income taxes. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. As of January 31, 2019, no provisional estimate had been recorded as we have completed our accounting under the Tax Act.

Our accounting for the following elements of the Tax Act is complete: Reduction of U.S. federal Corporate Tax Rate: The Tax Act reduces the corporate tax rate to 21%, effective January 1, 2018. Accordingly, we have re-measured all deferred taxes at 21% as of December 31, 2017 and recorded a decrease related to the net deferred tax asset balance of \$0.9 million with a corresponding net adjustment to our valuation allowance. We expect that the U.S. Treasury will issue regulations and other guidance on the application of certain provisions of the Tax Act. We will analyze that guidance and other necessary information to refine our estimates and complete our accounting for the tax effects of the 2017 Tax Act, as necessary.

The provision for income taxes differs from the amount computed by applying the statutory federal tax rate as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Tax at federal statutory rate	\$ 54	\$(1,157)	\$ 1,764
State taxes	11	45	67
Foreign rate differential	19	(26)	(1,627)
Stock-based compensation	(243)	3,272	1,662
Permanent items	59	117	809
Differences in U.S. GAAP to local statutory accounting	—	358	1,039
Research and development credits, net of FIN48	(28)	(150)	(289)
Tax uncertainties	924	516	515
Change in valuation allowance	(648)	(1,895)	(2,477)
Change in federal tax rate	—	(881)	—
Other	24	105	(698)
Total	<u>\$ 172</u>	<u>\$ 304</u>	<u>\$ 765</u>

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred income taxes result from differences in the recognition of expenses for tax and financial reporting purposes, as well as operating loss and tax credit carryforwards. Significant components of our deferred income tax assets as of January 31, 2018 and 2019 are as follows:

	<u>January 31,</u>	
	<u>2018</u>	<u>2019</u>
	(in thousands)	
Deferred taxes:		
Net operating loss carryforwards	\$ 6,040	\$ 6,517
Research and development credit carryforward	485	972
Stock-based compensation	178	133
Accruals and reserves	3,036	6,856
Property and equipment	(1,250)	(4,779)
Deferred revenue	955	2,646
Deferred contract acquisition costs	(6,290)	(11,468)
Gross deferred taxes	<u>3,154</u>	<u>877</u>
Valuation allowance	(3,154)	(877)
Total net deferred taxes	<u>\$ —</u>	<u>\$ —</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management believes it is more likely than not that the deferred tax assets will not be realized; accordingly, a valuation allowance has been established on U.S. net deferred tax assets. The valuation allowance decreased by \$3.1 million and \$2.3 million for the fiscal years ended January 31, 2018 and 2019, respectively.

As of January 31, 2019, we had net operating loss carryforwards of approximately \$26.9 million for federal income tax purposes which will begin to expire in 2032 if unused. We had net operating loss carryforwards of approximately \$10.7 million for state income tax purposes which will begin to expire in the year 2027 if unused.

As of January 31, 2019, we also had research and development credit carryforwards of approximately \$1.1 million for federal income tax and \$1.1 million for state income tax purposes. The federal research and development tax credit will begin to expire in 2036 if unused. State research and development tax credits carryforward indefinitely.

The federal and state net operating loss carryforwards may be subject to significant limitations under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended, and similar provisions under state law. The Tax Reform Act of 1986 contains provisions that limit the federal net operating loss carryforwards that may be used in any given year in the event of special occurrences, including significant ownership changes. We have completed a Section 382 calculation and have determined that none of the operating losses will expire solely due to Section 382 limitation(s).

We comply with ASC 740-10, *Accounting for Uncertainty in Income Taxes* which prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statements of any uncertain tax positions that have been taken or expected to be taken on a tax return. In 2011, we adopted the provisions set forth in ASC 740-10, issued originally as FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. This pronouncement sets a “more likely than not” criterion for recognizing the tax benefit of

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

uncertain tax positions. Total unrecognized income tax benefits were \$2.8 million as of January 31, 2019. We do not anticipate any significant changes to unrecognized tax benefits in the next 12 months. We recognize interest and penalties related to uncertain tax positions in income tax expense.

A reconciliation of the beginning and ending balance of total unrecognized tax position is as follows:

	Unrecognized Tax Benefits (in thousands)
Balance—January 31, 2016	\$ 789
Increases related to current years' tax positions	416
Balance—January 31, 2017	1,205
Increases related to current years' tax positions	771
Balance—January 31, 2018	1,976
Increases related to current years' tax positions	802
Balance—January 31, 2019	<u>\$ 2,778</u>

Our policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. During the fiscal years ended January 31, 2018 and 2019, we recognized no interest and penalties associated with unrecognized tax benefits. There are no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date. If recognized, \$1.0 million would affect our effective tax rate.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and various foreign jurisdictions. As of January 31, 2019, all of the years remain open to examination by the federal and state tax authorities for three or four years from the tax year in which net operating losses or tax credits are utilized. There have been no examinations of our income tax returns by any tax authority.

9. Net Income (Loss) Per Share Attributable to Common Stockholders

The following table sets forth the computation of basic and diluted net income (loss) per share attributable to common stockholders for the periods presented:

	Year Ended January 31,					
	2017		2018		2019	
	Class A	Class B	Class A	Class B	Class A	Class B
	(in thousands, except share and per share data)					
Numerator:						
Net income (loss)	\$ —	\$ (14)	\$ —	\$(3,822)	\$ —	\$ 7,584
Less: Distributed earnings attributable to participating securities	—	(14,366)	—	(4,405)	—	—
Less: Undistributed earnings attributable to participating securities	—	—	—	—	—	(7,584)
Net income (loss) attributable to common stockholders, basic and diluted	<u>—</u>	<u>(14,380)</u>	<u>—</u>	<u>(8,227)</u>	<u>—</u>	<u>—</u>

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended January 31,					
	2017		2018		2019	
	Class A	Class B	Class A	Class B	Class A	Class B
(in thousands, except share and per share data)						
Denominator:						
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	\$ —	\$70,309,256	\$ —	\$78,119,865	\$ —	\$ 84,483,094
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	—	70,309,256	—	78,119,865	—	116,005,681
Net income (loss) per share attributable to common stockholders:						
Basic	\$ —	\$ (0.20)	\$ —	\$ (0.11)	\$ —	\$ 0.00
Diluted	\$ —	\$ (0.20)	\$ —	\$ (0.11)	\$ —	\$ 0.00

The potential shares of common stock that were excluded from the computation of diluted net income (loss) per share attributable to common stockholders for the periods presented because including them would have been antidilutive are as follows:

	Year Ended January 31,					
	2017		2018		2019	
	Class A	Class B	Class A	Class B	Class A	Class B
Convertible preferred stock	—	154,031,604	—	152,665,804	—	—
Outstanding stock options	—	28,011,000	—	34,170,489	—	3,541,878
Shares subject to repurchase from early exercised stock options and restricted stock	—	3,016,224	—	2,302,483	—	—
Total	—	185,058,828	—	189,138,776	—	3,541,878

The convertible promissory notes are contingently convertible (convertible upon completion of an IPO or a qualified financing event as discussed in Note 5), and the conditions for the convertible feature were not satisfied as of January 31, 2019. We have excluded these potential dilutive shares from the calculation of diluted net income per share attributable to common stockholders for the period.

Basic and diluted EPS are the same for each class of common stock because they are entitled to the same liquidation and dividend rights.

Unaudited Pro Forma Net Income Per Share Attributable to Common Stockholders

We have presented the unaudited pro forma basic and diluted net income per share for fiscal 2019, which has been computed to give effect to the conversion of our convertible preferred stock into Class B common stock and conversion of convertible promissory notes into Class A common stock (using the if-converted method) as though the conversion had occurred as of the beginning of the period or the original date of issuance, if later. The pro forma net income per share does not include shares being offered in the assumed IPO.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table sets forth the computation of our unaudited pro forma basic and diluted net income per share:

	Year Ended January 31, 2019	
	Class A	Class B
	(in thousands, except share and per share data)	
Numerator:		
Net income attributable to common stockholders, basic and diluted	\$ —	\$ —
Income attributable to convertible preferred stock	—	7,584
Interest expense related to convertible promissory notes	198	—
Interest expense related to amortization of debt discount for convertible promissory notes	17	—
Remeasurement of derivative liabilities	4	—
Reallocation of net income attributable to common stockholders	(209)	209
Pro forma net income attributable to common stockholders, basic	<u>10</u>	<u>7,793</u>
Reallocation of net income attributable to common stockholders	(1)	1
Pro forma net income attributable to common stockholders, diluted	<u>\$ 9</u>	<u>\$ 7,794</u>
Denominator:		
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	\$ —	\$ 84,483,094
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	—	116,005,681
Weighted-average pro forma adjustment to reflect assumed conversion of convertible preferred stock	—	152,665,804
Weighted-average pro forma adjustment to reflect assumed conversion of convertible promissory notes	<u>318,895</u>	<u>—</u>
Weighted-average shares used in computing pro forma net income per share attributable to common stockholders, basic	<u>318,895</u>	<u>237,148,898</u>
Weighted-average shares used in computing pro forma net income per share attributable to common stockholders, diluted	<u>318,895</u>	<u>268,671,485</u>
Pro forma net income per share attributable to common stockholders:		
Basic	<u>\$ 0.03</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.03</u>

10. Related Party Transactions

In November 2015, we provided a loan under a full recourse promissory note to our CEO in the amount of \$2.0 million. The promissory note had a term of six months and bore interest at a rate that is the greater of (i) 4% per annum, compounded annually and (ii) the Applicable Federal Rate (as set by the Internal Revenue Service), per annum, compounded annually. In March 2016, our CEO repaid the note receivable principal balance of \$2.0 million and an immaterial amount of accrued interest.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In October 2015, we entered into a three-year reseller agreement with Digit Mobile Inc. (DMI) for a total contractual amount of \$0.9 million. One of our former directors serves as the managing director of DMI. In October 2016, we entered into an amendment to the reseller agreement with DMI whereby the remaining contractual amount was amended from \$0.6 million to \$0.5 million. Revenue recognized under this agreement was immaterial during the periods presented.

In September 2016, we entered into a service agreement with Veeva Systems Inc. (Veeva), a cloud-based business solutions company. The chief executive officer of Veeva serves as a director on our board of directors. Revenue recognized from services provided to Veeva was \$0.3 million, \$1.4 million and \$1.3 million for the fiscal years ended January 31, 2017, 2018 and 2019, respectively.

11. Subsequent Events

We have evaluated subsequent events from the balance sheet date through March 22, 2019, the date at which the consolidated financial statements were available to be issued.

Subsequent to January 31, 2019, we granted stock options to purchase up to 760,700 shares of Class B common stock with a weighted-average exercise price of \$24.10 per share.

Subsequent to January 31, 2019, we entered into an agreement to lease additional space and extend the term of existing leases located in the United States. We expect to make \$14.0 million of additional rent payments over the term of these leases, which expires during the year ending January 31, 2030.



zoom timeline

2011



April 2011
Zoom Video Communications, Inc. incorporated

June 2011
First seed funding and first office leased in Santa Clara, CA

July 2011
First employee hired

2013

January 2013
Zoom 1.0 GA

2014

April 2014
Zoom Rooms GA

August 2014
Zoom 3.0 featuring debut of Zoom Video Webinars and Group Chat GA

2015



February 2015
First 100 employees

2016

June 2016
Exceeded 500 million monthly meeting minutes

2017

September 2017
First Zoomtopia

2018

June 2018
Eric Yuan named Glassdoor's #1 Best CEO in the US and EY Entrepreneur of the Year

October 2018
App Marketplace GA

December 2018
Zoom named Glassdoor's #2 Best Company to Work For in the US

2019

January 2019
Zoom Phone GA

February 2019
Exceeded 5 billion monthly meeting minutes

zoom

Part II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution.**

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the SEC registration fee, the Financial Industry Regulatory Authority, Inc. (FINRA) filing fee and the exchange listing fee.

	<u>Amount</u>
SEC registration fee	\$ 12,120
FINRA filing fee	15,500
Exchange listing fee	295,000
Accountants' fees and expenses	*
Legal fees and expenses	*
Transfer Agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous	*
Total expenses	<u>\$ *</u>

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws that will be in effect upon the completion of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee or agent of Zoom Video Communications, Inc., provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, the best interest of Zoom Video Communications, Inc. At present, there is no pending litigation or proceeding involving a director or officer of Zoom Video Communications, Inc. regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Exchange Act that might be incurred by any director or officer in his or her capacity as such.

Item 15. Recent Sales of Unregistered Securities.

Since January 1, 2016, we have issued the following unregistered securities:

- (1) From December 2016 through January 2017, we sold an aggregate of 30,727,064 shares of our Series D convertible preferred stock to a total of nine accredited investors at a purchase price of \$3.74 per share for an aggregate purchase price of \$115.0 million.

Table of Contents

- (2) From January 1, 2016 through February 28, 2019, we granted to certain employees, consultants and directors options to purchase an aggregate of 25,087,350 shares of our Class B common stock under our 2011 Plan at exercise prices ranging from \$0.30 to \$16.72 per share, for an aggregate exercise price of \$60,896,629.
- (3) From January 1, 2016 through February 28, 2019, we issued and sold an aggregate of 21,717,040 shares of our Class B common stock upon the exercise of options under our 2011 Plan, at exercise prices ranging from \$0.015 to \$10.79 per share, for an aggregate exercise price of \$5,242,282.
- (4) In October 2018, we issued \$15.0 million in principal amount of convertible promissory notes.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Exhibit
1.1*	Form of Underwriting Agreement.
3.1	<u>Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.</u>
3.2	<u>Amended and Restated Bylaws of the Registrant, as amended February 14, 2018, as currently in effect.</u>
3.3*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be effective immediately prior to the completion of this offering.
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be effective immediately prior to the completion of this offering.
4.1*	Form of Class A common stock certificate of the Registrant.
4.2	<u>Third Amended and Restated Investors' Rights Agreement by and among the Registrant and certain of its stockholders, dated December 1, 2016.</u>
5.1*	Opinion of Cooley LLP.
10.1	<u>Zoom Video Communications, Inc. Fourth Amended and Restated 2011 Global Share Plan, and forms of agreements thereunder.</u>
10.2*	Zoom Video Communications, Inc. 2019 Equity Incentive Plan and forms of agreements thereunder.
10.3*	Zoom Video Communications, Inc. 2019 Employee Stock Purchase Plan and forms of agreements thereunder.
10.4	<u>Form of Indemnification Agreement entered into by and between the Registrant and each director and executive officer.</u>
10.5	<u>Confirmatory Offer Letter by and between the Registrant and Eric S. Yuan, dated December 18, 2018.</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.6	<u>Confirmatory Offer Letter by and between the Registrant and Aparna Bawa, dated December 18, 2018.</u>
10.7	<u>Confirmatory Offer Letter by and between the Registrant and Janine Pelosi, dated December 18, 2018.</u>
10.8	<u>Confirmatory Offer Letter by and between the Registrant and Kelly Steckelberg, dated December 18, 2018.</u>
10.9	<u>Lease Agreement dated August 1, 2016, as amended, by and between the Registrant and KBSIII Almaden Financial Plaza, LLC.</u>
10.10	<u>Zoom Video Communications, Inc. Officer Incentive Plan.</u>
21.1	<u>List of subsidiaries of the Registrant.</u>
23.1	<u>Consent of KPMG LLP, independent registered public accounting firm.</u>
23.2*	Consent of Cooley LLP (included in Exhibit 5.1).
24.1	<u>Power of Attorney (included on signature page).</u>

* To be filed by amendment.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Jose, State of California, on March 22, 2019.

ZOOM VIDEO COMMUNICATIONS, INC.

By: /s/ Eric S. Yuan

Eric S. Yuan

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Eric S. Yuan, Kelly Steckelberg and Aparna Bawa, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Eric S. Yuan</u> Eric S. Yuan	President, Chief Executive Officer and Director (<i>Principal Executive Officer</i>)	March 22, 2019
<u>/s/ Kelly Steckelberg</u> Kelly Steckelberg	Chief Financial Officer (<i>Principal Financial Officer</i>)	March 22, 2019
<u>/s/ Roy Benhorin</u> Roy Benhorin	Chief Accounting Officer (<i>Principal Accounting Officer</i>)	March 22, 2019
<u>/s/ Jonathan Chadwick</u> Jonathan Chadwick	Director	March 22, 2019
<u>/s/ Carl M. Eschenbach</u> Carl M. Eschenbach	Director	March 22, 2019
<u>/s/ Peter Gassner</u> Peter Gassner	Director	March 22, 2019
<u>/s/ Kimberly L. Hammonds</u> Kimberly L. Hammonds	Director	March 22, 2019
<u>/s/ Dan Scheinman</u> Dan Scheinman	Director	March 22, 2019
<u>/s/ Santiago Subotovsky</u> Santiago Subotovsky	Director	March 22, 2019
<u>/s/ Bart Swanson</u> Bart Swanson	Director	March 22, 2019

**SIXTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
ZOOM VIDEO COMMUNICATIONS, INC.**

Zoom Video Communications, Inc., a corporation organized and existing under the laws of the State of Delaware (the “*Corporation*”), certifies that:

The name of the Corporation is Zoom Video Communications, Inc. The Corporation was originally incorporated under the name “Saasbee, Inc.” The Corporation’s original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on April 21, 2011. A Certificate of Amendment of the Certificate of Incorporation of the Corporation was filed with the Secretary of State of Delaware on February 27, 2012. A Certificate of Amendment of the Certificate of Incorporation of the Corporation was filed on May 1, 2012. An Amended and Restated Certificate of Incorporation was filed on December 18, 2012. A Second Amended and Restated Certificate of Incorporation was filed on August 15, 2013. A Third Amended and Restated Certificate of Incorporation was filed on December 22, 2014. A Fourth Amended and Restated Certificate of Incorporation was filed on November 30, 2016. A Fifth Amended and Restated Certificate of Incorporation was filed on January 3, 2018.

This Sixth Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, and has been duly approved by the written consent of the stockholders of the Corporation in accordance with Section 228 of the General Corporation Law of the State of Delaware.

The text of the Certificate of Incorporation is amended and restated to read as set forth in EXHIBIT A attached hereto.

IN WITNESS WHEREOF, Zoom Video Communications, Inc. has caused this Sixth Amended and Restated Certificate of Incorporation to be signed by Eric S. Yuan, a duly authorized officer of the Corporation, on November 13, 2018.

/s/ Eric S. Yuan

Eric S. Yuan,
President and Chief Executive Officer

EXHIBIT A

ARTICLE I

The name of the Corporation is Zoom Video Communications, Inc.

ARTICLE II

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE III

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, 19801. The name of the registered agent at such address is The Corporation Trust Company.

ARTICLE IV

1. **Reclassification.** Immediately upon the filing of this Sixth Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (the "**Effective Time**"), automatically and without further action on the part of holders of capital stock of the Corporation, each then outstanding share of the Corporation's Common Stock or held by the Corporation as treasury stock shall be reclassified as, and become, one (1) share of Class B Common Stock, as such term is defined below ("**Reclassification**"). The Reclassification shall occur automatically as of the Effective Time without any further action by the holders of the shares affected thereby and whether or not any certificates representing such shares are surrendered to the Corporation. The Reclassification shall also apply to any outstanding securities or rights convertible into, or exchangeable or exercisable for, Common Stock of the Corporation. All share and per share amounts set forth in this Sixth Amended and Restated Certificate of Incorporation have been revised to reflect the Reclassification.

2. **Authorized Stock.** The total number of shares of stock that the Corporation shall have authority to issue is 778,104,540, consisting of 320,000,000 shares of Class A Common Stock, \$0.001 par value per share (the "**Class A Common Stock**"), 300,000,000 shares of Class B Common Stock, \$0.001 par value per share (the "**Class B Common Stock**"), and 158,104,540 shares of Preferred Stock, \$0.001 par value per share (the "**Preferred Stock**"). The first series of Preferred Stock shall be designated "**Series A Preferred Stock**" and shall consist of 67,083,500 shares. The second series of Preferred Stock shall be designated "**Series B Preferred Stock**" and shall consist of 25,857,784 shares. The third series of Preferred Stock shall be designated "**Series C Preferred Stock**" and shall consist of 34,363,256 shares. The fourth series of Preferred Stock shall be designated "**Series D Preferred Stock**" and shall consist of 30,800,000 shares.

ARTICLE V

The terms and provisions of the Class A Common Stock, Class B Common Stock and Preferred Stock are as follows:

1. **Definitions.** For purposes of this ARTICLE V, the following definitions shall apply:

- (a) "**Board**" shall mean the Board of Directors of the Corporation.

(b) “**Cause**” shall mean (i) the Founder’s unauthorized use or disclosure of the Corporation’s confidential information or trade secrets, which use or disclosure causes material harm to the Corporation, (ii) the Founder’s material breach of any agreement between the Founder and the Corporation, (iii) the Founder’s material failure to comply with the Corporation’s written policies or rules, (iv) the Founder’s conviction of, or his plea of “guilty” or “no contest” to, a felony under the laws of the United States or any state thereof, (v) the Founder’s gross negligence or willful misconduct, (vi) the Founder’s willful and continuing failure to perform assigned duties after receiving written notification of the failure from the Board, or (vii) the Founder’s failure to cooperate in good faith with a governmental or internal investigation of the Corporation or its directors, officers or employees, if the Corporation has requested Founder’s cooperation.

(c) “**Conversion Price**” shall mean (i) \$0.15 per share for the Series A Preferred Stock (ii) \$0.251375 per share for the Series B Preferred Stock, (iii) \$0.873025 per share for the Series C Preferred Stock, and (iv) \$3.741525 per share for the Series D Preferred Stock (each as subject to adjustment from time to time for any applicable Recapitalizations and as otherwise set forth elsewhere herein).

(d) “**Convertible Securities**” shall mean any evidences of indebtedness, shares or other securities convertible into or exchangeable for Class A Common Stock or Class B Common Stock.

(e) “**Corporation**” shall mean Zoom Video Communications, Inc.

(f) “**Distribution**” shall mean the transfer of cash or other property without consideration whether by way of dividend or otherwise, other than dividends on Class A Common Stock or Class B Common Stock payable in Class A Common Stock or Class B Common Stock, or the purchase or redemption of shares of the Corporation by the Corporation for cash or property other than: (i) repurchases of Class A Common Stock or Class B Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries at cost upon termination of their employment or services pursuant to agreements providing for the right of said repurchase, (ii) repurchases of Class A Common Stock or Class B Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries pursuant to rights of first refusal contained in agreements providing for such right that are approved by the Board (including the approval of the Series C Director), and (iii) repurchases of capital stock of the Corporation in connection with the settlement of disputes with any stockholder that are approved by the Board (including the approval of the Series C Director).

(g) “**Dividend Rate**” shall mean for each series of the Preferred Stock, an annual rate of six percent (6%) of the Original Issue Price of such series of the Preferred Stock (subject to adjustment from time to time for any applicable Recapitalizations as set forth elsewhere herein).

(h) “**Family Member**” means an individual’s spouse, ex-spouse, domestic partner, lineal descendant or antecedent, brother or sister, the adopted child or adopted grandchild, or the spouse or domestic partner of any child, adopted child, grandchild or adopted grandchild of such individual.

(i) “**Founder**” means Eric S. Yuan, an individual.

(j) “**Incapacity**” means, with respect to an individual, that such individual is incapable of managing his or her financial affairs under the criteria set forth in the applicable probate code that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months as determined by a licensed practitioner. In the event of a dispute regarding whether an individual has suffered an Incapacity, no Incapacity of such individual will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction.

(k) **“Liquidation Preference”** shall mean (i) \$0.15 per share for the Series A Preferred Stock (ii) \$0.251375 per share for the Series B Preferred Stock, (iii) \$0.873025 per share for the Series C Preferred Stock, and (iv) \$3.741525 per share for the Series D Preferred Stock (each as subject to adjustment from time to time for any applicable Recapitalizations as set forth elsewhere herein).

(l) **“Options”** shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Class A Common Stock, Class B Common Stock or Convertible Securities.

(m) **“Original Issue Date”** shall mean the date upon which any shares of the Series D Preferred Stock were first issued.

(n) **“Original Issue Price”** shall mean (i) \$0.15 per share for the Series A Preferred Stock (ii) \$0.251375 per share for the Series B Preferred Stock, (iii) \$0.873025 per share for the Series C Preferred Stock, and (iv) \$3.741525 per share for the Series D Preferred Stock, in each case subject to adjustment from time to time for any applicable Recapitalizations as set forth elsewhere herein.

(o) **“Permitted Transfer”** shall mean, and be restricted to, any Transfer of a share of Class B Common Stock that satisfies the following requirements:

(i) by a Qualified Stockholder to (A) any Permitted Entity of such Qualified Stockholder, (B) such Qualified Stockholder’s Family Members or to a trust or trusts or other estate planning vehicle for the benefit of such Qualified Stockholder’s Family Members, in each case so long as such Qualified Stockholder continues to exercise Voting Control over such Transferred shares, or (C) to Founder; or

(ii) by a Permitted Entity of a Qualified Stockholder to (A) such Qualified Stockholder or (B) any other Permitted Entity of such Qualified Stockholder.

(p) **“Permitted Entity”** shall mean with respect to a Qualified Stockholder (i) a Permitted Trust (as defined below) solely for the benefit of (A) such Qualified Stockholder and/or (B) any other Permitted Entity of such Qualified Stockholder, or (ii) any general partnership, limited partnership, limited liability company, corporation or other entity exclusively owned by (A) such Qualified Stockholder and/or (B) any other Permitted Entity of such Qualified Stockholder.

(q) **“Permitted Transferee”** shall mean a transferee of shares of Class B Common Stock received in a Transfer that constitutes a Permitted Transfer.

(r) **“Permitted Trust”** shall mean a bona fide trust where each trustee is (i) a Qualified Stockholder or (ii) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies and bank trust departments.

(s) **“Preferred Stock”** shall mean the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, and the Series D Preferred Stock.

(t) **“Qualified IPO”** shall mean a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the **“Securities Act”**) (or a registration statement under similar securities laws of any foreign jurisdiction, to the extent applicable) in connection with an offering of securities on the New York Stock Exchange, NASDAQ Global Market, or other nationally or internationally-recognized securities exchange as approved by the Board resulting in at least \$75,000,000 of proceeds to the Corporation (net of underwriting discounts and commissions) at a fully-diluted pre-offering valuation of the Corporation of no less than \$1,000,000,000.

(u) **“Qualified Stockholder”** shall mean (i) the registered holder of a share of Class B Common Stock immediately following the Effective Time; (ii) the initial registered holder of any shares of Class B Common Stock that are originally issued by this Corporation pursuant to the exercise or conversion of Options or settlement of convertible securities; (iii) each natural person who Transferred shares of or equity awards for Class B Common Stock (including any Options or convertible into or any convertible securities that can be settled in shares of Class B Common Stock) to a Permitted Entity that is or becomes a Qualified Stockholder; or (iv) a Permitted Transferee.

(v) **“Recapitalization”** shall mean, as to any series or class of stock, any stock dividend, stock split, combination of shares, or similar recapitalization with respect to such series or class of stock that is effected after the Original Issue Date.

(w) **“Rights”** shall mean any option, warrant, conversion right or contractual right of any kind to acquire shares of the Corporation’s authorized but unissued capital stock.

(x) **“Transfer”** shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control (as defined below) over such share by proxy or otherwise; provided, however, that the following shall not be considered a “Transfer”:

(i) the granting of a revocable proxy to officers or directors of the Corporation with the approval and at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders;

(ii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of this Corporation, (B) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(iii) in connection with a Liquidation Event that has been approved by the Board, the entering into a support, voting, tender or similar agreement or arrangement (in each case, with or without the grant of a proxy) that has also been approved by the Board; or

(iv) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a “Transfer” unless such foreclosure or similar action qualifies as a “Permitted Transfer”;

provided, however, that a **“Transfer”** shall be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (y) an entity that is a Permitted Entity, if there occurs any act or circumstance that causes such entity to no longer be a Permitted Entity or (z) an entity that is a Qualified Stockholder, if there occurs a Transfer on a cumulative basis, from and after the Effective Time, of a majority of the voting power of the voting securities of such entity or any direct or indirect Parent of such entity, other than a Transfer to parties that are, as of the Effective Time, holders of voting securities of any such entity or Parent of such entity. **“Parent”** of an entity shall mean any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

(y) “**Voting Control**” shall mean, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

2. Dividends.

(a) **Preferred Stock.** In any calendar year, the holders of each series of outstanding shares of Preferred Stock shall be entitled to receive dividends, when, as and if declared by the Board, out of any assets at the time legally available therefor, at the Dividend Rate specified for such shares of Preferred Stock payable in preference and priority to any declaration or payment of any Distribution on Class A Common Stock or Class B Common Stock of the Corporation in such calendar year. No Distributions shall be made with respect to the Class A Common Stock or Class B Common Stock unless dividends on the Preferred Stock have been declared in accordance with the preferences stated herein and all declared dividends on the Preferred Stock have been paid or set aside for payment to the Preferred Stock holders. The right to receive dividends on shares of Preferred Stock shall not be cumulative, and no right to dividends shall accrue to holders of Preferred Stock by reason of the fact that dividends on said shares are not declared or paid. Payment of any dividends to the holders of Preferred Stock shall be on a *pro rata, pari passu* basis in proportion to the Dividend Rates for each series of Preferred Stock.

(b) **Participation Rights.** If, after dividends in the full preferential amounts specified in Section 2(a) for the Preferred Stock have been paid or declared and set apart in any calendar year of the Corporation, the Board shall declare additional dividends out of funds legally available therefor in that calendar year, then such additional dividends shall be declared pro rata on the Class A Common Stock, Class B Common Stock and the Preferred Stock according to the number of shares of Class A Common Stock and Class B Common Stock held by such holders, with the shares of each series of Preferred Stock being treated for this purpose as if they had been converted to shares of Class B Common Stock at the then applicable Conversion Rate.

(c) **Non-Cash Distributions.** Whenever a Distribution provided for in this Section 2 shall be payable in property other than cash, the value of such Distribution shall be deemed to be the fair market value of such property as determined in good faith by the Board, including the approval of a majority of the Series B, C, D Directors (as defined below).

(d) **Consent to Certain Distributions.** In accordance with Section 500 of the California Corporations Code, a distribution can be made without regard to any preferential dividends arrears amount (as defined in Section 500 of the California Corporations Code) or any preferential rights amount (as defined in Section 500 of the California Corporations Code) in connection with (i) repurchases of Class A Common Stock or Class B Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries upon termination of their employment or services pursuant to agreements providing for the right of said repurchase, (ii) repurchases of Class A Common Stock or Class B Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries pursuant to rights of first refusal contained in agreements providing for such right that are approved by the Board (including the approval of a majority of the Series B, C, D Directors), or (iii) repurchases of Class A Common Stock, Class B Common Stock or Preferred Stock in connection with the settlement of disputes with any stockholder that are approved by the Board (including the approval of a majority of the Series B, C, D Directors).

(e) **Waiver of Dividends.** Any dividend preference of any series of Preferred Stock may be waived, in whole or in part, by the consent or vote of the holders of the majority of the outstanding shares of such series.

3. Liquidation Rights.

(a) Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, including any Liquidation Event (as defined below), (i) the holders of shares of the Series B Preferred Stock, the holders of shares of the Series C Preferred Stock and the holders of shares of the Series D Preferred Stock shall be entitled to receive, prior and in preference to any Distribution of any of the assets of the Corporation to the holders of the Series A Preferred Stock or the holders of Class A Common Stock or Class B Common Stock, an amount for each share of the Preferred Stock held by them equal to the greater of (x) the Liquidation Preference for the shares of such series of Preferred Stock (as adjusted for any applicable Recapitalization) plus all declared but unpaid dividends (if any) on such share of Preferred Stock, or (y) such amount per share as would have been payable had all shares of such series of Preferred Stock been converted into Class B Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution or winding up; and (ii) in the event that the assets legally available for distribution are insufficient to pay the holders of shares of the Series B Preferred Stock, the holders of shares of the Series C Preferred Stock and the holders of shares of the Series D Preferred Stock the amount to which they shall be entitled under this Subsection 3(a)(i) in full, then the full amount legally available for distribution to the holders of shares of the Series B Preferred Stock, the holders of shares of the Series C Preferred Stock and the holders of shares of the Series D Preferred Stock shall be distributed among them on a pro rata basis according to the respective amounts which would otherwise be payable upon such distribution if all amounts payable with respect to such shares were paid in full.

(ii) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, including any Liquidation Event (as defined below), (i) the holders of the Series A Preferred Stock shall be entitled to receive, out of the remaining assets of the Corporation legally available after the holders of the Series B Preferred Stock, the holders of the Series C Preferred Stock and the holders of the Series D Preferred Stock have been paid or set aside pursuant to Section 3(a)(i), an amount for each share of the Series A Preferred Stock held by them equal to the greater of (x) the Liquidation Preference for the shares of the Series A Preferred Stock (as adjusted for any applicable Recapitalization) plus all declared but unpaid dividends (if any) on such shares of the Series A Preferred Stock, or (y) such amount per share as would have been payable had all shares of the Series A Preferred Stock been converted into Class B Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution or winding up; and (ii) in the event that the assets legally available for distribution are insufficient to pay the holders of shares of the Series A Preferred Stock the amount to which they shall be entitled under this Subsection 3(a)(ii) in full in full, then the full amount legally available for distribution to the holders of the Series A Preferred Stock shall be distributed among them on a pro rata basis according to the numbers of shares of Series A Preferred Stock held by them.

(b) **Remaining Assets.** After the payment to the holders of Preferred Stock of the full preferential amounts specified above, the entire remaining assets of the Corporation legally available for distribution by the Corporation shall be distributed with equal priority and *pro rata* among the holders of the Preferred Stock, the holders of the Class A Common Stock and the holders of Class B Common Stock in proportion to the number of shares of Class A Common Stock or Class B Common Stock held by them, with the shares of each series of Preferred Stock being treated for this purpose as if they have been converted to shares of Class B Common Stock at the then applicable Conversion Rate.

(c) **Shares not Treated as Preferred Stock, Class A Common Stock and Class B Common Stock in any Distribution.** Shares of Preferred Stock shall not be entitled to be converted into shares of Class A Common Stock or Class B Common Stock in order to participate in any Distribution, or series of Distributions, as shares of Class A Common Stock or Class B Common Stock, without first foregoing participation in the Distribution, or series of Distributions, as shares of Preferred Stock.

(d) **Reorganization.** For purposes of this Section 3, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include, (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions to which the Corporation is party (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) other than a transaction or series of related transactions in which the holders of the voting securities of the Corporation outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, as a result of shares in the Corporation held by such holders immediately prior to such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Corporation or such other surviving or resulting entity (or if the Corporation or such other surviving or resulting entity is a wholly-owned subsidiary immediately following such acquisition, its parent); (ii) a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole by means of any transaction or series of related transactions, except where such sale, lease, exclusive license or other disposition is to a wholly-owned subsidiary of the Corporation; or (iii) any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (any transaction or series of related transactions referenced in Sections 3(d)(i) or (ii), each a "**Liquidation Event**"). The treatment of any transaction or series of related transactions as a Liquidation Event may be waived by the consent or vote of a majority of the outstanding shares of each series of Preferred Stock, each voting as a separate class.

(e) **Valuation of Non-Cash Consideration.** If any assets of the Corporation distributed to stockholders in connection with any liquidation, dissolution, or winding up of the Corporation are other than cash, then the value of such assets shall be their fair market value as determined in good faith by the Board, *except that* any publicly-traded securities to be distributed to stockholders in a liquidation, dissolution, or winding up of the Corporation shall be valued as follows:

(i) if the securities are then traded on a national securities exchange, then the value of the securities shall be deemed to be the average of the closing prices of the securities on such exchange over the ten (10) trading day period ending five (5) trading days prior to the Distribution;

(ii) if the securities are actively traded over-the-counter, then the value of the securities shall be deemed to be the average of the closing bid prices of the securities over the ten (10) trading day period ending five (5) trading days prior to the Distribution.

In the event of a merger or other acquisition of the Corporation by another entity, the Distribution date shall be deemed to be the date such transaction closes.

For the purposes of this Subsection 3(e), "**trading day**" shall mean any day which the exchange or system on which the securities to be distributed are traded is open and "**closing prices**" or "**closing bid prices**" shall be deemed to be: (i) for securities traded primarily on the New York Stock Exchange, the American Stock Exchange or a Nasdaq market, the last reported trade price or sale price, as the case may be, at 4:00 p.m., New York time, on that day and (ii) for securities listed or traded on other exchanges, markets and systems, the market price as of the end of the regular hours trading period that is generally accepted as such for such exchange, market or system. If, after the date hereof, the benchmark times generally accepted in the securities industry for determining the market price of a stock as of a given trading day shall change from those set forth above, the fair market value shall be determined as of such other generally accepted benchmark times.

Notwithstanding the foregoing, the foregoing methods for valuing non-cash consideration to be distributed in connection with a Liquidation Event shall, with the appropriate approval of the definitive agreements governing such transaction or series of related transactions by the stockholders under the General Corporation Law and Section 7 below, be superseded by the determination of such value set forth in the definitive agreements governing such transaction or series of related transactions.

4. **Conversion.** The holders of the Preferred Stock and Class B Common Stock shall have conversion rights as follows:

(a) **Right to Convert.** Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for the Preferred Stock, into that number of fully-paid, nonassessable shares of Class B Common Stock (or Class A Common Stock, from and after any automatic conversion of all outstanding shares of Class B Common Stock into Class A Common Stock pursuant to Section 4(m) below) determined by dividing the applicable Original Issue Price for the relevant series by the applicable Conversion Price for such series. (The number of shares of Class B Common Stock (or Class A Common Stock, as applicable) into which each share of Preferred Stock of a series may be converted is hereinafter referred to as the “**Conversion Rate**” for each such series.) Upon any decrease or increase in the Conversion Price for any series of Preferred Stock, as described in this Section 4, the Conversion Rate for such series shall be appropriately increased or decreased.

(b) **Automatic Conversion.** Each share of Preferred Stock shall automatically be converted into fully-paid, non-assessable shares of Class B Common Stock (or Class A Common Stock, from and after any automatic conversion of all outstanding shares of Class B Common Stock into Class A Common Stock pursuant to Section 4(m) below) at the then effective Conversion Rate for such share (i) immediately prior to the closing of a Qualified IPO; or (ii) upon the receipt by the Corporation of a written request for such conversion from the holders of each of (a) a majority of the Series A Preferred Stock then outstanding, (b) a majority of the Series B Preferred Stock then outstanding, (c) a majority of the Series C Preferred Stock then outstanding, and (d) a majority of the Series D Preferred Stock then outstanding or, if later, the effective date for conversion specified in such request (each of the events referred to in (i) and (ii) are referred to herein as an “**Automatic Conversion Event**”).

(c) **Mechanics of Conversion.** No fractional shares of Class B Common Stock (or Class A Common Stock, as applicable) shall be issued upon conversion of Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then fair market value of a share of Class B Common Stock (or Class A Common Stock, as applicable) as determined by the Board. For such purpose, all shares of Preferred Stock held by each holder of Preferred Stock shall be aggregated, and any resulting fractional share of Class B Common Stock (or Class A Common Stock, as applicable) shall be paid in cash. Before any holder of Preferred Stock shall be entitled to convert the same into full shares of Class B Common Stock (or Class A Common Stock, as applicable), and, in the case of shares represented by a certificate, to receive certificates therefor, the holder shall either (A) surrender the certificate or certificates therefor (if such shares are certificated), duly endorsed, at the office of the Corporation or of any transfer agent for the Preferred Stock or (B) notify the Corporation or its transfer agent that such certificates (if such shares are certificated) have been lost, stolen or destroyed and execute an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates, and shall give written notice to the Corporation at such office that the holder elects to convert the same; *provided, however*, that on the date of an Automatic Conversion Event, the outstanding shares of Preferred Stock shall be converted

automatically without any further action by the holders of such shares and whether or not the certificates representing such shares (if such shares are certificated) are surrendered to the Corporation or its transfer agent; *provided further*, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Class B Common Stock (or Class A Common Stock, as applicable) issuable upon such Automatic Conversion Event in the case of uncertificated shares or, in the case of certificated shares, unless either the certificates evidencing such shares of Preferred Stock are delivered to the Corporation or its transfer agent as provided above, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. On the date of the occurrence of an Automatic Conversion Event, each holder of record of shares of Preferred Stock shall be deemed to be the holder of record of the Class B Common Stock (or Class A Common Stock, as applicable) issuable upon such conversion, notwithstanding that the certificates representing such shares of Preferred Stock (if such shares are certificated) shall not have been surrendered at the office of the Corporation, that notice from the Corporation shall not have been received by any holder of record of shares of Preferred Stock, or that the certificates evidencing such shares of Class B Common Stock (or Class A Common Stock, as applicable) (if such shares are certificated) shall not then be actually delivered to such holder.

The Corporation shall, as soon as practicable after such delivery, or after such agreement and indemnification, in the case of certificated shares, issue and deliver at such office to such holder of Preferred Stock, a certificate or certificates for the number of shares of Class B Common Stock (or Class A Common Stock, as applicable) to which the holder shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Class B Common Stock (or Class A Common Stock, as applicable), plus any declared and unpaid dividends on the converted Preferred Stock. The Corporation shall, as soon as practicable after such delivery, or after such agreement and indemnification, in the case of uncertificated shares, register in book entry form the number of shares of Class B Common Stock (or Class A Common Stock, as applicable) to which the holder shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Class B Common Stock (or Class A Common Stock, as applicable), plus any declared and unpaid dividends on the converted Preferred Stock. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Class B Common Stock (or Class A Common Stock, as applicable) issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class B Common Stock (or Class A Common Stock, as applicable) on such date; *provided, however*, that if the conversion is in connection with an underwritten offer of securities registered pursuant to the Securities Act or a merger, sale, financing, or liquidation of the Corporation or other event, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing of such transaction or upon the occurrence of such event, in which case the person(s) entitled to receive the Class B Common Stock (or Class A Common Stock, as applicable) issuable upon such conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such transaction or the occurrence of such event.

(d) ***Adjustments to Conversion Price for Diluting Issues.***

(i) ***Special Definition.*** For purposes of this paragraph 4(d), “***Additional Shares of Common***” shall mean all shares of Class A Common Stock or Class B Common Stock issued (or, pursuant to paragraph 4(d)(iii), deemed to be issued) by the Corporation after the Original Issue Date, other than issuances or deemed issuances of:

(1) shares of Class A Common Stock or Class B Common Stock upon the conversion of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, or Series D Preferred Stock;

(2) shares of Class A Common Stock or Class B Common Stock and Options, or other rights to purchase Class A Common Stock or Class B Common Stock issued or issuable to employees, officers or directors of or consultants or advisors to the Corporation or any subsidiary pursuant to stock grants, restricted stock purchase agreements, option plans, purchase plans, incentive programs or similar arrangements approved by the Board, including the approval of a majority of the Series B, C, D Directors;

(3) shares of Class A Common Stock or Class B Common Stock upon the exercise or conversion of Options or Convertible Securities outstanding as of the Original Issue Date;

(4) shares of Class A Common Stock or Class B Common Stock issuable or issued as a dividend or distribution on Preferred Stock or pursuant to any event for which adjustment is made pursuant to paragraph 4(e), 4(f) or 4(g) hereof;

(5) shares of Class A Common Stock or Class B Common Stock issuable or issued in a registered public offering under the Securities Act pursuant to which all shares of Preferred Stock have converted into Class A Common Stock or Class B Common Stock;

(6) shares of Class A Common Stock or Class B Common Stock issuable or issued pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, *provided*, that such issuances are approved by the Board, including the approval of a majority of the Series B, C, D Directors;

(7) shares of Class A Common Stock or Class B Common Stock issuable or issued to banks, equipment lessors, real property lessors, financial institutions or other persons engaged in the business of making loans pursuant to a debt financing, commercial leasing or real property leasing transaction approved by the Board, including the approval of a majority of the Series B, C, D Directors;

(8) shares of Class A Common Stock or Class B Common Stock issuable or issued in connection with any settlement of any action, suit, proceeding or litigation approved by the Board, including the approval of a majority of the Series B, C, D Directors;

(9) shares of Class A Common Stock or Class B Common Stock issuable or issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board, including the approval of a majority of the Series B, C, D Directors; and

(10) shares of Class A Common Stock or Class B Common Stock or Preferred Stock issuable or issued with the affirmative vote from the holders of a majority of each series of Preferred Stock, each voting as a separate class.

(ii) **No Adjustment of Conversion Price.** No adjustment in the Conversion Price of a particular series of Preferred Stock shall be made in respect of the issuance of Additional Shares of Common unless the consideration per share (as determined pursuant to paragraph 4(d)(v)) for an Additional Share of Common issued or deemed to be issued by the Corporation is less than the Conversion Price in effect on the date of and immediately prior to such issue, for such series of Preferred Stock.

(iii) **Deemed Issue of Additional Shares of Common.** In the event the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Class A Common Stock or Class B Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities, the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options and the conversion or exchange of the underlying securities, shall be deemed to have been issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, *provided* that in any such case in which shares are deemed to be issued:

(1) no further adjustment in the Conversion Price of any series of Preferred Stock shall be made upon the subsequent issue of Convertible Securities or shares of Class A Common Stock or Class B Common Stock in connection with the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Corporation or in the number of shares of Class A Common Stock or Class B Common Stock issuable upon the exercise, conversion or exchange thereof (other than a change pursuant to the anti-dilution provisions of such Options or Convertible Securities such as this Section 4(d) or pursuant to Recapitalization provisions of such Options or Convertible Securities such as Sections 4(e), 4(f) and 4(g) hereof), the Conversion Price of each series of Preferred Stock and any subsequent adjustments based thereon shall be recomputed to reflect such change as if such change had been in effect as of the original issue thereof (or upon the occurrence of the record date with respect thereto);

(3) no readjustment pursuant to clause (2) above shall have the effect of increasing the Conversion Price of a series of Preferred Stock to an amount above the Conversion Price that would have resulted from any other issuances of Additional Shares of Common and any other adjustments provided for herein between the original adjustment date and such readjustment date;

(4) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Conversion Price of each series of Preferred Stock computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:

(A) in the case of Convertible Securities or Options for Class A Common Stock or Class B Common Stock, the only Additional Shares of Common issued were the shares of Class A Common Stock or Class B Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Corporation for the issue of such exercised Options plus the consideration actually received by the Corporation upon such exercise or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Corporation upon such conversion or exchange, and

(B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Corporation for the Additional Shares of Common deemed to have been then issued was the consideration actually received by the Corporation for the issue

of such exercised Options, plus the consideration deemed to have been received by the Corporation (determined pursuant to Section 4(d)(v)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised; and

(5) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter the Conversion Price shall be adjusted pursuant to this paragraph 4(d)(iii) as of the actual date of their issuance.

(iv) **Adjustment of Conversion Price Upon Issuance of Additional Shares of Common.** In the event the Corporation shall issue Additional Shares of Common (including Additional Shares of Common deemed to be issued pursuant to paragraph 4(d)(iii)) without consideration or for a consideration per share less than the applicable Conversion Price of a series of Preferred Stock in effect on the date of and immediately prior to such issue, then, the Conversion Price of the affected series of Preferred Stock shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Class A Common Stock or Class B Common Stock outstanding immediately prior to such issue plus the number of shares which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common so issued would purchase at such Conversion Price, and the denominator of which shall be the number of shares of Class A Common Stock or Class B Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common so issued. Notwithstanding the foregoing, the Conversion Price shall not be reduced at such time if the amount of such reduction would be less than \$0.001, but any such amount shall be carried forward, and a reduction will be made with respect to such amount at the time of, and together with, any subsequent reduction which, together with such amount and any other amounts so carried forward, equal \$0.001 or more in the aggregate. For the purposes of this Subsection 4(d)(iv), all shares of Class A Common Stock or Class B Common Stock issuable upon conversion of all outstanding shares of Preferred Stock and the exercise and/or conversion of any other outstanding Convertible Securities and all outstanding Options shall be deemed to be outstanding.

(v) **Determination of Consideration.** For purposes of this Subsection 4(d), the consideration received by the Corporation for the issue (or deemed issue) of any Additional Shares of Common shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with such issuance;

(B) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board, including a majority of the Preferred Directors; and

(C) in the event Additional Shares of Common are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (a) and (b) above, as reasonably determined in good faith by the Board.

(2) **Options and Convertible Securities.** The consideration per share received by the Corporation for Additional Shares of Common deemed to have been issued pursuant to paragraph 4(d)(iii) shall be determined by dividing:

(x) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(y) the maximum number of shares of Class A Common Stock or Class B Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(e) **Adjustments for Subdivisions or Combinations of Class A Common Stock or Class B Common Stock.** In the event the outstanding shares of Class A Common Stock or Class B Common Stock shall be subdivided (by stock split, by payment of a stock dividend or otherwise), into a greater number of shares of Class A Common Stock or Class B Common Stock, the Conversion Price of each series of Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Class A Common Stock or Class B Common Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Class A Common Stock or Class B Common Stock, the Conversion Prices in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(f) **Adjustments for Subdivisions or Combinations of Preferred Stock.** In the event the outstanding shares of Preferred Stock or a series of Preferred Stock shall be subdivided (by stock split, by payment of a stock dividend or otherwise), into a greater number of shares of Preferred Stock, the Dividend Rate, Original Issue Price and Liquidation Preference of the affected series of Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Preferred Stock or a series of Preferred Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Preferred Stock, the Dividend Rate, Original Issue Price and Liquidation Preference of the affected series of Preferred Stock in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(g) **Adjustments for Reclassification, Exchange and Substitution.** Subject to Section 3 (“**Liquidation Rights**”), if the Class B Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), then, in any such event, in lieu of the number of shares of Class B Common Stock which the holders would otherwise have been entitled to receive each holder of such Preferred Stock shall have the right thereafter to convert such shares of Preferred Stock into a number of shares of such other class or classes of stock which a holder of the number of shares of Class B Common Stock deliverable upon conversion of such series of Preferred Stock immediately before that change would have been entitled to receive in such reorganization or reclassification, all subject to further adjustment as provided herein with respect to such other shares.

(h) **Certificate as to Adjustments.** Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Class B Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of Preferred Stock.

(i) **Waiver of Adjustment of Conversion Price.** Notwithstanding anything herein to the contrary, any downward adjustment of the Conversion Price of any series of Preferred Stock may be waived by the consent or vote of the holders of the majority of the outstanding shares of such series either before or after the issuance causing the adjustment. Any such waiver shall bind all future holders of shares of such series of Preferred Stock.

(j) **Notices of Record Date.** In the event that the Corporation shall propose at any time:

(i) to declare any Distribution upon its Class A Common Stock or Class B Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(ii) to effect any reclassification or recapitalization of its Class A Common Stock or Class B Common Stock outstanding involving a change in the Class A Common Stock or Class B Common Stock; or

(iii) to voluntarily liquidate or dissolve or to enter into any transaction deemed to be a liquidation, dissolution or winding up of the corporation pursuant to Section 3(d);

then, in connection with each such event, the Corporation shall send to the holders of the Preferred Stock at least 10 days' prior written notice of the date on which a record shall be taken for such Distribution (and specifying the date on which the holders of Class A Common Stock or Class B Common Stock shall be entitled thereto and, if applicable, the amount and character of such Distribution) or for determining rights to vote in respect of the matters referred to in (ii) and (iii) above.

Such written notice shall be given by first class mail (or express courier), postage prepaid, addressed to the holders of Preferred Stock at the address for each such holder as shown on the books of the Corporation and shall be deemed given on the date such notice is mailed.

The notice provisions set forth in this section may be shortened or waived prospectively or retrospectively by the consent or vote of the holders of a majority of the Preferred Stock, voting as a single class and on an as-converted basis.

(k) **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock or Class B Common Stock solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Class A Common Stock or Class B Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock or Class B Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock,

the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock or Class B Common Stock to such number of shares as shall be sufficient for such purpose.

(l) ***Certificate as to Adjustments.*** Upon the occurrence of each adjustment or readjustment of the Conversion Price of any series of Preferred Stock pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than thirty (30) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of the affected series of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which such series of Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than thirty (30) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the applicable Conversion Price for the affected series then in effect, and (ii) the number of shares of Class A Common Stock or Class B Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of the applicable series of Preferred Stock.

(m) ***Conversion of Class B Common Stock into Class A Common Stock.***

(i) ***Voluntary Conversion.*** Each share of Class B Common Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into one (1) fully paid and nonassessable share of Class A Common Stock. Before any holder of Class B Common Stock shall be entitled to voluntarily convert the same into shares of Class A Common Stock, the holder shall surrender the certificate or certificates therefor (if such shares are certificated), duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names (i) in which the certificate or certificates for shares of Class A Common Stock are to be issued if such shares are certificated or (ii) in which such shares are to be registered in book entry form if such shares are uncertificated. The Corporation shall, as soon as practicable thereafter, if such shares are uncertificated, register such shares in book entry form, or, in the case of certificated shares, issue and deliver at such office to such holder of Class B Common Stock, a certificate or certificates for the number of shares of Class A Common Stock to which the holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Class B Common Stock to be converted following or contemporaneously with the written notice of such holder's election to convert required by this Subsection 3(m)(i), and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion may, at the option of any holder tendering Class B Common Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Class A Common Stock upon conversion of the Class B Common Stock shall not be deemed to have converted such Class B Common Stock until immediately prior to the closing of such sale of securities. Each share of Class B Common Stock that is converted pursuant to this Subsection 3(m)(i) shall be retired by the Corporation and shall not be available for reissuance.

(ii) **Mandatory Conversion.**

(1) Upon the occurrence of a Transfer, other than a Permitted Transfer, of a share of Class B Common Stock, such share shall automatically, without further action, be converted into one (1) fully paid and nonassessable share of Class A Common Stock.

(2) Upon the death of a holder of Class B Common Stock, who is a natural person (other than Founder), each share of Class B Common Stock held by such holder or by such holder's Permitted Transferees shall automatically, without further action, be converted into one (1) fully paid and nonassessable share of Class A Common Stock.

(iii) **Automatic Conversion of all Outstanding Class B Common Stock.** Each share of Class B Common Stock shall automatically, without further action, be converted into one (1) fully paid and nonassessable share of Class A Common Stock upon the earliest of:

(1) the date that is six months following the death or Incapacity of the Founder;

(2) the date that Founder is no longer providing services to the Corporation as an officer, employee, director or consultant or his employment with the Corporation is terminated for Cause;

(3) the date specified by (i) the holders of a majority of the then outstanding shares of Preferred Stock, voting together on an as-converted basis, and (ii) the holders of a majority of the then outstanding shares of Class B Common Stock, voting as a separate class; and

(4) the date that is the fifteen (15) year anniversary of the closing of the Corporation's first firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act (or a registration statement under similar securities laws of any foreign jurisdiction, to the extent applicable) in connection with an offering of securities on the New York Stock Exchange, NASDAQ Global Market, or other nationally or internationally-recognized securities exchange as approved by the Board.

Each outstanding stock certificate or uncertificated share registered in book-entry form, as applicable, that, immediately prior to such automatic conversion pursuant to Subsections 3(m)(ii)-(iii) represented one or more shares of Class B Common Stock subject to such automatic conversion shall, upon and after such automatic conversion, be deemed to represent an equal number of shares of Class A Common Stock, without the need for surrender or exchange thereof. The Corporation shall, upon the request of each such holder of certificated shares subject to such automatic conversion, upon receipt of such holder's outstanding certificate, issue and deliver to such holder new certificates representing such holder's shares of Class A Common Stock. If the conversion is in connection with the automatic conversion provisions of these Subsections, such conversion shall be deemed to have been made on the date of the occurrence of events or actions pursuant to Subsections 3(m)(ii)-(iii) above that results in such conversion, and the persons entitled to receive shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holders of such shares of Class A Common Stock as of such date. Each share of Class B Common Stock that is converted pursuant to Subsections 3(m)(ii)-(iii) shall be retired by the Corporation and shall not be available for reissuance. In the event that all of the Corporation's outstanding shares of Class B Common Stock are converted pursuant to Subsection 3(m)(iii), no shares of Class B Common Stock shall be issued by the Corporation thereafter.

(iv) The Corporation may, from time to time, establish such policies and procedures, not in violation of applicable law or the other provisions of this Sixth Amended and Restated Certificate, relating to the conversion of the Class B Common Stock into Class A Common Stock and the dual class common stock structure contemplated by this Sixth Amended and Restated Certificate of Incorporation, including without limitation the issuance of stock certificates in connection with any such conversion, as it may deem necessary or advisable. If the Corporation has reason to believe that a Transfer giving rise to a conversion of shares of Class B Common Stock into Class A Common Stock has occurred but has not theretofore been reflected on the books of the Corporation, the Corporation may request that the holder of such shares furnish affidavits or other evidence to the Corporation as it reasonably deems necessary to determine whether a conversion of shares of Class B Common Stock to Class A Common Stock has occurred, and if such holder does not within ten (10) days after the date of such request furnish sufficient evidence to the Corporation (in the manner provided in the request) to enable the Corporation to determine that no such conversion has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock and the same shall thereupon be registered on the books and records of the Corporation. In connection with any action of stockholders taken at a meeting or by written consent, the stock ledger of the Corporation shall be presumptive evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders or in connection with any written consent and the classes of shares held by each such stockholder and the number of shares of each class held by such stockholder.

5. **Voting.**

(a) **Restricted Class Voting.** Except as otherwise expressly provided herein or as required by law, the holders of Preferred Stock and the holders of Class A Common Stock and Class B Common Stock shall vote together and not as separate classes.

(b) **No Series Voting.** Other than as provided herein or required by law, there shall be no series voting.

(c) **Preferred Stock.** Each holder of a share of Preferred Stock shall be entitled to cast a number of votes equal to the votes entitled to be cast by the number of whole shares of Class B Common Stock into which the shares of Preferred Stock are convertible as of the record date (e.g., as of the Effective Time, a holder of two (2) shares of Series D Preferred Stock as of the Effective Time would have the right to an aggregate of twenty (20) votes for the two (2) shares of Series D Preferred Stock held by such holder). The holders of shares of the Preferred Stock shall be entitled to vote on all matters on which the Class B Common Stock shall be entitled to vote. Holders of Preferred Stock shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted), shall be disregarded.

(d) **Election of Directors.**

(i) So long as at least 33,535,616 shares (as adjusted for any applicable Recapitalizations) of the Series A Preferred Stock remain outstanding, the holders of a majority of the Series A Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Corporation's Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors (the "**Series A Director**").

(ii) So long as at least 9,945,444 shares (as adjusted for any applicable Recapitalizations) of the Series B Preferred Stock remain outstanding, the holders of a majority of the Series

B Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Corporation's Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors (the "**Series B Director**").

(iii) So long as at least 13,760,000 shares (as adjusted for any applicable Recapitalizations) of the Series C Preferred Stock remain outstanding, the holders of a majority of the Series C Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Corporation's Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors (the "**Series C Director**").

(iv) So long as at least 10,702,256 shares (as adjusted for any applicable Recapitalizations) of the Series D Preferred Stock remain outstanding, the holders of a majority of the Series D Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Corporation's Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors (the "**Series D Director**" and together with the Series A Director, Series B Director, and Series C Director, the "**Preferred Directors**"). The Series B Director, the Series C Director and the Series D Director are collectively referred to herein as the "**Series B, C, D Directors**".

(v) The holders of Class B Common Stock, voting as a separate class, shall be entitled to elect two (2) members of the Corporation's Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors.

(vi) All other members of the Board shall be elected by the holders of Preferred Stock and Class B Common Stock, voting together on an as-converted basis.

(vii) Quorum; Required Vote.

(1) Quorum. At any meeting held for the purpose of electing directors, the presence in person or by proxy of the holders of a majority of the shares of the (a) Series A Preferred Stock, (b) Series B Preferred Stock, (c) Series C Preferred Stock, (d) Series D Preferred Stock, (e) Class B Common Stock, or (f) the Class B Common Stock and Preferred Stock (voting together as a single class and on an as-converted to basis), respectively, shall constitute a quorum of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Class B Common Stock, or the Class B Common Stock and Preferred Stock, voting together, as the case may be, for the election of directors to be elected solely by the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and Class B Common Stock, or Class B Common Stock and Preferred Stock, voting together as a single class and on an as-converted basis, respectively.

(2) Required Vote. With respect to the election of any director or directors by the holders of the outstanding shares of the specified series, class or classes of stock given the right to elect such director or directors pursuant to Sections 5(d)(i)-(vi) above (the "**Specified Stock**"), that candidate or those candidates (as applicable) shall be elected who either: (a) in the case of any such vote conducted at a meeting of the holders of such Specified Stock, receive the highest number of affirmative votes of the outstanding shares of such Specified Stock, up to the number of directors to be elected by such Specified Stock; or (b) in the case of any such vote taken by written consent without a meeting, are elected by the written consent of the holders of a majority of outstanding shares of such Specified Stock (calculated on an as converted basis).

(viii) Vacancy. If there shall be any vacancy in the office of a director elected by the holders of any Specified Stock pursuant to Section 5(d), then a successor to hold office for the unexpired term of such director may be elected by the required vote of holders of the shares of such Specified Stock specified in Section 5(d)(vii)(2) above that are entitled to elect such director under Section 5(d), or as otherwise permitted by applicable law.

(ix) **Removal.** Subject to Section 141(k) of the Delaware General Corporation Law, any director who shall have been elected to the Board by the holders of any Specified Stock pursuant to Section 5(d), or as otherwise provided in Section 5(d)(vi), may be removed during his or her term of office, either with or without cause, by, and only by, the affirmative vote of shares representing a majority of the voting power of all the outstanding shares of such Specified Stock entitled to vote to elect such director under Section 5(d)(vii)(2), given either at a meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders without a meeting, or as otherwise permitted by applicable law, and any vacancy created by such removal may be filled only in the manner provided in Section 5(d)(vii)(2).

(x) **Procedures.** Any meeting of the holders of any Specified Stock, and any action taken by the holders of any Specified Stock by written consent without a meeting, in order to elect or remove a director under this Section 5(d), shall be held in accordance with the procedures and provisions of the Corporation's Bylaws, the Delaware General Corporation Law and applicable law regarding stockholder meetings and stockholder actions by written consent, as such are then in effect (including but not limited to procedures and provisions for determining the record date for shares entitled to vote).

(e) **Adjustment in Authorized Class A Common Stock and Class B Common Stock.** The number of authorized shares of Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares of Class A Common Stock and Class B Common Stock then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) an affirmative vote of the holders of a majority of the stock of the Corporation, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

(f) **Future Issuances of Class B Common Stock.** Except for the issuance of Class B Common Stock issuable upon exercise of Rights outstanding at the Effective Time or the conversion of Preferred Stock into Class B Common Stock, the Corporation shall not at any time after the Effective Time issue any additional shares of Class B Common Stock unless such issuance is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock.

(g) **Equal Treatment in a Liquidation Event or any Merger Transaction.** In connection with any Liquidation Event, shares of Class A Common Stock and Class B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any consideration into which such shares are converted or any consideration paid or otherwise distributed to stockholders of the Corporation, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and by the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a class. Any merger or consolidation of the Corporation with or into any other entity, which is not a Liquidation Event, shall require approval by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and by the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a class, unless (i) the shares of Class A Common Stock and Class B Common Stock remain outstanding and no other consideration is received in respect thereof or (ii) such shares are converted on a pro rata basis into shares of the surviving or parent entity in such transaction having identical rights to the shares of Class A Common Stock and Class B Common Stock, respectively.

(h) **Class B Common Stock.** Each holder of shares of Class B Common Stock shall be entitled to ten (10) votes for each share thereof held.

(i) **Class A Common Stock.** Each holder of shares of Class A Common Stock shall be entitled to one (1) vote for each share thereof held.

6. **Identical Rights.** Except as otherwise expressly provided herein or required by applicable law, shares of Class A Common Stock and Class B Common Stock shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters.

7. **Amendments and Changes.**

(a) As long as at least 63,800,000 shares of the Preferred Stock remain outstanding (as adjusted for any applicable Recapitalizations), the Corporation shall not (whether by amendment, merger, consolidation, recapitalization or otherwise), without first obtaining the approval (by vote or written consent as provided by law) of the holders of a majority of the outstanding Preferred Stock (voting together on an as-converted basis):

(i) amend, alter or repeal any provision of the Certificate of Incorporation or bylaws of the Corporation (including pursuant to a merger) if such action would adversely alter the rights, preferences, privileges or powers of, or restrictions provided for the benefit of the Preferred Stock or any series thereof;

(ii) increase or decrease (other than for decreases resulting from conversion of the Preferred Stock) the authorized number of shares of Preferred Stock or any series thereof;

(iii) authorize or create (by reclassification, merger or otherwise) any class or series of equity security (including any security convertible into or exercisable for any such equity security) having rights, preferences or privileges with respect to dividends, conversion, redemption or payments upon liquidation senior to any series of Preferred Stock or having voting rights other than those granted to the Preferred Stock generally;

(iv) increase or decrease the authorized number of directors from nine (9);

(v) effect any liquidation, dissolution or winding up of the Corporation pursuant to Section 3(d) unless the aggregate proceeds from such transaction to be distributed to all stockholders is equal to at least \$1,000,000,000;

(vi) effect an initial public offering of shares of the Corporation's capital stock pursuant to a registration statement under the Securities Act (or comparable securities laws of other foreign jurisdictions) that is not a Qualified IPO;

(vii) enter into (or permit any of its subsidiaries to enter into) any agreement with Eric Yuan unless it is otherwise approved by a majority of the Preferred Directors;

(viii) authorize, declare, make or pay any Distribution;

(ix) increase the number of shares of Class A Common Stock, Class B Common Stock or other securities authorized for issuance to employees, consultants or directors pursuant to the Corporation's equity incentive plan, or create any new equity incentive plan;

(x) change the fundamental nature of the Corporation's business;

(xi) create, or hold capital stock in, any entity that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation; or

(xii) amend, change or repeal this Section 7(a).

Sub-paragraph (i) to (xii) listed above shall apply with respect to actions of any subsidiaries of the Corporation.

(b) As long 9,945,444 shares of the Series B Preferred Stock remain outstanding (as adjusted for any applicable Recapitalizations), the Corporation shall not (whether by amendment, merger, consolidation, recapitalization or otherwise), without first obtaining the approval (by vote or written consent as provided by law) of the holders of a majority of the outstanding Series B Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of the Sixth Amended and Restated Certificate of Incorporation or bylaws of the Corporation (including pursuant to a merger) if such action would alter or change the powers, preferences, or special rights of the Series B Preferred Stock so as to affect them adversely if shares of other series of Preferred Stock are not so affected in a similar or comparable manner (even if such similar or comparable adverse effect is not identical from series to series due to, by way of example, proportional differences in Conversion Prices and Liquidation Preferences); provided, that, for clarity, the amendment or restatement of the Certificate of Incorporation to authorize new or additional shares of Preferred Stock (including shares of a new series of Preferred Stock that are senior to or pari passu with the Series B Preferred Stock) shall not be deemed to be an action which would alter or change the powers, preferences, or special rights of the Series B Preferred Stock so as to affect them adversely;

(ii) increase or decrease the authorized number of shares of Series B Preferred Stock (other than decreases effected by virtue of the conversion into Class B Common Stock or repurchase of such shares of Series B Preferred Stock); or

(iii) amend, change or repeal this Section 7(b).

Sub-paragraph (i) to (iii) listed above shall apply with respect to actions of any subsidiaries of the Corporation.

(c) As long at least 6,880,000 shares of the Series C Preferred Stock remain outstanding (as adjusted for any applicable Recapitalizations), the Corporation shall not (whether by amendment, merger, consolidation, recapitalization or otherwise), without first obtaining the approval (by vote or written consent as provided by law) of the holders of a majority of the outstanding Series C Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of the Sixth Amended and Restated Certificate of Incorporation or bylaws of the Corporation (including pursuant to a merger) if such action would alter or change the powers, preferences, or special rights of the Series C Preferred Stock so as to affect them adversely if shares of other series of Preferred Stock are not so affected in a similar or comparable manner (even if such similar or comparable adverse effect is not identical from series to series due to, by way of example, proportional differences in Conversion Prices and Liquidation Preferences); provided, that, for clarity, the amendment or restatement of the Certificate of Incorporation to authorize new or additional shares of Preferred Stock (including shares of a new series of Preferred Stock that are

senior to or pari passu with the Series C Preferred Stock) shall not alone be deemed to be an action which would alter or change the powers, preferences, or special rights of the Series C Preferred Stock so as to affect them adversely;

(ii) increase or decrease the authorized number of shares of Series C Preferred Stock (other than decreases effected by virtue of the conversion into Class B Common Stock or repurchase of such shares of Series C Preferred Stock that is approved by the Board, including the approval of the Series C Director); or

(iii) amend, change or repeal this Section 7(c).

Sub-paragraphs (i) to (iii) listed above shall apply with respect to actions of any subsidiaries of the Corporation.

(d) As long as at least 5,351,128 shares of the Series D Preferred Stock remain outstanding (as adjusted for any applicable Recapitalizations), the Corporation shall not (whether by amendment, merger, consolidation, recapitalization or otherwise), without first obtaining the approval (by vote or written consent as provided by law) of the holders of a majority of the outstanding Series D Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of the Certificate of Incorporation or bylaws of the Corporation (including pursuant to a merger) if such action would alter or change the powers, preferences, or special rights of the Series D Preferred Stock so as to affect them adversely if shares of other series of Preferred Stock are not so affected in a similar or comparable manner (even if such similar or comparable adverse effect is not identical from series to series due to, by way of example, proportional differences in Conversion Prices and Liquidation Preferences); provided, that, for clarity, the amendment or restatement of the Certificate of Incorporation to authorize new or additional shares of Preferred Stock (including shares of a new series of Preferred Stock that are senior to or pari passu with the Series D Preferred Stock) shall not alone be deemed to be an action which would alter or change the powers, preferences, or special rights of the Series D Preferred Stock so as to affect them adversely;

(ii) increase or decrease the authorized number of shares of Series D Preferred Stock (other than decreases effected by virtue of the conversion into Class B Common Stock or repurchase of such shares of Series D Preferred Stock that is approved by the Board, including the approval of the Series D Director); or

(iii) amend, change or repeal this Section 7(d).

Sub-paragraphs (i) to (iii) listed above shall apply with respect to actions of any subsidiaries of the Corporation.

8. **Notices.** Any notice required by the provisions of this ARTICLE V to be given to the holders of Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of the Corporation.

9. **Redeemed or Otherwise Acquired Shares.** Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption.

ARTICLE VI

The Corporation is to have perpetual existence.

ARTICLE VII

Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VIII

Unless otherwise set forth herein, the number of directors that constitute the Board shall be fixed by, or in the manner provided in, the Bylaws of the Corporation.

ARTICLE IX

In furtherance and not in limitation of the powers conferred by statute, subject to the provisions included herein, the Board is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation.

ARTICLE X

1. To the fullest extent permitted by the Delaware General Corporation Law as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Neither any amendment nor repeal of this Section 1, nor the adoption of any provision of the Corporation's Certificate of Incorporation inconsistent with this Section 1, shall eliminate or reduce the effect of this Section 1, in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Section 1, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

2. The Corporation shall have the power to indemnify, to the extent permitted by the Delaware General Corporation Law, as it presently exists or may hereafter be amended from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. A right to indemnification or to advancement of expenses arising under a provision of this Certificate of Incorporation or a bylaw of the Corporation shall not be eliminated or impaired by an amendment to this Certificate of Incorporation or the Bylaws of the Corporation after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

ARTICLE XI

Meetings of stockholders may be held within or without the State of Delaware, as the Corporation's Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside of the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws of the Corporation.

ARTICLE XII

The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, an Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

BYLAWS OF
ZOOM VIDEO COMMUNICATIONS, INC.

Adopted April 21, 2011

TABLE OF CONTENTS

	<i>Page</i>
ARTICLE I - MEETINGS OF STOCKHOLDERS	1
1.1 Place of Meetings	1
1.2 Annual Meeting	1
1.3 Special Meeting	1
1.4 Notice of Stockholders' Meetings	1
1.5 Quorum	2
1.6 Adjourned Meeting; Notice	2
1.7 Conduct of Business	2
1.8 Voting	2
1.9 Stockholder Action by Written Consent Without a Meeting	3
1.10 Record Dates	4
1.11 Proxies	5
1.12 List of Stockholders Entitled to Vote	5
ARTICLE II - DIRECTORS	5
2.1 Powers	5
2.2 Number of Directors	5
2.3 Election, Qualification and Term of Office of Directors	5
2.4 Resignation and Vacancies	6
2.5 Place of Meetings; Meetings by Telephone	6
2.6 Conduct of Business	7
2.7 Regular Meetings	7
2.8 Special Meetings; Notice	7
2.9 Quorum; Voting	7
2.10 Board Action by Written Consent Without a Meeting	8
2.11 Fees and Compensation of Directors	8
2.12 Removal of Directors	8
ARTICLE III - COMMITTEES	8
3.1 Committees of Directors	8
3.2 Committee Minutes	8
3.3 Meetings and Actions of Committees	8
3.4 Subcommittees	9
ARTICLE IV - OFFICERS	9
4.1 Officers	9
4.2 Appointment of Officers	9
4.3 Subordinate Officers	9
4.4 Removal and Resignation of Officers	9
4.5 Vacancies in Offices	10
4.6 Representation of Shares of Other Corporations	10
4.7 Authority and Duties of Officers	10

TABLE OF CONTENTS
(Continued)

	<i>Page</i>
ARTICLE V — INDEMNIFICATION	10
5.1 Indemnification of Directors and Officers in Third Party Proceedings	10
5.2 Indemnification of Directors and Officers in Actions by or in the Right of the Company	10
5.3 Successful Defense	11
5.4 Indemnification of Others	11
5.5 Advanced Payment of Expenses	11
5.6 Limitation on Indemnification	12
5.7 Determination; Claim	12
5.8 Non-Exclusivity of Rights	12
5.9 Insurance	12
5.10 Survival	13
5.11 Effect of Repeal or Modification	13
5.12 Certain Definitions	13
ARTICLE VI — STOCK	13
6.1 Stock Certificates; Partly Paid Shares	13
6.2 Special Designation on Certificates	14
6.3 Lost Certificates	14
6.4 Dividends	14
6.5 Stock Transfer Agreements	14
6.6 Registered Stockholders	15
6.7 Transfers	15
ARTICLE VII — MANNER OF GIVING NOTICE AND WAIVER	15
7.1 Notice of Stockholder Meetings	15
7.2 Notice by Electronic Transmission	15
7.3 Notice to Stockholders Sharing an Address	16
7.4 Notice to Person with Whom Communication is Unlawful	16
7.5 Waiver of Notice	16
ARTICLE VIII — GENERAL MATTERS	17
8.1 Fiscal Year	17
8.2 Seal	17
8.3 Annual Report	17
8.4 Construction; Definitions	17
ARTICLE a — AMENDMENTS	17

BYLAWS

ARTICLE I — MEETINGS OF STOCKHOLDERS

1.1 **Place of Meetings.** Meetings of stockholders of Zoom Video Communications, Inc. (the “Company”) shall be held at any place, within or outside the State of Delaware, determined by the Company’s board of directors (the “**Board**”). The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the “**DGCL**”). In the absence of any such designation or determination, stockholders’ meetings shall be held at the Company’s principal executive office.

1.2 **Annual Meeting.** An annual meeting of stockholders shall be held for the election of directors at such date and time as may be designated by resolution of the Board from time to time. Any other proper business may be transacted at the annual meeting. The Company shall not be required to hold an annual meeting of stockholders, *provided* that (i) the stockholders are permitted to act by written consent under the Company’s certificate of incorporation and these bylaws, (ii) the stockholders take action by written consent to elect directors and (iii) the stockholders unanimously consent to such action or, if such consent is less than unanimous, all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

1.3 **Special Meeting.** A special meeting of the stockholders may be called at any time by the Board, Chairperson of the Board, Chief Executive Officer or President (in the absence of a Chief Executive Officer) or by one or more stockholders holding shares in the aggregate entitled to cast not less than 10% of the votes at that meeting.

If any person(s) other than the Board calls a special meeting, the request shall:

(i) be in writing;

(ii) specify the time of such meeting and the general nature of the business proposed to be transacted; and

(iii) be delivered personally or sent by registered mail or by facsimile transmission to the Chairperson of the Board, the Chief Executive Officer, the President (in the absence of a Chief Executive Officer) or the Secretary of the Company.

The officer(s) receiving the request shall cause notice to be promptly given to the stockholders entitled to vote at such meeting, in accordance with these bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting. No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this **section 1.3** shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

1.4 **Notice of Stockholders’ Meetings.** Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy

[Table of Contents](#)

holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the written notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

1.5 **Quorum.** Except as otherwise provided by law, the certificate of incorporation or these bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. Where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the certificate of incorporation or these bylaws.

If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, in the manner provided in **section 1.6**, until a quorum is present or represented.

1.6 **Adjourned Meeting; Notice.** Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting in accordance with Section 213(a) of the DGCL and **section 1.10** of these bylaws, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

1.7 **Conduct of Business.** Meetings of stockholders shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in the absence of the foregoing persons by the Chief Executive Officer, or in the absence of the foregoing persons by the President, or in the absence of the foregoing persons by a Vice President, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting. The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business.

1.8 **Voting.** The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of **section 1.10** of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

[Table of Contents](#)

Except as may be otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of capital stock held by such stockholder which has voting power upon the matter in question. Voting at meetings of stockholders need not be by written ballot and, unless otherwise required by law, need not be conducted by inspectors of election unless so determined by the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote thereon which are present in person or by proxy at such meeting. If authorized by the Board, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission (as defined in **section 7.2** of these bylaws), *provided* that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Except as otherwise required by law, the certificate of incorporation or these bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the certificate of incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in **all** matters other than the election of directors, the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series, except as otherwise provided by law, the certificate of incorporation or these bylaws.

1.9 Stockholder Action by Written Consent Without a Meeting. Unless otherwise provided in the certificate of incorporation, any action required by the DGCL to be taken at any annual or special meeting of stockholders of a corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

An electronic transmission (as defined in **section 7.2**) consenting to an action to be taken and transmitted by a stockholder or proxy holder, or by a person or persons authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed and dated for purposes of this section, *provided* that any such electronic transmission sets forth or is delivered with information from which the Company can determine (i) that the electronic transmission was transmitted by the stockholder or proxy holder or by a person or persons authorized to act for the stockholder or proxy holder and (ii) the date on which such stockholder or proxy holder or authorized person or persons transmitted such electronic transmission.

In the event that the Board shall have instructed the officers of the Company to solicit the vote or written consent of the stockholders of the Company, an electronic transmission of a stockholder written consent given pursuant to such solicitation may be delivered to the Secretary or the President of the Company or to a person designated by the Secretary or the President. The Secretary or the President of the Company or a designee of the Secretary or the President shall cause any such written consent by electronic transmission to be reproduced in paper form and inserted into the corporate records.

[Table of Contents](#)

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Company as provided in Section 228 of the DGCL. In the event that the action which is consented to is such as would have required the filing of a certificate under any provision of the DGCL, if such action had been voted on by stockholders at a meeting thereof, the certificate filed under such provision shall state, in lieu of any statement required by such provision concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

1.10 Record Dates. In order that the Company may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the provisions of Section 213 of the DGCL and this Section 1.10 at the adjourned meeting.

In order that the Company may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company in accordance with applicable law. If no record date has been fixed by the Board and prior action by the Board is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

[Table of Contents](#)

1.11 **Proxies.** Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

1.12 **List of Stockholders Entitled to Vote.** The officer who has charge of the stock ledger of the Company shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; *provided, however*, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Company shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Company's principal place of business. In the event that the Company determines to make the list available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to stockholders of the Company. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

ARTICLE II — DIRECTORS

2.1 **Powers.** The business and affairs of the Company shall be managed by or under the direction of the Board, except as may be otherwise provided in the DGCL or the certificate of incorporation.

2.2 **Number of Directors.** The Board shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

2.3 **Election, Qualification and Term of Office of Directors.** Except as provided in **section 2.4** of these bylaws, and subject to **sections 1.2 and 1.9** of these bylaws, directors shall be elected at each annual meeting of stockholders. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors. Each director shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

[Table of Contents](#)

2.4 Resignation and Vacancies. Any director may resign at any time upon notice given in writing or by electronic transmission to the Company. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws:

(i) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(ii) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the Company should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the voting stock at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the DGCL as far as applicable.

A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

2.5 Place of Meetings; Meetings by Telephone. The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Table of Contents

2.6 *Conduct of Business.* Meetings of the Board shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

2.7 *Regular Meetings.* Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

2.8 *Special Meetings; Notice.* Special meetings of the Board for any purpose or purposes may be called at any time by the Chairperson of the Board, the Chief Executive Officer, the President, the Secretary or any two directors.

Notice of the time and place of special meetings shall be:

- (i) delivered personally by hand, by courier or by telephone;
- (ii) sent by United States first-class mail, postage prepaid;
- (iii) sent by facsimile; or
- (iv) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the Company's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Company's principal executive office) nor the purpose of the meeting.

2.9 *Quorum; Voting.* At all meetings of the Board, a majority of the total authorized number of directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws.

[Table of Contents](#)

If the certificate of incorporation provides that one or more directors shall have more or less than one vote per director on any matter, every reference in these bylaws to a majority or other proportion of the directors shall refer to a majority or other proportion of the votes of the directors.

2.10 **Board Action by Written Consent Without a Meeting.** Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.11 **Fees and Compensation of Directors.** Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation of directors.

2.12 **Removal of Directors.** Unless otherwise restricted by statute, the certificate of incorporation or these bylaws, any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE III — COMMITTEES

3.1 **Committees of Directors.** The Board may designate one or more committees, each committee to consist of one or more of the directors of the Company. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company, and may authorize the seal of the Company to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Company.

3.2 **Committee Minutes.** Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

3.3 **Meetings and Actions of Committees.** Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

- (i) **section 2.5** (Place of Meetings; Meetings by Telephone);
- (ii) **section 2.7** (Regular Meetings);
- (iii) **section 2.8** (Special Meetings; Notice);

Table of Contents

- (iv) **section 2.9** (Quorum; Voting);
- (v) **section 2.10** (Board Action by Written Consent Without a Meeting); and
- (vi) **section 7.5** (Waiver of Notice)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However:*

- (i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;
- (ii) special meetings of committees may also be called by resolution of the Board; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

Any provision in the certificate of incorporation providing that one or more directors shall have more or less than one vote per director on any matter shall apply to voting in any committee or subcommittee, unless otherwise provided in the certificate of incorporation or these bylaws.

3.4 Subcommittees. Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

ARTICLE IV — OFFICERS

4.1 Officers. The officers of the Company shall be a President and a Secretary. The Company may also have, at the discretion of the Board, a Chairperson of the Board, a Vice Chairperson of the Board, a Chief Executive Officer, one or more Vice Presidents, a Chief Financial Officer, a Treasurer, one or more Assistant Treasurers, one or more Assistant Secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

4.2 Appointment of Officers. The Board shall appoint the officers of the Company, except such officers as may be appointed in accordance with the provisions of **section 4.3** of these bylaws.

4.3 Subordinate Officers. The Board may appoint, or empower the Chief Executive Officer or, in the absence of a Chief Executive Officer, the President, to appoint, such other officers and agents as the business of the Company may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

4.4 Removal and Resignation of Officers. Any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

[Table of Contents](#)

Any officer may resign at any time by giving written notice to the Company. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

4.5 **Vacancies in Offices.** Any vacancy occurring in any office of the Company shall be filled by the Board or as provided in **section 4.3**.

4.6 **Representation of Shares of Other Corporations.** Unless otherwise directed by the Board, the President or any other person authorized by the Board or the President is authorized to vote, represent and exercise on behalf of the Company all rights incident to any and all shares of any other corporation or corporations standing in the name of the Company. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

4.7 **Authority and Duties of Officers.** Except as otherwise provided in these bylaws, the officers of the Company shall have such powers and duties in the management of the Company as may be designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE V — INDEMNIFICATION

5.1 **Indemnification of Directors and Officers in Third Party Proceedings.** Subject to the other provisions of this **Article V**, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a **“Proceeding”**) (other than an action by or in the right of the Company) by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person’s conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person’s conduct was unlawful.

5.2 **Indemnification of Directors and Officers in Actions by or in the Right of the Company.** Subject to the other provisions of this **Article V**, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer,

[Table of Contents](#)

employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

5.3 **Successful Defense.** To the extent that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described in **section 5.1** or **section 5.2**, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

5.4 **Indemnification of Others.** Subject to the other provisions of this **Article V**, the Company shall have power to indemnify its employees and agents to the extent not prohibited by the DGCL or other applicable law. The Board shall have the power to delegate to such person or persons the determination of whether employees or agents shall be indemnified.

5.5 **Advanced Payment of Expenses.** Expenses (including attorneys' fees) incurred by an officer or director of the Company in defending any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this **Article V** or the DGCL. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents of the Company or by persons serving at the request of the Company as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the Company deems appropriate. The right to advancement of expenses shall not apply to any Proceeding for which indemnity is excluded pursuant to these bylaws, but shall apply to any Proceeding referenced in **section 5.6(H)** or **5.6(iii)** prior to a determination that the person is not entitled to be indemnified by the Company.

Notwithstanding the foregoing, unless otherwise determined pursuant to **section 5.8**, no advance shall be made by the Company to an officer of the Company (except by reason of the fact that such officer is or was a director of the Company, in which event this paragraph shall not 'apply) in any Proceeding if a determination is reasonably and promptly made (i) by a majority vote of the directors who are not parties to such Proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, that facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Company.

[Table of Contents](#)

5.6 **Limitation on Indemnification.** Subject to the requirements in **section 5.3** and the DGCL, the Company shall not be obligated to indemnify any person pursuant to this **Article V** in connection with any Proceeding (or any part of any Proceeding):

(i) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(ii) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);

(iii) for any reimbursement of the Company by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”), or the payment to the Company of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(iv) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the Company or its directors, officers, employees, agents or other indemnitees, unless (a) the Board authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (b) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (c) otherwise required to be made under **section 5.7** or (d) otherwise required by applicable law; or

(v) if prohibited by applicable law.

5.7 **Determination; Claim.** If a claim for indemnification or advancement of expenses under this **Article V** is not paid by the Company or on its behalf within 90 days after receipt by the Company of a written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. To the extent not prohibited by law, the Company shall indemnify such person against all expenses actually and reasonably incurred by such person in connection with any action for indemnification or advancement of expenses from the Company under this **Article V**, to the extent such person is successful in such action, and, if requested by such person, shall advance such expenses to such person, subject to the provisions of **section 5.5**. In any such suit, the Company shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

5.8 **Non-Exclusivity of Rights.** The indemnification and advancement of expenses provided by, or granted pursuant to, this **Article V** shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person’s official capacity and as to action in another capacity while holding such office. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

5.9 **Insurance.** The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the

[Table of Contents](#)

Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of the DGCL.

5.10 **Survival.** The rights to indemnification and advancement of expenses conferred by this **Article V** shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

5.11 **Effect of Repeal or Modification.** Any amendment, alteration or repeal of this **Article V** shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to such amendment, alteration or repeal.

5.12 **Certain Definitions.** For purposes of this **Article V**, references to the "**Company**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this **Article V** with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this **Article V**, references to "**other enterprises**" shall include employee benefit plans; references to "**finances**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**servicing at the request of the Company**" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the Company**" as referred to in this **Article V**.

ARTICLE VI — STOCK

6.1 **Stock Certificates; Partly Paid Shares.** The shares of the Company shall be represented by certificates, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Company by the Chairperson of the Board or Vice-Chairperson of the Board, or the President or a Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Company representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Company shall not have power to issue a certificate in bearer form.

[Table of Contents](#)

The Company may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Company in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Company shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

6.2 *Special Designation on Certificates.* If the Company is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Company shall issue to represent such class or series of stock; *provided* that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Company shall issue to represent such class or series of stock, a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the Company shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section 6.2 or Sections 156, 202(a) or 218(a) of the DGCL or with respect to this section 6.2 a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

6.3 *Lost Certificates.* Except as provided in this **section** 6.3, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Company and cancelled at the same time. The Company may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Company may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

6.4 *Dividends.* The Board, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the Company's capital stock. Dividends may be paid in cash, in property, or in shares of the Company's capital stock, subject to the provisions of the certificate of incorporation.

The Board may set apart out of any of the funds of the Company available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

6.5 *Stock Transfer Agreements.* The Company shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Company to restrict the transfer of shares of stock of the Company of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

[Table of Contents](#)

6.6 **Registered Stockholders.** The Company:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(ii) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(iii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

6.7 **Transfers.** Transfers of record of shares of stock of the Company shall be made only upon its books by the holders thereof, in person or by an attorney duly authorized, and, if such stock is certificated, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer.

ARTICLE VII — MANNER OF GIVING NOTICE AND WAIVER

7.1 **Notice of Stockholder Meetings.** Notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the Company's records. An affidavit of the Secretary or an Assistant Secretary of the Company or of the transfer agent or other agent of the Company that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

7.2 **Notice by Electronic Transmission.** Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the Company under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any such consent shall be deemed revoked if:

(i) the Company is unable to deliver by electronic transmission two consecutive notices given by the Company in accordance with such consent; and

(ii) such inability becomes known to the Secretary or an Assistant Secretary of the Company or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

Table of Contents

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Company that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

An “**electronic transmission**” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.3 Notice to Stockholders Sharing an Address. Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Company under the provisions of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any stockholder who fails to object in writing to the Company, within 60 days of having been given written notice by the Company of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

7.4 Notice to Person with Whom Communication is Unlawful. Whenever notice is required to be given, under the DGCL, the certificate of incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Company is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

7.5 Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII — GENERAL MATTERS

8.1 **Fiscal Year.** The fiscal year of the Company shall be fixed by resolution of the Board and may be changed by the Board.

8.2 **Seal.** The Company may adopt a corporate seal, which shall be in such form as may be approved from time to time by the Board. The Company may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

8.3 **Annual Report.** The Company shall cause an annual report to be sent to the stockholders of the Company to the extent required by applicable law. If and so long as there are fewer than 100 holders of record of the Company's shares, the requirement of sending an annual report to the stockholders of the Company is expressly waived (to the extent permitted under applicable law).

8.4 **Construction; Definitions.** Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

ARTICLE IX — AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote. However, the Company may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

A bylaw amendment adopted by stockholders which specifies the votes that shall be necessary for the election of directors shall not be further amended or repealed by the Board.

**AMENDMENT NO. 1 TO THE
BYLAWS
OF
ZOOM VIDEO COMMUNICATIONS, INC.,
a Delaware corporation**

THIS AMENDMENT NO. 1 TO THE BYLAWS of Zoom Video Communications, Inc., a Delaware corporation (the “**Bylaws**”), is made as of this 14th day of February, 2018.

1. The Bylaws are hereby amended by the addition thereto of a new Article X, which reads in its entirety as follows:

**“ARTICLE X
RESTRICTIONS ON TRANSFER**

10.1 **Restrictions on Transfer.** No stockholder of the Company may sell, assign, transfer, pledge, distribute, or otherwise dispose of or encumber, in whole or in part, directly or indirectly, whether voluntarily or by operation of law, or by gift or otherwise, any shares of capital stock of the Company or the economic consequences of ownership of, or any right or interest in, shares of capital stock of the Company (“**transfer**”), without the prior written consent of the Company, in its sole discretion, and such stockholder otherwise complying with the requirements of this **Article X**. The restrictions on transfer and ownership on shares of capital stock of the Company set forth in this **Article X** shall be in addition to, and not limited by the provision(s) of any agreement(s) currently in effect by and between the Company and any stockholder (the “**Stockholder Agreement(s)**”). If any provision(s) of any Stockholder Agreement(s) conflicts with this **Article X**, this **Article X** shall govern, and the remaining provision(s) of such Stockholder Agreement(s) that do not conflict with this **Article X** shall continue in full force and effect.

10.2 **Permitted Transfers.** The restriction contained in **section 10.1** shall not apply to the following transactions:

- (a) any transfer by a stockholder that is an individual during such stockholder’s lifetime by gift or pursuant to domestic relations orders to such stockholder’s Immediate Family (as defined below), or to a custodian, trustee (including a trustee of a voting trust), executor or other fiduciary for the account of such stockholder’s spouse or members of such stockholder’s Immediate Family, or to a trust for such stockholder’s own self, or a charitable remainder trust;
- (b) any transfer effected pursuant to such stockholder’s will or the laws of intestate succession;
- (c) any transfer by a stockholder that is a partnership, limited liability company, corporation or other entity to the partners, members, retired partners, retired members, stockholders, and/or Affiliates (as defined below) of such stockholder; provided that the foregoing exception shall not apply to a transfer to a Special Purpose Entity (as defined below); and/or

[Table of Contents](#)

(d) any repurchase or redemption by the Company: (i) at or below cost, upon the occurrence of certain events, such as the termination of employment or services; or (ii) at any price pursuant to the Company's exercise of a right of first refusal to repurchase such shares (including the purchase of such shares by the Company's assignee).

Except with respect to the shares of capital stock of the Company transferred under clause (d) above, such transferred shares shall remain subject to the transfer restrictions of this **Article X**.

10.3 **Legal Opinion; Transfer Requirements.** As a condition to any transfer, the Company may, in its sole discretion, (a) require in connection with such transfer of shares delivery to the Company of a written opinion of legal counsel, in form and substance satisfactory to it or its legal counsel in their respective discretion, that such transfer is exempt from applicable federal, state or other securities laws and regulations, (b) charge the transferor, transferee or both a transfer fee in such amount as may be reasonably determined by the Company's management in order to recoup the Company's internal and external costs of processing such transfer, due and payable to the Company prior to or upon effectiveness of such transfer, and/or (c) require such transfer to be effected pursuant to a standard form of transfer agreement in such customary and reasonable form as may be determined by Company's management from time to time in its discretion.

10.4 **Application; Waiver; Termination of Restriction of Transfer.**

(a) In the case of any transfer permitted hereunder (whether by consent or via an exemption), the transferee, assignee or other recipient shall receive and hold such stock subject to the provisions of these Bylaws, and there shall be no further transfer of such stock except in accordance with these Bylaws.

(b) The provisions of this **Article X** may be waived with respect to any transfer only by the Company, upon duly authorized action of its Board; provided, however, that such restrictions shall continue to apply to the shares subsequent to such transfer; provided further that the Board may delegate the power to make any decision to consent to a transfer under **section 10.1** to either the Company's Chief Executive Officer or a committee of executive officers of the Company as the Board may determine (subject to such limitations as the Board may determine, if any).

(c) Any sale or transfer, or purported sale or transfer, of securities of the Company shall be null and void ab initio unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(d) Notwithstanding the foregoing, if the provisions of this **Article X** are waived by authorized action of the Board with respect to a proposed transfer pursuant to **section 10.4(b)** and the shares of the transferring stockholder are subject to right of first refusal or co-sale rights pursuant to any Stockholder Agreement(s) (the "**First Refusal or**

Co-Sale Rights”), the persons and/or entities entitled to the First Refusal or Co-Sale Rights shall be permitted to exercise their respective First Refusal or Co-Sale Rights in conjunction with that specific proposed transfer without any additional approval of the Board.

(e) The restrictions on transfer in **section 10.1** shall terminate immediately upon the earlier of (i) a Liquidation Event (as such term is defined in the Company’s Fourth Amended and Restated Certificate of Incorporation, as it may be amended and restated, from time to time) or (ii) the closing of a firm commitment underwritten public offering of common stock of the Company pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

10.5 **Definitions.**

(a) “**Affiliate**” shall mean, with respect to any person or entity who or which, directly or indirectly, controls, is controlled by, or is under common control with the relevant stockholder, including, without limitation, any general partner, managing partner, managing member, officer or director of such stockholder or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such stockholder.

(b) “**Immediate Family**” shall mean any child, stepchild, grandchild or other lineal descendant, any parent, stepparent, grandparent or other ancestor, any spouse, former spouse, sibling, niece, nephew, uncle, aunt, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, or any Spousal Equivalent.

(c) “**Special Purpose Entity**” shall mean an entity that holds or would hold only shares of the Company or has or would have a class or series of security holders with beneficial interests primarily in shares of the Company (including for such purpose an entity that holds cash and/or cash equivalents intended to purchase shares of the Company).

(d) “**Spousal Equivalent**” shall mean an individual who: (A) is in an exclusive, continuous, committed relationship with the relevant stockholder, has been in that relationship for the twelve (12) months prior to the relevant date and intends to be in that relationship indefinitely; (B) has no such relationship with any other person and is not married to any other person; (C) shares a principal residence with the relevant stockholder; (D) is at least 18 years of age and legally and mentally competent to consent to contract; (E) is not related by blood to the relevant stockholder to a degree of kinship that would prevent marriage from being recognized under the law of the state in which the individual and the relevant stockholder reside; and (F) is jointly responsible with the relevant stockholder for each other’s common welfare and financial obligations; provided that any stockholder who wishes to Transfer stock to a Spousal Equivalent under **section 10.2(a)** above must provide proof of (i) a joint mortgage, (ii) a joint lease or (iii) a joint bank account, in each case held by both the stockholder and their Spousal Equivalent.

[Table of Contents](#)

10.6 **Legends.** The certificates representing shares of stock of the Company shall bear on their face the following legend so long as the foregoing transfer restrictions remains in effect:

“THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE BYLAWS OF THE CORPORATION. COPIES OF THE BYLAWS OF THE CORPORATION MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.”

2. Except as specifically amended herein, the Bylaws of the Company shall remain unchanged and in full force and effect.

[Remainder of page intentionally left blank.]

**CERTIFICATE OF SECRETARY
OF
ZOOM VIDEO COMMUNICATIONS, INC.**

The undersigned certifies:

1. That the undersigned is the duly elected and acting Secretary of Zoom Video Communications, Inc., a Delaware corporation (the “**Company**”); and
2. That the foregoing Amendment No. 1 to the Bylaws constitutes the entire amendment to the Bylaws of the Company as duly adopted by the Board of Directors by unanimous written consent on February 13th, 2018 and the stockholders of the Company by written consent on February 14th, 2018.

IN WITNESS WHEREOF, I have hereunto subscribed my name as of this 14th of February, 2018.

/s/ Eric S. Yuan
Eric S. Yuan
Secretary

ZOOM VIDEO COMMUNICATIONS, INC.

THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

December 1, 2016

Table of Contents

	Page
SECTION 1 DEFINITIONS	1
1.1 Certain Definitions	1
SECTION 2 REGISTRATION RIGHTS	4
2.1 Requested Registration	4
2.2 Company Registration	6
2.3 Registration on Form S-3	7
2.4 Expenses of Registration	8
2.5 Registration Procedures	8
2.6 Indemnification	9
2.7 Information by Holder	11
2.8 Restrictions on Transfer	11
2.9 Rule 144 Reporting	13
2.10 Market Stand-Off Agreement	13
2.11 Delay of Registration	13
2.12 Transfer or Assignment of Registration Rights	13
2.13 Limitations on Subsequent Registration Rights	14
2.14 Termination of Registration Rights	14
SECTION 3 INFORMATION AND OTHER COVENANTS OF THE COMPANY	14
3.1 Delivery of Financial Information and Inspection Rights	14
3.2 Confidentiality	15
3.3 Directors' and Officers' Insurance	15
3.4 No Use of Hillhouse's Name	16
3.5 Termination of Covenants	16
SECTION 4 RIGHT OF FIRST REFUSAL	16
4.1 Right of First Refusal to Major Holders	16
SECTION 5 MISCELLANEOUS	18
5.1 Amendment	18
5.2 Notices	18
5.3 Governing Law	19
5.4 Successors and Assigns	19
5.5 Entire Agreement	19
5.6 Delays or Omissions	19
5.7 Severability	20
5.8 Titles and Subtitles	20
5.9 Counterparts	20
5.10 Electronic Execution and Delivery	20
5.11 Jurisdiction; Venue	20
5.12 Further Assurances	20
5.13 Termination Upon Change of Control	20
5.14 Conflict	20
5.15 Attorneys' Fees	20
5.16 Aggregation of Stock	20
5.17 Jury Trial	21

THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

This Third Amended and Restated Investors' Rights Agreement (this "**Agreement**") is dated as of December 1, 2016 by and among Zoom Video Communications, Inc., a Delaware corporation (the "**Company**"), the persons and entities listed on Exhibit A-1 attached hereto (each, a "**Series A Investor**" and collectively, the "**Series A Investors**"), the persons and entities listed on Exhibit A-2 attached hereto (each, a "**Series B Investor**" and collectively, the "**Series B Investors**"), the persons and entities listed on Exhibit A-3 attached hereto (each, a "**Series C Investor**" and collectively, the "**Series C Investors**"), and the persons and entities listed on Exhibit A-4 (each, a "**Series D Investor**," and collectively, the "**Series D Investors**," and together with the Series A Investors, the Series B Investors, and the Series C Investors, the "**Investors**"), and the individual listed on Exhibit B (the "**Founder**").

RECITALS

A. The Company, the Series A Investors, the Series B Investors, and the Series C Investors have previously entered into certain Second Amended and Restated Investors' Rights Agreement dated as of December 23, 2014 (the "**Prior Agreement**").

B. The Company is issuing shares of Series D Preferred Stock of the Company (the "**Series D Preferred**") to the Series D Investors pursuant to that certain Series D Preferred Stock Purchase Agreement dated on or about the date hereof (the "**Purchase Agreement**").

C. Pursuant to the Purchase Agreement, it is a condition to the Initial Closing (as defined therein) of the transactions contemplated by the Purchase Agreement that the parties amend and restate in its entirety the Prior Agreement and execute and deliver this Agreement.

D. Pursuant to Section 5.1 of the Prior Agreement, the Prior Agreement may be amended with the written consent of the Company and the Holders holding at least sixty-six and two-thirds percent (66-2/3%) of the Registrable Securities (each as defined in the Prior Agreement).

NOW, THEREFORE, in consideration of the foregoing premises and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Prior Agreement is amended and restated in its entirety to read as follows:

SECTION 1

DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

- (a) "**Board**" shall mean the Board of Directors of the Company.
- (b) "**Commission**" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.
- (c) "**Common Stock**" means the Common Stock of the Company.

(d) “**Conversion Stock**” shall mean shares of Common Stock issued upon conversion of shares of the Company’s Preferred Stock (as defined in the Restated Certificate).

(e) “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(f) “**Founder Registrable Securities**” means (i) the shares of Common Stock held by the Founder, and (ii) any Common Stock issued as a dividend or other distribution with respect to or in exchange for or in replacement of the shares referenced in (i) above.

(g) “**Holder**” shall mean any Investor who holds Registrable Securities, the Founder to the extent he holds Founder Registrable Securities, and any holder of Registrable Securities to whom the registration rights conferred by this Agreement have been duly and validly transferred in accordance with Section 2.12 of this Agreement; *provided, however*, that the Founder shall not be deemed a Holder for purposes of Sections 2.1, 2.3, 2.8, 2.13, 3, 4 or 5.1.

(h) “**Indemnified Party**” shall have the meaning set forth in Section 2.6(c).

(i) “**Indemnifying Party**” shall have the meaning set forth in Section 2.6(c).

(j) “**Initial Public Offering**” shall mean the Company’s first firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act (or similar securities laws, to the extent applicable, in connection with an offering of securities on the New York Stock Exchange, NASDAQ Global Market, or other nationally or internationally-recognized securities exchange as approved by the Board).

(k) “**Initiating Holders**” shall mean any Holder or Holders who in the aggregate hold not less than fifty percent (50%) of the Registrable Securities then outstanding.

(l) “**Major Holder**” shall mean (i) Emergence Capital Partners III, L.P. (“**Emergence**”) for so long as Emergence together with its affiliates hold at least 3,440,000 Registrable Securities, (ii) Sequoia Capital U.S. Growth Fund VII, L.P., Sequoia Capital U.S. Growth VII Principals Fund, L.P., Sequoia Capital Global Growth Fund II, L.P., and Sequoia Capital Global Growth II Principals Fund, L.P. (“**Sequoia**”) for so long as Sequoia together with its affiliates hold at least 2,675,564 Registrable Securities and (iii) any other Holder or Holders who in the aggregate hold Registrable Securities that represent at least one percent (1%) of the total number of outstanding shares of capital stock of the Company (calculated on an as-converted to Common Stock basis).

(m) “**New Securities**” shall have the meaning set forth in Section 4.1(a).

(n) “**Other Selling Stockholders**” shall mean persons other than Holders who, by virtue of agreements with the Company, are entitled to include their Other Shares in certain registrations hereunder.

(o) “**Other Shares**” shall mean shares of Common Stock, other than Registrable Securities (as defined below), with respect to which registration rights have been granted.

(p) “**Purchase Agreement**” shall have the meaning set forth in the Recitals.

(q) “**Registrable Securities**” shall mean (i) shares of Common Stock issued or issuable pursuant to the conversion of the Shares, (ii) any Common Stock, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, acquired by the Major Holders after the date hereof, (iii) any Common Stock issued as a dividend or other distribution with respect to or in exchange for or in replacement of the shares referenced in (i) or (ii) above, and (iv) the Founder Registrable Securities; *provided, however*, that Registrable Securities shall not include any shares of Common Stock described in clause (i), (ii), (iii) or (iv) above which have previously been registered or which have been sold to the public either pursuant to a registration statement or Rule 144, or which have been sold in a private transaction in which the transferor’s rights under this Agreement are not validly assigned in accordance with this Agreement, and *provided further, however*, that Founder Registrable Securities shall not be deemed Registrable Securities for purposes of Sections 2.1, 2.3, 2.8, 2.13, 3, 4 or 5.1).

(r) “**Registrable Securities then outstanding**” means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

(s) The terms “**register**,” “**registered**” and “**registration**” shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement.

(t) “**Registration Expenses**” shall mean all expenses incurred in effecting any registration pursuant to this Agreement, including, without limitation, all registration, qualification, and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company and one special counsel for the Holders, blue sky fees and expenses, and expenses of any regular or special audits incident to or required by any such registration, but shall not include Selling Expenses, fees and disbursements of other counsel for the Holders and the compensation of regular employees of the Company, which shall be paid in any event by the Company.

(u) “**Restated Certificate**” shall mean the Fourth Amended and Restated Certificate of Incorporation of the Company, as amended from time to time.

(v) “**Restricted Securities**” shall mean any Registrable Securities required to bear the first legend set forth in Section 2.8(c).

(w) “**Rule 144**” shall mean Rule 144 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(x) “**Rule 145**” shall mean Rule 145 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission

(y) “**Rule 415**” shall mean Rule 415 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(z) “**Securities Act**” shall mean the Securities Act of 1933, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(aa) “**Selling Expenses**” shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of one special counsel to the Holders included in Registration Expenses).

(bb) “**Shares**” shall mean the Company’s Series A Preferred Stock, the Company’s Series B Preferred Stock, the Company’s Series C Preferred Stock, and the Company’s Series D Preferred.

SECTION 2

REGISTRATION RIGHTS

2.1 Requested Registration.

(a) **Request for Registration.** Subject to the conditions set forth in this Section 2.1, if the Company shall receive from Initiating Holders a written request signed by such Initiating Holders that the Company effect any registration with respect to all or a part of the Registrable Securities (such request shall state the number of shares of Registrable Securities to be disposed of and the intended methods of disposition of such shares by such Initiating Holders), the Company will:

(i) promptly give written notice of the proposed registration to all other Holders; and

(ii) as soon as practicable, file and use its commercially reasonable efforts to effect such registration (including, without limitation, filing post-effective amendments, appropriate qualifications under applicable blue sky or other state securities laws, and appropriate compliance with the Securities Act) and to permit or facilitate the sale and distribution of all or such portion of such Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any Holder or Holders joining in such request as are specified in a written request received by the Company within twenty (20) days after such written notice from the Company is mailed or delivered.

(b) **Limitations on Requested Registration.** The Company shall not be obligated to effect, or to take any action to effect, any such registration pursuant to this Section 2.1:

(i) Prior to the earlier of (A) the five (5) year anniversary of the date of this Agreement or (B) one hundred eighty (180) days following the effective date of the first registration statement filed by the Company covering an underwritten offering of any of its securities to the public (or the subsequent date on which all market stand-off agreements applicable to the offering have terminated);

(ii) If the Initiating Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration statement, propose to sell Registrable Securities and such other securities (if any) at an aggregate offering price of less than \$10,000,000 (net of underwriters’ discounts and expenses);

(iii) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification, or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(iv) In the event the Initiating Holders have requested a registration to be effected in a jurisdiction other than the United States, to the extent the Board determines in its sole discretion that such registration would impose materially more burdensome or costly obligations on the part of the Company as compared to those to which the Company would be subject if the request was for a registration to be effected in the United States;

(v) After the Company has initiated two such registrations pursuant to this Section 2.1;

(vi) During the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of, a Company-initiated registration (or ending on the subsequent date on which all market stand-off agreements applicable to the offering have terminated); *provided* that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective;

(vii) If the Initiating Holders propose to dispose of shares of Registrable Securities that may be registered on Form S-3 pursuant to a request made under Section 2.3;

(viii) If the Initiating Holders do not request that such offering be firmly underwritten by underwriters selected by the Initiating Holders (subject to the consent of the Company); or

(ix) If the Company and the Initiating Holders are unable to obtain the commitment of the underwriter described in clause (b)(viii) above to firmly underwrite the offer.

(c) **Deferral.** If (i) in the good faith judgment of the Board, the filing of a registration statement covering the Registrable Securities would be detrimental to the Company and the Board concludes, as a result, that it is in the best interests of the Company to defer the filing of such registration statement at such time, and (ii) the Company shall furnish to such Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board, it would be detrimental to the Company for such registration statement to be filed in the near future and that it is, therefore, in the best interests of the Company to defer the filing of such registration statement, then (in addition to the limitations set forth in Section 2.1(b)(vi) above) the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders, and, provided further, that the Company shall not defer its obligation in this manner more than twice in any twelve-month period.

(d) **Other Shares.** The registration statement filed pursuant to the request of the Initiating Holders may, subject to the provisions of Section 2.1(e), include Other Shares, and may include securities of the Company being sold for the account of the Company.

(e) **Underwriting.** The right of any Holder to include all or any portion of its Registrable Securities in a registration pursuant to this Section 2.1 shall be conditioned upon such Holder's participation in an underwriting and the inclusion of such Holder's Registrable Securities to the extent provided herein. If the Company shall request inclusion in any registration pursuant to Section 2.1 of securities being sold for its own account, or if other persons shall request inclusion in any registration pursuant to Section 2.1, the Initiating Holders shall, on behalf of all Holders, offer to include such securities in the underwriting and such offer shall be conditioned upon the participation of the Company or such other persons in such underwriting and the inclusion of the Company's and such person's other securities of the

Company and their acceptance of the further applicable provisions of this Section 2 (including Section 2.10). The Company shall (together with all Holders and other persons proposing to distribute their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for such underwriting by the Company, which underwriters are reasonably acceptable to a majority-in-interest of the Initiating Holders.

Notwithstanding any other provision of this Section 2.1, if the underwriters advise the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, the number of Registrable Securities and Other Shares that may be so included shall be allocated as follows: (i) first, among all Holders requesting to include Registrable Securities in such registration based on the pro rata percentage of Registrable Securities held by such Holder, assuming conversion; (ii) second, to the Other Selling Stockholders requesting to include Other Shares in such registration statement based on the pro rata percentage of Other Shares held by such Other Selling Stockholders, assuming conversion; and (iii) third, to the Company, which the Company may allocate, at its discretion, for its own account, or for the account of other holders or employees of the Company.

If a person who has requested inclusion in such registration as provided above does not agree to the terms of any such underwriting, such person shall be excluded therefrom by written notice from the Company, the underwriter or the Initiating Holders. The securities so excluded shall also be withdrawn from registration. Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall also be withdrawn from such registration. If shares are so withdrawn from the registration and if the number of shares to be included in such registration was previously reduced as a result of marketing factors pursuant to this Section 2.1(e), then the Company shall then offer to all Holders and Other Selling Stockholders who have retained rights to include securities in the registration the right to include additional Registrable Securities or Other Shares in the registration in an aggregate amount equal to the number of shares so withdrawn, with such shares to be allocated among such Holders and Other Selling Stockholders requesting additional inclusion, as set forth above.

2.2 Company Registration.

(a) **Company Registration.** If the Company shall determine to register any of its securities either for its own account or the account of a security holder or holders, other than a registration pursuant to Section 2.1 or 2.3, a registration relating solely to employee benefit plans, a registration relating to the offer and sale of debt securities, a registration relating to a corporate reorganization or other Rule 145 transaction, or a registration on any registration form that does not permit secondary sales, the Company will:

(i) promptly give written notice of the proposed registration to all Holders; and

(ii) use its commercially reasonable efforts to include in such registration (and any related qualification under blue sky laws or other compliance), except as set forth in Section 2.2(b) below, and in any underwriting involved therein, all of such Registrable Securities as are specified in a written request or requests made by any Holder or Holders received by the Company within ten (10) days after such written notice from the Company is mailed or delivered. Such written request may specify all or a part of a Holder's Registrable Securities.

(b) **Underwriting.** If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 2.2(a)(i). In such event, the right of any Holder to registration pursuant to this Section 2.2 shall be conditioned upon such Holder's participation in such underwriting and

the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company, the Other Selling Stockholders and other holders of securities of the Company with registration rights to participate therein distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected by the Company.

Notwithstanding any other provision of this Section 2.2, if the underwriters advise the Company in writing that marketing factors require a limitation on the number of shares to be underwritten, the underwriters may (subject to the limitations set forth below) exclude all Registrable Securities from, or limit the number of Registrable Securities to be included in, the registration and underwriting. The Company shall so advise all holders of securities requesting registration, and the number of shares of securities that are entitled to be included in the registration and underwriting shall be allocated, as follows: (i) first, to the Company for securities being sold for its own account, (ii) second, to the Holders (other than Founder) requesting to include Registrable Securities (other than Founder Registrable Securities) in such registration statement based on the *pro rata* percentage of Registrable Securities held by such Holders, assuming conversion, (iii) third, to Founder if he requests inclusion of Founder Registrable Securities in such registration, and (iv) fourth, to the Other Selling Stockholders requesting to include Other Shares in such registration statement based on the *pro rata* percentage of Other Shares held by such Other Selling Stockholders, assuming conversion.

If a person who has requested inclusion in such registration as provided above does not agree to the terms of any such underwriting, such person shall also be excluded therefrom by written notice from the Company or the underwriter. The Registrable Securities or other securities so excluded shall also be withdrawn from such registration. Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

(c) **Right to Terminate Registration.** The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

2.3 Registration on Form S-3.

(a) **Request for Form S-3 Registration.** After its Initial Public Offering, the Company shall use its commercially reasonable efforts to qualify for registration on Form S-3 or any comparable or successor form or forms. After the Company has qualified for the use of Form S-3, in addition to the rights contained in the foregoing provisions of this Section 2 and subject to the conditions set forth in this Section 2.3, if the Company shall receive from a Holder or Holders of Registrable Securities a written request that the Company effect any registration on Form S-3 or any similar short form registration statement with respect to all or part of the Registrable Securities (such request shall state the number of shares of Registrable Securities to be disposed of and the intended methods of disposition of such shares by such Holder or Holders), the Company will take all such action with respect to such Registrable Securities as required by Section 2.1(a)(i) and 2.1(a)(ii).

(b) **Limitations on Form S-3 Registration.** The Company shall not be obligated to effect, or take any action to effect, any such registration pursuant to this Section 2.3:

- (i) In the circumstances described in either Sections 2.1(b)(i), 2.1(b)(iii) or 2.1(b)(vi);

(ii) If the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) on Form S-3 at an aggregate price to the public of less than \$1,000,000; or

(iii) If, in a given twelve-month period, the Company has effected two (2) such registrations in such period.

(c) **Deferral.** The provisions of Section 2.1(c) shall apply to any registration pursuant to this Section 2.3.

(d) **Underwriting.** If the Holders of Registrable Securities requesting registration under this Section 2.3 intend to distribute the Registrable Securities covered by their request by means of an underwriting, the provisions of Section 2.1(e) shall apply to such registration. Notwithstanding anything contained herein to the contrary, registrations effected pursuant to this Section 2.3 shall not be counted as requests for registration or registrations effected pursuant to Section 2.1.

2.4 Expenses of Registration. All Registration Expenses incurred in connection with registrations pursuant to Sections 2.1, 2.2 and 2.3 shall be borne by the Company; *provided, however*, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Sections 2.1 and 2.3 if the registration request is subsequently withdrawn at the request of the Holders holding a majority of Registrable Securities then outstanding to be registered or because a sufficient number of Holders shall have withdrawn so that the minimum offering conditions set forth in Sections 2.1 and 2.3 are no longer satisfied (in which case all participating Holders shall bear such expenses *pro rata* among each other based on the number of Registrable Securities requested to be so registered), unless the Holders holding a majority of Registrable Securities then outstanding agree to forfeit their right to a demand registration pursuant to Section 2.1. All Selling Expenses relating to securities registered on behalf of the Holders shall be borne by the holders of securities included in such registration *pro rata* among each other on the basis of the number of Registrable Securities so registered.

2.5 Registration Procedures. In the case of each registration effected by the Company pursuant to Section 2, the Company will keep each Holder advised in writing as to the initiation of each registration and as to the completion thereof. At its expense, the Company will use its commercially reasonable efforts to:

(a) Keep such registration effective for a period of ending on the earlier of the date which is sixty (60) days from the effective date of the registration statement or such time as the Holder or Holders have completed the distribution described in the registration statement relating thereto;

(b) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in subsection (a) above;

(c) Furnish such number of prospectuses, including any preliminary prospectuses, and other documents incident thereto, including any amendment of or supplement to the prospectus, as a Holder from time to time may reasonably request;

(d) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdiction as shall be reasonably requested by the Holders; *provided*, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(e) Notify each seller of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in light of the circumstances then existing, and following such notification promptly prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in light of the circumstances then existing;

(f) Provide a transfer agent and registrar for all Registrable Securities registered pursuant to such registration statement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed; and

(h) In connection with any underwritten offering pursuant to a registration statement filed pursuant to Section 2.1, enter into an underwriting agreement in form reasonably necessary to effect the offer and sale of Common Stock, provided such underwriting agreement contains reasonable and customary provisions, and provided further, that each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

2.6 Indemnification.

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, each of its officers, directors and partners, legal counsel and accountants and each person controlling such Holder within the meaning of Section 15 of the Securities Act, with respect to which registration, qualification or compliance has been effected pursuant to this Section 2, and each underwriter, if any, and each person who controls within the meaning of Section 15 of the Securities Act any underwriter, against all expenses, claims, losses, damages and liabilities (or actions, proceedings or settlements in respect thereof) arising out of or based on: (i) any untrue statement (or alleged untrue statement) of a material fact contained or incorporated by reference in any registration statement, any prospectus included in the registration statement, any issuer free writing prospectus (as defined in Rule 433 of the Securities Act), any issuer information (as defined in Rule 433 of the Securities Act) filed or required to be filed pursuant to Rule 433(d) under the Securities Act or any other document incident to any such registration, qualification or compliance prepared by or on behalf of the Company or used or referred to by the Company, (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation (or alleged violation) by the Company of the Securities Act, any state securities laws or any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any offering covered by such registration, qualification or compliance, and the Company will reimburse each such Holder, each of its officers, directors, partners, legal counsel and accountants and each person controlling such Holder, each such underwriter and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, loss, damage, liability or action; *provided* that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability, or action arises out of or is based on any untrue statement or omission based

upon written information furnished to the Company by such Holder, any of such Holder's officers, directors, partners, legal counsel or accountants, any person controlling such Holder, such underwriter or any person who controls any such underwriter, and stated to be specifically for use therein; and *provided, further* that, the indemnity agreement contained in this Section 2.6(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld).

(b) To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify and hold harmless the Company, each of its directors, officers, partners, legal counsel and accountants and each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, each other such Holder, and each of their officers, directors and partners, and each person controlling each other such Holder, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on: (i) any untrue statement (or alleged untrue statement) of a material fact contained or incorporated by reference in any prospectus, offering circular or other document (including any related registration statement, notification, or the like) incident to any such registration, qualification or compliance, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and such Holders, directors, officers, partners, legal counsel and accountants, persons, underwriters, or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by such Holder and stated to be specifically for use therein; *provided, however*, that the obligations of such Holder hereunder shall not apply to amounts paid in settlement of any such claims, losses, damages or liabilities (or actions in respect thereof) if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld); and *provided* that in no event shall any indemnity under this Section 2.6 exceed the net proceeds from the offering received by such Holder, except in the case of fraud or willful misconduct by such Holder.

(c) Each party entitled to indemnification under this Section 2.6 (the "**Indemnified Party**") shall give notice to the party required to provide indemnification (the "**Indemnifying Party**") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of such claim or any litigation resulting therefrom; *provided* that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party's expense; and *provided further* that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2.6, to the extent such failure is not prejudicial. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 2.6 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage, or expense referred to herein, then the Indemnifying Party, in lieu of indemnifying such

Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. No person or entity will be required under this Section 2.6(d) to contribute any amount in excess of the net proceeds from the offering received by such person or entity, except in the case of fraud or willful misconduct by such person or entity. No person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

2.7 Information by Holder. Each Holder of Registrable Securities shall furnish to the Company such information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification, or compliance referred to in this Section 2.

2.8 Restrictions on Transfer.

(a) The holder of each certificate representing Registrable Securities by acceptance thereof agrees to comply in all respects with the provisions of this Section 2.8. Each Holder agrees not to make any sale, assignment, transfer, pledge or other disposition of all or any portion of the Restricted Securities, or any beneficial interest therein, unless and until the transferee thereof has agreed in writing for the benefit of the Company to take and hold such Restricted Securities subject to, and to be bound by, the terms and conditions set forth in this Agreement, including, without limitation, this Section 2.8 and Section 2.10, and:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and the disposition is made in accordance with the registration statement; or

(ii) The Holder shall have given prior written notice to the Company of the Holder's intention to make such disposition and shall have furnished the Company with a detailed description of the manner and circumstances of the proposed disposition, and the Holder shall have furnished the Company, at the Holder's expense, with (i) an opinion of counsel reasonably satisfactory to the Company to the effect that such disposition will not require registration of such Restricted Securities under the Securities Act or (ii) a "no action" letter from the Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Commission that action be taken with respect thereto, whereupon the holder of such Restricted Securities shall be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by the Holder to the Company.

(b) Notwithstanding the provisions of Section 2.8(a), no such registration statement or opinion of counsel or “no action” letter shall be necessary for (i) a transfer not involving a change in beneficial ownership, or (ii) transactions involving the distribution without consideration of Restricted Securities by any Holder to (x) a parent, subsidiary or other affiliate of the Holder, if the Holder is a corporation, (y) any of the Holder’s partners, members or other equity owners, or retired partners, retired members or other retired equity owners, or to the estate of any of the Holder’s partners, members or other equity owners or retired partners, retired members or other retired equity owners, or (z) a venture capital fund that is controlled by or under common control with one or more general partners or managing members of, or shares the same management company with, the Holder; *provided*, in each case, that the Holder shall give written notice to the Company of the Holder’s intention to effect such disposition and shall have furnished the Company with a reasonably detailed description of the manner and circumstances of the proposed disposition.

(c) Each certificate representing Registrable Securities shall (unless otherwise permitted by the provisions of this Agreement) be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO (1) RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A LOCK-UP PERIOD IN THE EVENT OF A PUBLIC OFFERING, AS SET FORTH IN AN INVESTORS’ RIGHTS AGREEMENT, AND (2) VOTING RESTRICTIONS AS SET FORTH IN A VOTING AGREEMENT AMONG THE COMPANY AND THE ORIGINAL HOLDERS OF THESE SHARES, COPIES OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

The Holders consent to the Company making a notation on its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer established in this Section 2.8.

(d) The first legend referring to federal and state securities laws identified in Section 2.8(c) stamped on a certificate evidencing the Restricted Securities and the stock transfer instructions and record notations with respect to the Restricted Securities shall be removed and the Company shall issue a certificate without such legend to the holder of Restricted Securities if (i) those securities are registered under the Securities Act, or (ii) the holder provides the Company with an opinion of counsel reasonably acceptable to the Company to the effect that a sale or transfer of those securities may be made without registration or qualification.

2.9 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Restricted Securities to the public without registration, the Company agrees to use its commercially reasonable efforts to:

(a) Make and keep adequate current public information with respect to the Company available in accordance with Rule 144 under the Securities Act, at all times from and after ninety (90) days following the effective date of the first registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at any time after it has become subject to such reporting requirements; and

(c) So long as a Holder owns any Restricted Securities, furnish to the Holder forthwith upon written request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such securities without registration.

2.10 Market Stand-Off Agreement. Each Holder shall not sell or otherwise transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, of any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) during the one hundred eighty (180) day period following the effective date of a registration statement of the Company filed under the Securities Act (or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), provided that: all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities are bound by and have entered into similar agreements. Notwithstanding anything to the contrary, the obligations described in this Section 2.10 shall only apply to the Company's Initial Public Offering and shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions and may stamp each such certificate with the second legend set forth in Section 2.8(c) with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of such one hundred eighty (180) day (or other) period. Each Holder agrees to execute a market standoff agreement with said underwriters in customary form consistent with the provisions of this Section 2.10.

2.11 Delay of Registration. No Holder shall have any right to take any action to restrain, enjoin, or otherwise delay any registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.12 Transfer or Assignment of Registration Rights. The rights to cause the Company to register securities granted to a Holder by the Company under this Section 2 may be transferred or assigned by a Holder only to (x) a transferee or assignee of not less than 500,000 shares of Registrable Securities (as presently constituted and subject to subsequent adjustments for stock splits, stock dividends, reverse stock splits, and the like) or (y) with respect to any Holder that is an investment fund, any of such Holder's

affiliates or partners, members or other equity owners, or retired partners, retired members or other retired equity owners, or to the estate of any of the Holder's partners, members or other equity owners or retired partners, retired members or other retired equity owners; *provided* that (i) such transfer or assignment of Registrable Securities is effected in accordance with the terms of Section 2.8, that certain Third Amended and Restated Right of First Refusal and Co-Sale Agreement by and among the Company and the parties thereto dated as of the date hereof, as it may be amended from time to time, and applicable securities laws, (ii) the Company is given written notice prior to said transfer or assignment, stating the name and address of the transferee or assignee and identifying the securities with respect to which such registration rights are intended to be transferred or assigned and (iii) the transferee or assignee of such rights assumes in writing the obligations of such Holder under this Agreement, including without limitation the obligations set forth in Section 2.10.

2.13 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of Holders holding a majority of Registrable Securities then outstanding (excluding any of such shares held by any Holders whose rights to request registration or inclusion in any registration pursuant to this Section 2 have terminated in accordance with Section 2.14), enter into any agreement with any holder or prospective holder of any securities of the Company giving such holder or prospective holder any registration rights the terms of which are senior to the registration rights granted to the Holders hereunder or would give such holder or prospective holder the right to demand registration of such holder's securities of the Company.

2.14 Termination of Registration Rights. The right of any Holder to request registration or inclusion in any registration pursuant to Sections 2.1, 2.2 or 2.3 shall terminate on the earlier of (i) as to Bucantini Enterprises Limited and Puccini World Limited (together "**Horizons**") such date that Horizons first ceases to be a Major Holder, (ii) as to Nantworks, LLC ("**Nantworks**") such date that Nantworks first ceases to be a Major Holder, (iii) as to each Holder other than Horizons and Nantworks, such date, on or after the closing of the Company's first registered public offering of Common Stock, on which all shares of Registrable Securities held by such Holder may immediately be sold under Rule 144 during any ninety (90) day period, and (iv) as to all Holders (including Horizons and Nantworks), five (5) years after the closing of the Initial Public Offering.

SECTION 3

INFORMATION AND OTHER COVENANTS OF THE COMPANY

The Company hereby covenants and agrees, as follows:

3.1 Delivery of Financial Information and Inspection Rights.

(a) **Delivery of Financial Information.** The Company (and its subsidiaries where applicable) will furnish the following reports to each Major Holder, *provided* that the Board has not reasonably determined that such Major Holder is a competitor of the Company:

(i) as soon as practicable after the end of each fiscal year of the Company, and in any event within one hundred and twenty (120) days after the end of each fiscal year of the Company, a consolidated balance sheet of the Company and its subsidiaries, if any, as at the end of such fiscal year, and consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such year, prepared by the Company's accountants in accordance with generally accepted accounting principles ("**GAAP**"), audited by an accounting firm approved by the Board; *provided, however*, that the requirement that such financials be audited may be waived by the Board including the waiver of at least a majority of the Preferred Directors (as defined in the Restated Certificate).

(ii) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three quarters of each fiscal year of the Company, an unaudited income statement, statement of cash flows and balance sheet for such fiscal quarter and as of the end of such quarter all prepared in accordance with GAAP;

(iii) as soon as practicable, but in any event within thirty (30) days after the end of each month, monthly management financial statements, including balance sheet and income statement and business summary of the Company's status; and

(iv) as soon as practicable, but in any event within thirty (30) days prior to the end of each fiscal year, an annual operating plan and budget for the next fiscal year.

(b) **Inspection Rights.** The Company (and its subsidiaries where applicable) shall permit each Major Holder, at such Major Holder's expense, to inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times and upon reasonable advanced notice; *provided, however*, that the Company shall not be obligated pursuant to this Section 3.1 to provide access to any information which it deems it reasonably considers to be a trade secret or similar confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company), or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

(c) **Suspension of Information Rights.** Anything in this Agreement to the contrary notwithstanding, the Company (and its subsidiaries where applicable) may cease providing the information set forth in this Section 3.1 during the period starting with the date forty-five (45) days prior to the Company's good-faith estimate of the date of filing of a registration statement for an IPO if it reasonably concludes that it must do so to comply with the SEC rules applicable to such registration statement and related offering; *provided* that the Company's covenants under this Section 3.1 shall be reinstated as such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Confidentiality. Each Major Holder agrees that such Major Holder will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 3.2 by such Major Holder), (b) is or has been independently developed or conceived by such Major Holder without use of the Company's confidential information, or (c) is or has been made known or disclosed to such Major Holder by a third party without a breach of any obligation of confidentiality such third party may have to the Company; *provided, however*, that such Major Holder may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Major Holder, if such prospective purchaser agrees to be bound by the provisions of this Section 3.2; (iii) to any affiliate, partner, member, stockholder, or wholly owned subsidiary of such Major Holder in the ordinary course of business, *provided* that such Major Holder informs such person that such information is confidential and directs such person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, *provided* that such Major Holder promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

3.3 Directors' and Officers' Insurance. The Company has as of the date hereof or shall within ninety (90) days of the date hereof use its commercially reasonable efforts to obtain from financially

sound and reputable insurers directors and officers liability insurance in an amount and on terms and conditions satisfactory to the Board (including the satisfaction of a majority of the Series B, C, D Directors, as such term is defined in the Restated Certificate), but not coverage less than \$1,000,000, and will use its commercially reasonable efforts to cause such insurance policy to be maintained until such time as the Board (including the satisfaction of a majority of the Series B, C, D Directors, as such term is defined in the Restated Certificate) determines that such insurance should be discontinued.

3.4 No Use of Hillhouse's Name. Without the prior written consent of Hillhouse ZM Holdings Limited (and except as may be required by applicable law or regulation) neither the Company nor any other Investor shall use or reference the name "Hillhouse," "Gaoling" or "[]" in any public announcements or statements relating to the Series C Preferred Stock or the Company."

3.5 Termination of Covenants. The covenants set forth in this Section 3 (other than Section 3.2) shall terminate and be of no further force and effect after the closing of the Company's Initial Public Offering.

SECTION 4

RIGHT OF FIRST REFUSAL

4.1 Right of First Refusal to Major Holders. The Company hereby grants to each Major Holder the right of first refusal to purchase its pro rata share of New Securities (as defined in this Section 4.1(a)) which the Company may, from time to time, propose to sell and issue after the date of this Agreement. A Major Holder's pro rata share, for purposes of this right of first refusal, is equal to the ratio of (x) the number of shares of Common Stock owned by such Major Holder immediately prior to the issuance of New Securities (assuming full conversion of the Shares and full conversion or exercise of all outstanding convertible securities, rights, options and warrants held by said Major Holder) to (y) the total number of shares of Common Stock owned by all Major Holders immediately prior to the issuance of New Securities (assuming full conversion of the Shares and full conversion or exercise of all outstanding convertible securities, rights, options and warrants). Each Major Holder shall have a right of over-allotment such that if any Major Holder fails to exercise its right hereunder to purchase its pro rata share of New Securities, the other Major Holders may purchase the non-purchasing Holder's portion on a pro rata basis. This right of first refusal shall be subject to the following provisions.

(a) "**New Securities**" shall mean any capital stock (including Common Stock and/or Preferred Stock) of the Company whether now authorized or not, and rights, convertible securities, options or warrants to purchase such capital stock, and securities of any type whatsoever that are, or may become, exercisable or convertible into capital stock; *provided* that the term "**New Securities**" does not include:

(i) the Shares and the Conversion Stock;

(ii) securities issued or issuable to officers, employees, directors, consultants, placement agents, and other service providers of the Company (or any subsidiary) pursuant to stock grants, option plans, purchase plans, agreements or other employee stock incentive programs or arrangements approved by the Board and in accordance with the terms of the Restated Certificate;

(iii) securities issued pursuant to the conversion or exercise of any outstanding convertible or exercisable securities as of this date of this Agreement;

(iv) securities issued or issuable as a dividend or distribution on Preferred Stock of the Company or pursuant to any event for which adjustment is made pursuant to paragraph 4(e), 4(f) or 4(g) of the Restated Certificate;

(v) securities offered pursuant to a bona fide, firmly underwritten public offering pursuant to a registration statement filed under the Securities Act;

(vi) securities issued or issuable pursuant to the acquisition of another corporation by the Company by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, *provided*, that such issuances are approved by the Board;

(vii) securities issued or issuable to banks, equipment lessors, real property lessors, financial institutions or other persons engaged in the business of making loans pursuant to a debt financing, commercial leasing or real property leasing transaction approved by the Board;

(viii) securities issued or issuable in connection with any settlement of any action, suit, proceeding or litigation approved by the Board;

(ix) securities issued or issuable in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board;

(x) securities of the Company which are otherwise excluded by the affirmative vote or consent of the holders of a majority of the Preferred Stock then outstanding, voting as a separate class on an as-converted basis; and

(xi) any right, option or warrant to acquire any security convertible into the securities excluded from the definition of New Securities pursuant to subsections (i) through (x) above.

(b) In the event the Company proposes to undertake an issuance of New Securities, it shall give each Holder written notice of its intention, describing the type of New Securities, and their price and the general terms upon which the Company proposes to issue the same. Each Holder shall have ten (10) days after any such notice is mailed or delivered to agree to purchase such Holder's *pro rata* share of such New Securities and to indicate whether such Holder desires to exercise its over-allotment option for the price and upon the terms specified in the notice by giving written notice to the Company, in substantially the form attached as Schedule 1, and stating therein the quantity of New Securities to be purchased.

(c) In the event the Holders fail to exercise fully the right of first refusal and over-allotment rights, if any, within said ten (10) day period (the "**Election Period**"), the Company shall have ninety (90) days thereafter to sell or enter into an agreement (pursuant to which the sale of New Securities covered thereby shall be closed, if at all, within ninety (90) days from the date of said agreement) to sell that portion of the New Securities with respect to which the Holders' right of first refusal option set forth in this Section 4.1 was not exercised, at a price and upon terms no more favorable to the purchasers thereof than specified in the Company's notice to Holders delivered pursuant to Section 4.1(b). In the event the Company has not sold within such ninety (90) day period following the Election Period, or such ninety (90) day period following the date of said agreement, the Company shall not thereafter issue or sell any New Securities, without first again offering such securities to the Holders in the manner provided in this Section 4.1.

(d) The right of first refusal granted under this Agreement shall expire upon, and shall not be applicable to, the Company's Initial Public Offering.

SECTION 5

MISCELLANEOUS

5.1 Amendment. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument referencing this Agreement and signed by the Company and the Holders holding a majority of the Registrable Securities then outstanding (excluding any such shares that have been sold to the public or pursuant to Rule 144 and any of such shares held by any Holders whose rights to request registration or inclusion in any registration pursuant to Section 2 have terminated in accordance with Section 2.14); *provided, however*, that Holders purchasing shares of Series D Preferred in an Additional Closing (as defined in the Purchase Agreement) may become parties to this Agreement, by executing a counterpart of this Agreement and adding such person's or entity's name to the appropriate exhibit to this Agreement without any amendment of this Agreement pursuant to this paragraph or any consent or approval of any other Holder; *provided, further*, that any amendment or waiver of this Agreement which, on its face (without reference to any information outside the terms of this Agreement), adversely changes the express rights of a specific Investor, which rights are not applicable to all Investors or to all Major Investors generally, shall not be effective against the adversely affected Investor without that Investor's written consent (provided, that, for clarity, the amendment of this Agreement to make Investors that purchase new or additional shares of preferred stock of the Company (including shares of a new series of preferred stock that are senior to or *pari passu* with any existing series of preferred stock of the Company) parties to this Agreement or to add such new or additional shares to this Agreement as "Shares" or "Registrable Securities" shall not be an amendment that adversely changes the express rights of a specific Investor under this Agreement, and in such cases no consent of any Investor shall be required under this proviso clause). Notwithstanding anything to the contrary in this Section 5.1, any such amendment, waiver, discharge or termination that, on its face (without reference to any information outside the terms of this Agreement), adversely changes the express rights of Founder under this Agreement in a manner that is different from the corresponding effect, if any, on any other Holder, shall not be effective without the written consent of Founder. Any amendment, waiver, discharge or termination effected in accordance with this paragraph shall be binding upon each Holder and each future holder of all such securities of Holder.

5.2 Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by facsimile or electronic mail (if to an Investor or Holder) or otherwise delivered by hand, messenger or courier service addressed:

(a) if to an Investor, to the Investor's address, facsimile number or electronic mail address as shown in the Company's records, as may be updated in accordance with the provisions hereof;

(b) if to any Holder, to such address, facsimile number or electronic mail address as shown in the Company's records, or, until any such Holder so furnishes an address, facsimile number or electronic mail address to the Company, then to the address of the last holder of such shares for which the Company has contact information in its records; or

(c) if to the Company, to the attention of the Chief Executive Officer of the Company at 4633 Old Ironsides Drive, Suite 478, Santa Clara CA 95054, or at such other current address as the Company shall have furnished to the Investors or Holders, with a copy (which shall not constitute notice) to Brian Patterson, c/o Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, One Bush Street, Suite 1200 San Francisco, CA 94104.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if

sent via a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent via mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or (iii) if sent via facsimile, upon confirmation of facsimile transfer or, if sent via electronic mail, when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day.

Subject to the limitations set forth in Delaware General Corporation Law §232(e), each Investor and Holder consents to the delivery of any notice to stockholders given by the Company under the Delaware General Corporation Law or the Company's certificate of incorporation or bylaws by (i) facsimile telecommunication to the facsimile number set forth on Exhibit A (or to any other facsimile number for the Investor or Holder in the Company's records), (ii) electronic mail to the electronic mail address set forth on Exhibit A (or to any other electronic mail address for the Investor or Holder in the Company's records), (iii) posting on an electronic network together with separate notice to the Investor or Holder of such specific posting or (iv) any other form of electronic transmission (as defined in the Delaware General Corporation Law) directed to the Investor or Holder. This consent may be revoked by an Investor or Holder by written notice to the Company and may be deemed revoked in the circumstances specified in Delaware General Corporation Law §232.

5.3 Governing Law. This Agreement shall be governed in all respects by the internal laws of the State of California as applied to agreements entered into among California residents to be performed entirely within California, without regard to principles of conflicts of law.

5.4 Successors and Assigns. Except as otherwise set forth herein, this Agreement, and any and all rights, duties and obligations hereunder, shall not be assigned, transferred, delegated or sublicensed by any Investor without the prior written consent of the Company. Any attempt by an Investor without such permission, if such permission is required and not subject to an exception provided for elsewhere herein, to assign, transfer, delegate or sublicense any rights, duties or obligations that arise under this Agreement shall be void. Subject to the foregoing and except as otherwise provided herein, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

5.5 Entire Agreement. This Agreement and the exhibits hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and supersede and replace any prior agreements with respect thereto, including without limitation the Prior Agreement (which is amended and restated in its entirety by this Agreement). No party hereto shall be liable or bound to any other party in any manner with regard to the subjects hereof or thereof by any warranties, representations or covenants except as specifically set forth herein.

5.6 Delays or Omissions. Except as expressly provided herein, no delay or omission to exercise any right, power or remedy accruing to any party to this Agreement upon any breach or default of any other party under this Agreement shall impair any such right, power or remedy of such non-defaulting party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party to this Agreement, shall be cumulative and not alternative.

5.7 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Agreement, and such court will replace such illegal, void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the same economic, business and other purposes of the illegal, void or unenforceable provision. The balance of this Agreement shall be enforceable in accordance with its terms.

5.8 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to sections, paragraphs and exhibits shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits attached hereto.

5.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties that execute such counterparts, and all of which together shall constitute one instrument.

5.10 Electronic Execution and Delivery. A facsimile, telecopy, PDF or other reproduction of this Agreement may be executed by one or more parties hereto and delivered by such party by electronic mail, facsimile or any similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen. Such execution and delivery shall be considered valid, binding and effective for all purposes.

5.11 Jurisdiction; Venue. With respect to any disputes arising out of or related to this Agreement, the parties consent to the exclusive jurisdiction of, and venue in, the state courts in Santa Clara County in the State of California (or in the event of exclusive federal jurisdiction, the courts of the Northern District of California).

5.12 Further Assurances. Each party hereto agrees to execute and deliver, by the proper exercise of its corporate, limited liability company, partnership or other powers, all such other and additional instruments and documents and do all such other acts and things as may be necessary to more fully effectuate this Agreement.

5.13 Termination Upon Change of Control. Notwithstanding anything to the contrary herein, this Agreement (excluding any then-existing obligations) shall terminate upon the closing of a Liquidation Event (as defined in the Company's Restated Certificate) or a liquidation, dissolution or winding up on the Company.

5.14 Conflict. In the event of any conflict between the terms of this Agreement and the Company's certificate of incorporation or its bylaws, the terms of the Company's certificate of incorporation or its bylaws, as the case may be, will control.

5.15 Attorneys' Fees. In the event that any suit or action is instituted to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

5.16 Aggregation of Stock. All securities held or acquired by affiliated entities (including affiliated venture capital funds) or persons shall be aggregated together for purposes of determining the availability of any rights under this Agreement. For further clarity, Bucantini Enterprises Limited and Puccini World Limited shall be deemed affiliates of one another for purposes of this Agreement.

5.17 Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING (WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATED TO THIS AGREEMENT. If the waiver of jury trial set forth in this section is not enforceable, then any claim or cause of action arising out of or relating to this Agreement shall be settled by judicial reference pursuant to California Code of Civil Procedure Section 638 et seq. before a referee sitting without a jury, such referee to be mutually acceptable to the parties or, if no agreement is reached, by a referee appointed by the Presiding Judge of the California Superior Court for Santa Clara County. This paragraph shall not restrict a party from exercising remedies under the Uniform Commercial Code or from exercising pre-judgment remedies under applicable law.

(signature page follows)

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

FOUNDER

Eric S. Yuan

(Print name of Founder)

/s/ Eric Yuan

(Signature)

(Print name of signatory, if signing for an entity)

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

AME Cloud Ventures, LLC

(Print investor name)

/s/ Greg Hardester

(Signature)

Greg Hardester

(Print name of signatory, if signing for an entity)

Manager

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Bucantini Enterprises Limited

(Print investor name)

/s/ Pau Yee Wan Ezra

(Signature)

PAU YEE WAN EZRA

(Print name of signatory, if signing for an entity)

Director

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Digital Mobile Venture Ltd.

(Print investor name)

/s/ Samuel T. Chen

(Signature)

Samuel T. Chen

(Print name of signatory, if signing for an entity)

Director

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Yi-Chun Chen

(Print investor name)

/s/ Yi-Chun Chen

(Signature)

(Print name of signatory, if signing for an entity)

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Yi-Ting Chen
(Print investor name)

/s/ Yi-Ting Chen
(Signature)

(Print name of signatory, if signing for an entity)

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Dan & Zoë Scheinman Trust Dated 2/23/01

(Print investor name)

/s/ Dan Scheinman

(Signature)

Dan Scheinman

(Print name of signatory, if signing for an entity)

Trustee

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

EMERGENCE CAPITAL PARTNERS III, L.P.

By: Emergence Equity Partners III, L.P.,
its general partner

By: Emergence GP Partners LLC,
its general partner

By: /s/ Santiago Subotovsky

Name: Santiago Subotovsky

Title: Authorized Signatory

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

**EMERGENCE CAPITAL PARTNERS III
OPPORTUNITY, L.P.**

By: Emergence Equity Partners III, L.P.,
its general partner

By: Emergence GP Partners, LLC,
its general partner

By: /s/ Santiago Subotovsky

Name: Santiago Subotovsky

Title: Authorized Signatory

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Hillhouse ZM Holdings Limited
(Print investor name)

/s/ Colm O'Connell
(Signature)

Colm O'Connell
(Print name of signatory, if signing for an entity)

Director
(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Puccini World Limited
(Print investor name)

/s/ Ng Ngar Bun Raymond
(Signature)

Ng Ngar Bun Raymond
(Print name of signatory, if signing for an entity)

Authorized Signatory
(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

QUALCOMM Incorporated
(Print investor name)

/s/ Adam Schwenker
(Signature)

Adam Schwenker
(Print name of signatory, if signing for an entity)

VP & Legal Counsel
(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Qualcomm Global Trading Pte. Ltd.

(Singapore company)

(Print investor name)

/s/ Adam Schwenker

(Signature)

Adam Schwenker

(Print name of signatory, if signing for an entity)

Authorized Signatory

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

**SEQUOIA CAPITAL U.S. GROWTH FUND VII, L.P.
SEQUOIA CAPITAL U.S. GROWTH VII PRINCIPALS
FUND, L.P.**

Each a Cayman Islands exempted limited partnership

By: SC U.S. GROWTH VII MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership
General Partner of Each

By: SC US (TTGP), LTD.,
a Cayman Islands exempted company, its General Partner

By:

/s/ Pat Grady

Name: Pat Grady

Title: Authorized Signatory

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

**SEQUOIA CAPITAL GLOBAL
GROWTH FUND II, L.P.
SEQUOIA CAPITAL GLOBAL
GROWTH II PRINCIPALS FUND, L.P.**

Each a Cayman Islands exempted limited partnership

By: SC GLOBAL GROWTH II
MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership
General Partner of Each

By: SC US (TTGP), LTD.,
a Cayman Islands exempted company, its General Partner

By:

/s/ Doug Leone

Name: Doug Leone
Title: Authorized Signatory

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Changbin Wang
(Print investor name)

/s/ Changbin Wang
(Signature)

(Print name of signatory, if signing for an entity)

(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

SF Growth Fund
(Print investor name)

/s/ Myron Nesson
(Signature)

Myron Nesson
(Print name of signatory, if signing for an entity)

Director of Finance
(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

The parties are signing this Third Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

SF Growth Fund
(Print investor name)

/s/ Myron Nesson
(Signature)

Myron Nesson
(Print name of signatory, if signing for an entity)

Director of Finance
(Print title of signatory, if signing for an entity)

[Zoom Video Communications, Inc. Third Amended and Restated Investors' Rights Agreement Signature Page]

EXHIBIT A - 1

SERIES A INVESTORS

Investor

Digital Mobile Venture Ltd

Yi-Chun Chen

Yi-Ting Chen

**Farzad Nazem & Noosheen Hashemi
Living Trust Dated 07/10/95**

QUALCOMM Incorporated

**The Vandana Shah and Praful Shah
Revocable Living Trust**

Kailua Venture Group LLC

Investor

AME Cloud Ventures, LLC

The Eternal Bliss Limited Partnership

**IT-Farm Nozomi Investment Limited
Partnership**

Dan & Zoë Scheinman Trust Dated 2/23/01

Changbin Wang

Gary Griffiths

Yuqing Xu

Haiping Jin

Investor

Three Kingdoms Capital Partners, L.P.

The Subrah S. Iyar 2012 GRAT #3

Steven Li

Velchamy Sankarlingam

WS Investment Company, LLC (2011A)

William P. Tai

**The Michael and Martha Everett Living
Trust**

JV Trust dtd 9/27/2002

HE Venture Capital Fund, LP

Investor

TEEC Angel Fund, LP

Steven Sun

Heil 1998 Revocable Trust

Zhang/Gao Family Trust, 3/28/2000

EXHIBIT A - 2

SERIES B INVESTORS

Investor

Bucantini Enterprises Limited

Puccini World Limited

AME Cloud Ventures, LLC

Three Kingdoms Capital Partners, L.P.

Harbor Pacific Capital Partners I, LP

Digital Mobile Venture Ltd

Nantworks, LLC

EXHIBIT A - 3

SERIES C INVESTORS

Investor

Emergence Capital Partners III, L.P.

Hillhouse ZM Holdings Limited

Bucantini Enterprises Limited

Puccini World Limited

AME Cloud Ventures, LLC

Bart Swanson

Harbor Pacific Capital Partners I, LP

Nantworks, LLC

QUALCOMM Incorporated

EXHIBIT A - 4

SERIES D INVESTORS

Investor

Sequoia Capital U.S. Growth Fund VII, L.P.

Sequoia Capital U.S. Growth VII Principals Fund, L.P.

Sequoia Capital Global Growth Fund II, L.P.

Sequoia Capital Global Growth II Principals Fund, L.P.

AME Cloud Ventures, LLC

Investor

Emergence Capital Partners III Opportunity, L.P.

Hillhouse ZM Holdings Limited

Qualcomm Global Trading Pte. Ltd.
(Singapore company)

SF Growth Fund

EXHIBIT B

FOUNDER

Eric S. Yuan

Number of Shares of Common Stock Owned

14,000,000

SCHEDULE 1

NOTICE AND WAIVER/ELECTION OF
RIGHT OF FIRST REFUSAL

I do hereby waive or exercise, as indicated below, my rights of first refusal under the Third Amended and Restated Investors' Rights Agreement dated as of December 1, 2016 (the "Agreement"):

1. Waiver of 10 days' notice period in which to exercise right of first refusal: **(please check only one)**

- WAIVE** in full, on behalf of all Holders, the 10-day notice period provided to exercise my right of first refusal granted under the Agreement.
- DO NOT WAIVE** the notice period described above.

2. Issuance and Sale of New Securities: **(please check only one)**

- WAIVE** in full the right of first refusal granted under the Agreement with respect to the issuance of the New Securities.
- ELECT TO PARTICIPATE** in \$ (please provide amount) in New Securities proposed to be issued by Zoom Video Communications, Inc., a Delaware corporation, representing LESS than my *pro rata* portion of the aggregate of \$[] in New Securities being offered in the financing.
- ELECT TO PARTICIPATE** in \$ in New Securities proposed to be issued by Zoom Video Communications, Inc., a Delaware corporation, representing my FULL *pro rata* portion of the aggregate of \$[] in New Securities being offered in the financing.
- ELECT TO PARTICIPATE** in my full *pro rata* portion of the aggregate of \$ in New Securities being made available in the financing AND, to the extent available, the greater of (x) an additional \$ (please provide amount) or (y) my *pro rata* portion of any remaining investment amount available in the event other Holders do not exercise their full rights of first refusal with respect to the \$[] in New Securities being offered in the financing.

Date:

(Print investor name)

(Signature)

(Print name of signatory, if signing for an entity)

(Print title of signatory, if signing for an entity)

This is neither a commitment to purchase nor a commitment to issue the New Securities described above. Such issuance can only be made by way of definitive documentation related to such issuance. The company will supply you with such definitive documentation upon request or if you indicate that you would like to exercise your first offer rights in whole or in part.

ZOOM VIDEO COMMUNICATIONS, INC.

FOURTH AMENDED AND RESTATED

2011 GLOBAL SHARE PLAN

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected Employees, Directors, and Consultants and to promote the success of the Company's business. The Plan permits the grant of Options and Restricted Shares as the Administrator may determine.

2. Definitions. For the purposes of this Plan, the following terms shall have the following meanings:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan in accordance with Section 4 hereof.

(b) "Applicable Law" means any applicable legal requirements relating to the administration of and the issuance of securities under equity securities-based compensation plans, including, without limitation, the requirements of U.S. state corporate laws, U.S. federal and state securities laws, U.S. federal law, the Code, the laws of the People's Republic of China, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted and the applicable laws, rules and regulations of any other country or jurisdiction where Awards are, or will be, granted under the Plan. For all purposes of this Plan, references to statutes shall be deemed to include any rules and regulations promulgated pursuant to authority set forth in such statutes and references to statutes and regulations shall be deemed to include any successor statutes or regulations, to the extent reasonably appropriate as determined by the Administrator.

(c) "Award" means, individually or collectively, a grant under the Plan of Options or Restricted Shares.

(d) "Award Agreement" means a written or electronic agreement between the Company and a Participant, the form(s) of which shall be approved from time to time by the Administrator, evidencing the terms and conditions of an individual Award granted under the Plan, and includes any documents attached to or incorporated into the Award Agreement. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) Change in Ownership of the Company. A change in the ownership of the Company which occurs on the date that any one person, or more than one person

acting as a group (“Person”), acquires ownership of the share capital of the Company that, together with the share capital held by such Person, constitutes more than 50% of the total voting power of the share capital of the Company, except that any change in the ownership of the share capital of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control; or

(ii) Change in Effective Control of the Company. If the Company has a class of securities registered pursuant to Section 12 of the Exchange Act, a change in the effective control of the Company which occurs on the date that a majority of members of the Board are replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) Change in Ownership of a Substantial Portion of the Company’s Assets. A change in the ownership of a substantial portion of the Company’s assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(f), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time. Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Company’s incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

(g) “Code” means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(h) “Committee” means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or by the compensation committee of the Board, in accordance with Section 4 hereof.

- (i) “Company” means Zoom Video Communications, Inc., a Delaware corporation, or any successor corporation thereto.
- (j) “Consultant” means any person who is engaged by the Company or any Parent or Subsidiary to render consulting or advisory services to such entity.
- (k) “Date of Grant” means the date an Award is granted to a Participant in accordance with Section 14 hereof.
- (l) “Director” means a member of the Board.
- (m) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.
- (n) “Employee” means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary. Neither service as a Director nor payment of a director’s fee by the Company or any Parent or Subsidiary shall be sufficient to constitute “employment” by the Company or any Parent or Subsidiary.
- (o) “Exercise Price” means the amount for which one Share may be purchased upon exercise of an Option, as specified by the Administrator in the applicable Award Agreement in accordance with Section 6(d) hereof.
- (p) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.
- (q) “Exchange Program” means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have higher or lower Exercise Prices or Purchase Prices and different terms), awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the Exercise Price or Purchase Price of an outstanding Award is reduced or increased. The terms and conditions of any Exchange Program will be determined by the Administrator in its sole discretion.
- (r) “Fair Market Value” means, as of any date, the value of the Shares determined as follows:
- (i) if the Shares are listed on any established stock exchange or a national market system, including, without limitation, The New York Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, the Fair Market Value shall be the closing sales price for the Shares (or if no closing sales price was reported on that date, as applicable, on the last trading date such closing sales price was reported) as quoted on such exchange or system on the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) if the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean of the high bid and low asked prices for the Shares on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported in The Wall Street Journal or any other source as the Administrator deems reliable; or

(iii) in the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Administrator in accordance with Applicable Law.

(s) “Incentive Stock Option” means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(t) “Nonstatutory Stock Option” means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(u) “Option” means an option to purchase Shares that is granted pursuant to the Plan in accordance with Section 6 hereof. An Option that is not designated as a Reg. S Option is, unless the Administrator provides otherwise, intended to comply with and qualify under Rule 701 promulgated under the Securities Act.

(v) “Parent” means a “parent corporation” with respect to the Company, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(w) “Participant” means the holder of an outstanding Award granted under the Plan, or the holder of Shares issuable or issued pursuant to the exercise of an Award.

(x) “Period of Restriction” means the period during which the transfer of Restricted Shares are subject to restrictions and therefore, the Restricted Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(y) “Plan” means this Fourth Amended and Restated 2011 Global Share Plan, as amended from time to time.

(z) “Purchase Price” means the amount of consideration, if any, for which one Share may be acquired pursuant to an Award of Restricted Shares, as specified by the Administrator in the applicable Award Agreement in accordance with Section 7(d) hereof.

(aa) “Reg. S Option” means an Option that (i) is granted to a Service Provider who is not a U.S. Person, and (ii) is not intended to qualify under Rule 701 promulgated under the Securities Act.

(bb) “Reg. S Restricted Shares” means an Award of Restricted Shares that (i) is granted to a Service Provider who is not a U.S. Person, and (ii) is not intended to qualify under Rule 701 promulgated under the Securities Act.

(cc) “Restricted Shares” means Shares issued pursuant to an Award of Restricted Shares under Section 7 hereof or issued pursuant to the early exercise of an Option. Restricted Shares that are not designated as Reg. S Restricted Shares are, unless the Administrator provides otherwise, intended to comply with and qualify under Rule 701 promulgated under the Securities Act.

(dd) “Securities Act” means the U.S. Securities Act of 1933, as amended.

(ee) “Service Provider” means an Employee, Director, or Consultant.

(ff) “Share” means a share of common stock of the Company, as adjusted in accordance with Section 12 hereof.

(gg) “Shareholders Agreement” means any agreement between a Participant and the Company or Stockholders of the Company or both.

(hh) “Stockholder” means an owner of Shares.

(ii) “Subsidiary” means a “subsidiary corporation” with respect to the Company, whether now or hereafter existing, as defined in Section 424(f) of the Code.

(jj) “Ten Percent Owner” means a Service Provider who owns more than 10% of the total combined voting power of all classes of outstanding securities of the Company or any Parent or Subsidiary. In determining ownership of securities, the attribution rules of Section 424(d) of the Code shall apply.

(kk) “U.S.” or “United States” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

(ll) “U.S. Person” has the meaning accorded to it in Rule 902(k) of the Securities Act, and currently includes:

(i) any natural person resident in the United States;

(ii) any partnership or corporation organized or incorporated under the laws of the United States;

(iii) any estate of which any executor or administrator is a U.S. Person;

(iv) any trust of which any trustee is a U.S. Person;

(v) any agency or branch of a foreign entity located in the United States;

(vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;

(vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

(viii) any partnership or corporation if:

(A) organized or incorporated under the laws of any foreign jurisdiction; and

(B) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) promulgated under the Securities Act) who are not natural persons, estates or trusts.

3. Shares Subject to the Plan

(a) Basic Limitation. Subject to the provisions of Section 12 hereof, the maximum aggregate number of Shares that may be subject to Awards and sold under the Plan shall not exceed 71,240,000 Shares. The Shares may be authorized but unissued, or reacquired Shares. The number of Shares that are subject to Awards outstanding under the Plan at any time shall not exceed the aggregate number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of outstanding Awards granted under the Plan.

(b) Additional Shares. If an Award expires, becomes unexercisable, or is cancelled, forfeited to or repurchased by the Company due to the failure to vest, or otherwise terminated without having been exercised or settled in full, as the case may be, or is surrendered pursuant to an Exchange Program, the Shares allocable to the unexercised (or forfeited or repurchased) portion of the Award shall again become available for future grant or sale under the Plan (unless the Plan has terminated). Shares that actually have been issued under the Plan, upon exercise of an Option or delivery under a Restricted Share, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that in the event that Shares issued under the Plan are reacquired by the Company pursuant to any forfeiture provision, right of repurchase or redemption, or are used to satisfy the Exercise Price or Purchase Price for the Award or any tax withholding obligations related to an Award, such Shares shall again become available for future grant or sale under the Plan. Notwithstanding the foregoing and, subject to adjustment provided in Section 12, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a) hereof, plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan under this Section 3(b).

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan

(ii) Other Administration. Other than as provided above, the Plan shall be administered by the Board or a Committee appointed by the Board, which Committee shall be constituted to comply with Applicable Law.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may from time to time be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve the form(s) of agreement, including, without limitation, the Award Agreement, for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder including, but not limited to, the Exercise Price, the Purchase Price, the time or times when Options may be exercised (which may be based on performance criteria), the time or times when repurchase or redemption rights shall lapse, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to institute and determine the terms and conditions of an Exchange Program;

(vii) to prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable laws of jurisdictions other than the United States or for qualifying for favorable tax treatment under applicable foreign laws;

(viii) to modify or amend each Award (subject to Section 18 hereof and Participant consent if the modification or amendment is to the Participant's detriment), including, without limitation, the discretionary authority to extend the post-termination exercisability of an Option longer than is otherwise provided for in an Award Agreement or accelerate the vesting or exercisability of an Option or lapsing of a repurchase or redemption right or forfeiture provision to which Restricted Shares may be subject;

- (ix) to allow Participants to satisfy withholding tax obligations in a manner prescribed in Section 8;
- (x) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan; and
- (xi) to make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan.

(c) Delegation of Authority to Officers. Subject to Applicable Law, the Administrator may delegate limited authority to specified officers of the Company to execute on behalf of the Company any instrument required to effect an Award previously granted by the Administrator.

(d) Effect of Administrator's Decision. All decisions, determinations, and interpretations of the Administrator shall be final and binding on all Participants and any other holders of Awards.

5. Eligibility.

(a) General Rule. Only Service Providers that are not U.S. Persons, or trusts established in connection with any employee benefit plan of the Company (including the Plan) for the benefit of a Service Provider, shall be eligible for the grant of Reg. S Options and Reg. S Restricted Shares. Nonstatutory Stock Options that are not designated as Reg. S Options and Restricted Shares that are not designated as Reg. S Restricted Shares may be granted to Service Providers only. Incentive Stock Options may be granted to Employees only. Any Awards granted to Consultants that are intended to comply with and qualify under Rule 701 promulgated under the Securities Act may only be granted to natural persons who meet the requirements set forth under Rule 701(c)(1)(ii) and (iii) of the Securities Act.

(b) Stockholders with Ten-Percent Holdings. A Ten Percent Owner shall not be eligible for the grant of an Incentive Stock Option unless (i) the Exercise Price is at least 110% of the Fair Market Value on the Date of Grant, and (ii) the Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the Date of Grant.

(c) Service Providers Located in California. Notwithstanding any contrary provision of the Plan, a Service Provider located in California is eligible to receive only Awards that comply with the California Award Terms and Conditions attached hereto as Exhibit A.

6. Terms and Conditions of Options.

(a) Award Agreement. Each grant of an Option under the Plan shall be evidenced by an Award Agreement between the Participant and the Company. Each Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Administrator deems appropriate for inclusion in an Award Agreement. The provisions of the various Award Agreements entered into under the Plan need not be identical.

(b) Type of Option. Each Option shall be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding a designation of an Option as an Incentive Stock Option, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds US\$100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(b), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the Date of Grant, and calculation will be performed in accordance with Section 422 of the Code and the Treasury Regulations promulgated thereunder. Each Option also may be designated as a Reg. S Option or as an Option other than a Reg. S Option.

(c) Number of Shares. Each Award Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 12 hereof.

(d) Exercise Price. Each Award Agreement shall specify the Exercise Price. The Exercise Price of an Incentive Stock Option shall not be less than 100% of the Fair Market Value per Share on the Date of Grant, and a higher percentage may be required by Section 5(b) hereof. The Exercise Price of a Nonstatutory Stock Option may be less than 100% of the Fair Market Value per Share on the Date of Grant. Subject to the preceding provisions of this Section 6(d), the Exercise Price of any Option shall be determined by the Administrator in its sole discretion. The Exercise Price shall be payable in accordance with Section 9 hereof and the applicable Award Agreement. Notwithstanding anything to the contrary in the foregoing or in Section 5(b), in the event of a transaction described in Section 424(a) of the Code, then, consistent with Section 424(a) of the Code, Incentive Stock Options may be issued at an Exercise Price other than as required by the foregoing provisions of this Section 6(d) and Section 5(b).

(e) Term of Option. The Award Agreement shall specify the term of the Option; provided, however, that the term shall not exceed ten (10) years from the Date of Grant, and a shorter term may be required by Section 5(b) hereof. Subject to the preceding sentence, the Administrator in its sole discretion shall determine when an Option is to expire.

(f) Exercisability. Each Award Agreement shall specify the date when all or any installment of the Option is to become exercisable. The exercisability provisions of any Award Agreement shall be determined by the Administrator in its sole discretion.

(g) Exercise Procedure. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as may be determined by the Administrator and as set forth in the Award Agreement; provided, however, that an Option shall not be exercised for a fraction of a Share.

(i) An Option shall be deemed exercised when the Company receives (A) written or electronic notice of exercise (in accordance with the Award Agreement) from the

person entitled to exercise the Option, (B) full payment for the Shares with respect to which the Option is exercised, together with any applicable tax withholding, and (C) all representations, indemnifications, and documents requested by the Administrator, including, without limitation, any Shareholders Agreement. Full payment may consist of any consideration and method of payment authorized by the Administrator in accordance with Section 9 hereof and permitted by the Award Agreement and the Plan.

(ii) Shares issued upon exercise of an Option shall be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Subject to the provisions of Sections 8, 9, 15, and 16, the Company shall issue (or cause to be issued) certificates evidencing the issued Shares promptly after the Option is exercised. Notwithstanding the foregoing, the Administrator in its discretion may require the Company to retain possession of any certificate evidencing Shares acquired upon the exercise of an Option if those Shares remain subject to forfeiture, repurchase or redemption under the provisions of the Award Agreement, any Shareholders Agreement, or any other agreement between the Company and the Participant, or if those Shares are collateral for a loan or obligation due to the Company.

(iii) Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan (in accordance with Section 3(b)) and for sale under the Option, by the number of Shares as to which the Option is exercised.

(h) Termination of Service (other than by death).

(i) If a Participant ceases to be a Service Provider for any reason other than because of death, then the Participant's Options shall expire on the earliest of the following occasions:

(A) The expiration date determined by Section 6(e) hereof;

(B) The thirtieth (30th) day following the termination of the Participant's relationship as a Service Provider for any reason other than Disability, or such other date as the Administrator may determine and specify in the Award Agreement, provided that no Option that is exercised after the expiration of the three-month period immediately following the termination of the Participant's relationship as an Employee shall be treated as an Incentive Stock Option; or

(C) The last day of the six-month period following the termination of the Participant's relationship as a Service Provider by reason of Disability, or such other date as the Administrator may determine and specify in the Award Agreement; provided that no Option that is exercised after the expiration of the twelve-month period immediately following the termination of the Participant's relationship as an Employee shall be treated as an Incentive Stock Option.

(ii) Following the termination of the Participant's relationship as a Service Provider, the Participant may exercise all or part of the Participant's Option at any time before the expiration of the Option as set forth in Section 6(h)(i) hereof, but only to the extent that the Option was vested and exercisable as of the date of termination of the Participant's relationship as a Service Provider (or became vested and exercisable as a result of the termination). Unless the

Administrator provides otherwise in an Award Agreement, the balance of the Shares subject to the Option shall be forfeited on the date of termination of the Participant's relationship as a Service Provider. In the event that the Participant dies after the termination of the Participant's relationship as a Service Provider but before the expiration of the Participant's Option as set forth in Section 6(h)(i) hereof, all or part of the Option may be exercised (prior to expiration) by the executors or administrators of the Participant's estate or by any person who has acquired the Option directly from the Participant by beneficiary designation, bequest, or inheritance, but only to the extent that the Option was vested and exercisable as of the termination date of the Participant's relationship as a Service Provider (or became vested and exercisable as a result of the termination). Any Shares subject to the portion of the Option that are vested as of the termination date of the Participant's relationship as a Service Provider but that are not purchased prior to the expiration of the Option pursuant to this Section 6(h) shall be forfeited immediately following the Option's expiration.

(i) Death of Participant.

(i) If a Participant dies while a Service Provider, then the Participant's Option shall expire on the earlier of the following dates:

(A) The expiration date determined by Section 6(e) hereof;

(B) The last day of the six-month period immediately following the Participant's death, or such other date as the Administrator may determine and specify in the Award Agreement.

(ii) All or part of the Participant's Option may be exercised at any time before the expiration of the Option as set forth in Section 6(i)(i) hereof by the executors or administrators of the Participant's estate or by any person who has acquired the Option directly from the Participant by beneficiary designation, bequest, or inheritance, but only to the extent that the Option was vested and exercisable as of the date of the Participant's death or had become vested and exercisable as a result of the death. The balance of the Shares subject to the Option shall be forfeited upon the Participant's death. Any Shares subject to the portion of the Option that are vested as of the Participant's death but that are not purchased prior to the expiration of the Option pursuant to this Section 6(i) shall be forfeited immediately following the Option's expiration.

(j) Restrictions on Transfer of Shares. Shares issued upon exercise of an Option shall be subject to such forfeiture conditions, rights of repurchase or redemption, rights of first refusal, and other transfer restrictions as the Administrator may determine. The restrictions described in the preceding sentence shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally.

7. Terms and Conditions of Restricted Shares.

(a) Award Agreement. Each Restricted Share granted under the Plan shall be evidenced by an Award Agreement between the Participant and the Company, which will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Each Restricted Share shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and

conditions that are not inconsistent with the Plan and that the Administrator deems appropriate for inclusion in an Award Agreement. Unless the Administrator determines otherwise, the Company as escrow agent will hold the Restricted Shares until the restrictions on such Shares have lapsed. The provisions of the various Award Agreements entered into under the Plan need not be identical.

(b) Type of Restricted Share. Each Restricted Share may be designated as a Reg. S Restricted Share or as a Restricted Share other than a Reg. S Restricted Share. If the Award Agreement does not specify the type of Restricted Share, the Restricted Share will not be treated as a Reg. S Restricted Share.

(c) Duration of Offers and Nontransferability of Restricted Shares. Any Restricted Shares granted under the Plan shall automatically expire if not exercised by the Participant within 30 days (or such longer time as is specified in the Award Agreement) after the Date of Grant. Except as provided in this Section 7 or as the Administrator determines, Restricted Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction and shall be exercisable only by the Participant to whom the Restricted Share was granted.

(d) Purchase Price. The Purchase Price, if any, shall be determined by the Administrator in its sole discretion. The Purchase Price, if any, shall be payable in a form described in Section 9 hereof.

(e) Restrictions on Transfer of Shares. Any Shares awarded or sold pursuant to Restricted Shares shall be subject to such forfeiture conditions, rights of repurchase or redemption, rights of first refusal, escrow provisions and other transfer restrictions as the Administrator may determine. The restrictions described in the preceding sentence shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally.

(f) Removal of Restrictions. Except as otherwise provided in this Section 7, Restricted Shares granted under the Plan shall be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(g) Voting Rights. During the Period of Restriction, Service Providers holding Restricted Shares granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(h) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Restricted Shares shall be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Restricted Shares with respect to which they were paid.

8. Tax Withholding.

(a) Withholding Requirements. As a condition to the exercise of an Option or purchase of Restricted Shares, the Participant (or in the case of the Participant's death or in the event of a permissible transfer of Awards hereunder, the person exercising the Option or purchasing Restricted Shares) shall make such arrangements as the Administrator may require for the satisfaction of any applicable tax withholding arising in connection with the exercise of an Option, purchase of Restricted Shares or disposition of Awards under Applicable Laws. The Participant (or in the case of the Participant's death or in the event of a permissible transfer of Awards hereunder, the person exercising the Option or purchasing Restricted Shares) also shall make such arrangements as the Administrator may require for the satisfaction of any applicable U.S. federal, state, local, or non-U.S. tax withholding obligations, including those under the laws of the People's Republic of China, that may arise in connection with the disposition of Shares acquired by exercising an Option or purchasing Restricted Shares. The Company shall not be required to issue any Shares under the Plan until the foregoing obligations are satisfied. Without limiting the generality of the foregoing, upon the exercise of the Option or delivery of Restricted Shares, the Company, or a Parent or Subsidiary, as required by Applicable Law, shall have the right to withhold taxes from any compensation or other amounts that the Company or such Parent or Subsidiary, as applicable, may owe to the Participant, or to require the Participant to pay to the Company or such Parent or Subsidiary, as applicable, the amount of any taxes that the Company or such Parent or Subsidiary may be required to withhold with respect to the Shares issued to the Participant or the disposition of Awards or Shares.

(b) Withholding Arrangements. Without limiting the generality of the foregoing, the Administrator in its discretion may authorize the Participant to satisfy all or part of any tax withholding liability by (i) paying cash, (ii) having the Company, or the applicable Parent or Subsidiary, withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, (iii) delivering to the Company already owned and unencumbered Shares having a Fair Market Value equal to the statutory amount required to be withheld, provided the delivery of such Shares will not result in any adverse accounting consequences, as the Administrator determines in its sole discretion, or (iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum U.S. federal, state, local, or non-U.S. marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

9. Payment for Shares. The consideration to be paid for the Shares to be issued under the Plan, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined on the Date of Grant), subject to the provisions in this Section 9 and Applicable Law.

(a) General Rule. The entire Exercise Price or Purchase Price (as the case may be) for Shares issued under the Plan shall be payable in cash or cash equivalents at the time when the Shares are purchased, except as otherwise provided in this Section 9 or Applicable Law.

(b) Surrender of Shares. To the extent that an Award Agreement so provides, all or any part of the Exercise Price or Purchase Price (as the case may be) may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Participant. These Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value on the date the Option is exercised or Restricted Shares are purchased. The Participant shall not surrender, or attest to the ownership of, Shares in payment of the Exercise Price or Purchase Price (as the case may be) if this action would subject the Company to adverse accounting consequences, as determined by the Administrator.

(c) Services Rendered. At the discretion of the Administrator and to the extent so provided in the agreements evidencing Awards of Shares under the Plan, Shares may be awarded under the Plan in consideration of services rendered to the Company or any Parent or Subsidiary prior to the Award to the extent permitted by Applicable Law.

(d) Promissory Note. At the discretion of the Administrator and to the extent an Award Agreement so provides and is permitted by Applicable Laws, all or a portion of the Exercise Price or Purchase Price (as the case may be) may be paid with a promissory note in favor of the Company. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing provisions of this Section 9(d), the Administrator (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any), and other provisions of the promissory note.

(e) Exercise/Sale. At the discretion of the Administrator and to the extent an Award Agreement so provides, and if the Shares are publicly traded, payment may be made all or in part by the delivery (on a form and in a manner prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any tax withholding.

(f) Exercise/Pledge. At the discretion of the Administrator and to the extent an Award Agreement so provides, and if the Shares are publicly traded, payment may be made all or in part by the delivery (on a form and in a manner prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any tax withholding.

(g) Net Exercise. At the discretion of the Administrator and to the extent an Award Agreement so provides, all or a portion of the Exercise Price or Purchase Price (as the case may be) may be paid by a net exercise arrangement pursuant to which the number of Shares issued upon exercise or purchase is reduced by the minimum whole number of Shares with a Fair Market Value sufficient to pay the aggregate Exercise Price or Purchase Price (as the case may be), pursuant to such terms and procedures as the Administrator in its sole discretion may specify.

(h) Other Forms of Consideration. At the discretion of the Administrator and to the extent an Award Agreement so provides, all or a portion of the Exercise Price or Purchase Price may be paid by any other form of consideration and method of payment to the extent permitted by Applicable Law, or any combination of the foregoing methods of payment.

10. Nontransferability of Awards.

(a) Unless otherwise determined by the Administrator and so provided in the applicable Award Agreement (or be amended to provide), an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner (whether by operation of law or otherwise) other than by will or applicable laws of descent and distribution or (except in the case of an Incentive Stock Option) pursuant to a domestic relations order, and shall not be subject to execution, attachment, or similar process, and each Award may be exercised, during the lifetime of the Participant, only by the Participant. In the event the Administrator in its sole discretion makes a Nonstatutory Stock Option or Restricted Share transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate. Upon any attempt to pledge, assign, hypothecate, transfer, or otherwise dispose of any Award or of any right or privilege conferred by this Plan contrary to the provisions hereof, or upon the sale, levy or attachment or similar process upon the rights and privileges conferred by this Plan, such Award shall thereupon terminate and become null and void.

(b) Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or after the Administrator determines that it is, will, or may no longer be relying upon the exemption from registration under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act, an Option, or prior to exercise, the Shares subject to the Option, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (i) persons who are "family members" (as defined in Rule 701(c)(3) of the Securities Act through gifts or domestic relations orders, or (ii) to an executor or guardian of the Participant upon the death or disability of the Participant. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may determine to permit transfers to the Company or in connection with a Change in Control or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f).

11. Rights as a Stockholder. Until the Shares actually are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a Stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Award. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

12. Adjustments; Dissolution or Liquidation; Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or

enlargement of the benefits or potential benefits intended to be made available under the Plan, shall adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the preceding paragraph) without a Participant's consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subsection 12(c), the Administrator will not be obligated to treat all Awards, all Awards held by a Participant, or all Awards of the same type, similarly.

In the event that the successor corporation does not assume or substitute for an Award (or portion thereof), then the Participant will fully vest in and have the right to exercise the Award as to all of the Shares subject thereto, including Shares as to which it would not otherwise be vested or exercisable, and all restrictions on Restricted Shares will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met. In addition, if an Option is not assumed or substituted in the event of a merger or Change in Control, the Administrator will notify the Participant in writing or electronically that the Option will be exercisable for a period of time as determined by the Administrator, and the Option will terminate upon expiration of such period.

For purposes of this Section 12(c), an Award shall be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether shares, cash, or other securities or property) received in the merger or

Change in Control by holders of Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if the consideration received in the merger or Change in Control is not solely common stock or shares of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or vesting of the Restricted Shares, for each Share subject to the Award, to be solely common stock or shares of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Shares in the merger or Change in Control.

(d) Reservation of Rights. Except as provided in this Section 12 and in the applicable Award Agreement, a Participant shall have no rights by reason of (i) any subdivision or consolidation of Shares or other securities of any class, (ii) the payment of any dividend, or (iii) any other increase or decrease in the number of Shares or other securities of any class. Any issuance by the Company of equity securities of any class, or securities convertible into equity securities of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price or Purchase Price of Shares subject to an Award. The grant of an Option or Restricted Share shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell, or transfer all or any part of its business or assets.

13. Leaves of Absence.

(a) Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence.

(b) A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company, its Parent or any Subsidiary or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor.

(c) For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave, any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

14. Date of Grant. The Date of Grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination to grant the Award, or such other later date as is determined by the Administrator; provided, however, that the Date of Grant of an Incentive Stock Option shall be no earlier than the date on which the individual becomes an Employee.

15. Securities Law Requirements.

(a) Legal Compliance. Notwithstanding any other provision of the Plan or any agreement entered into by the Company pursuant to the Plan, the Company shall not be obligated, and shall have no liability for failure to deliver any Shares under the Plan unless the issuance and

delivery of Shares comply with (or are exempt from) all Applicable Laws, including, without limitation, the Securities Act, U.S. state securities laws and regulations, the laws and regulations of the People's Republic of China, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. Shares delivered under the Plan shall be subject to transfer restrictions, and the person acquiring the Shares shall, as a condition to the exercise of an Option or the purchase of Restricted Shares if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with Applicable Law, including, without limitation, the representation and warranty at the time of acquisition of Shares that the Shares are being acquired only for investment purposes and without any present intention to sell, transfer, or distribute the Shares.

(c) Regulation S Transfer Restrictions. Any Shares issued pursuant to a Reg. S Restricted Share or the exercise of a Reg. S Option shall not be offered or sold in an unregistered transaction to a U.S. Person or for the account or benefit of a U.S. Person prior to the expiration of the first anniversary (or the six-month anniversary if the Company is a "reporting issuer," as defined in Rule 902 under the Securities Act) of the date on which the Shares underlying the Reg. S Restricted Share or Reg. S Option are issued by the Company (the "Regulation S Compliance Period"). Any Shares offered or sold pursuant to a Reg. S Restricted Share or the exercise of a Reg. S Option prior to the expiration of the Regulation S Compliance Period may be offered or sold only if permitted by the Administrator in accordance with the following conditions: (i) the purchaser of Shares issued pursuant to a Reg. S Restricted Share or the exercise of a Reg. S Option certifies that it is not a U.S. Person and is not acquiring the Shares for the account or benefit of any U.S. Person or is a U.S. Person who is purchasing the Shares in a transaction that does not require registration under the Securities Act; (ii) the purchaser of the Shares issued pursuant to a Reg. S Restricted Share or the exercise of a Reg. S Option agrees to resell such Shares only in accordance with the provisions of Regulation S promulgated under the Securities Act, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration; and agrees not to engage in hedging transactions with regard to such Shares unless in compliance with the Securities Act; and (iii) the certificate evidencing the Shares shall contain restrictive legends to a similar effect as set forth in (ii). The restrictions described in this Section 15(c) shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally.

16. Inability to Obtain Authority. The inability of the Company, a Parent or a Subsidiary to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. In addition, the inability of a Participant who is a resident of the People's Republic of China to obtain authority (including approval and registration) from relevant regulatory bodies of the People's Republic of China, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company, any Parent and any Subsidiary of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority

shall not have been obtained, and if the inability is revealed or occurs after such Shares have been issued or sold by the Company, the inability shall entitle the Company to redeem or request the Participant to transfer the Shares so issued on such terms as the Administrator determines, subject to Applicable Law. The Company, any Parent and any Subsidiary shall be relieved from any liability for the redemption and the request for transfer.

17. Approval by Stockholders. The Plan shall be subject to approval by the Stockholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board. Such approval by Stockholders of the Company shall be obtained in the degree and manner required under Applicable Law. Awards may be granted but Options may not be exercised and Restricted Shares may not be purchased prior to approval of the Plan by Stockholders of the Company.

18. Duration and Amendment.

(a) Term of Plan. Subject to approval by Stockholders of the Company in accordance with Section 17 hereof, the Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the Stockholders of the Company as described in Section 17 hereof. In the event that the Stockholders of the Company fail to approve the Plan within twelve (12) months prior to or after its adoption by the Board, any Awards that have been granted and any Shares that have been awarded or purchased under the Plan shall be rescinded, and no additional Awards shall be granted thereafter. Unless sooner terminated under Section 18(b) hereof, the Plan shall continue in effect for a term of ten (10) years from the later of (a) the effective date of the Plan, or (b) the earlier of the most recent Board or Stockholder approval of an increase in the number of Shares reserved for issuance under the Plan.

(b) Amendment and Termination. The Administrator may at any time amend, alter, suspend, or terminate the Plan.

(c) Approval by Stockholders. The Administrator shall obtain approval of the Stockholders of any Plan amendment to the extent necessary or desirable to comply with Applicable Law.

(d) Effect of Amendment or Termination. No amendment, alteration, suspension, or termination of the Plan shall materially and adversely impair the rights of any Participant with respect to an outstanding Award, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Award granted prior to the termination of the Plan.

19. Legending Share Certificates. In order to enforce any restrictions imposed upon Shares issued upon the exercise of Options or the acquisition of Restricted Shares, including, without limitations, the restrictions described in Sections 6(j), 7(e), and 15(c) hereof, the Administrator may cause a legend or legends to be placed on any share certificates representing the Shares, which legend or legends shall make appropriate reference to the restrictions, including, without limitation, a restriction against sale of the Shares for any period as may be required by Applicable Law.

20. No Retention Rights. Neither the Plan nor any Award shall confer upon any Participant any right to continue his or her relationship as a Service Provider with the Company for any period of specific duration or interfere in any way with his or her right or the right of the Company (or any Parent or Subsidiary employing or retaining the Participant), which rights are hereby expressly reserved by each, to terminate this relationship at any time, with or without cause, and with or without notice.

21. No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Parent or Subsidiary and a Participant or any other person. To the extent that any Participant acquires a right to receive payments from the Company or any Parent or Subsidiary pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company, a Parent, or any Subsidiary.

22. No Rights to Awards. No Participant, eligible Service Provider, or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Service Providers, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

23. Information to Participants. Beginning on the earlier of (i) the date that the aggregate number of Participants under this Plan is five hundred (500) or more and the Company is relying on the exemption provided by Rule 12h-1(f)(1) under the Exchange Act and (ii) the date that the Company is required to deliver information to Participants pursuant to Rule 701 under the Securities Act, and until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, is no longer relying on the exemption provided by Rule 12h-1(f)(1) under the Exchange Act or is no longer required to deliver information to Participants pursuant to Rule 701 under the Securities Act, the Company shall provide to each Participant the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Participants or by written notice to the Participants of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Company may request that Participants agree to keep the information to be provided pursuant to this Section confidential. If a Participant does not agree to keep the information to be provided pursuant to this Section confidential, then the Company will not be required to provide the information unless otherwise required pursuant to Rule 12h-1(f)(1) under the Exchange Act or Rule 701 of the Securities Act.

[Remainder of Page Intentionally Left Blank]

EXHIBIT A

CALIFORNIA AWARD TERMS AND CONDITIONS

This Exhibit A to the Zoom Video Communications, Inc. Second Amended and Restated 2011 Global Share Plan will apply only to Participants who are residents of the State of California and who are receiving an Award under the Plan. Capitalized terms contained herein will have the same meanings given to them in the Plan, unless otherwise provided by this Exhibit A. Notwithstanding any provisions contained in the Plan to the contrary and to the extent required by Applicable Laws, the following terms will apply to all Awards granted to residents of the State of California, until such time as the Administrator amends this Exhibit A or the Administrator otherwise provides. This Exhibit A will be deemed to be part of the Plan and the Administrator will have the authority to amend this Exhibit A in accordance with Section 18 of the Plan.

1. **Eligibility.** Reg. S Options and Reg. S Restricted Shares may be granted only to Service Providers that are not U.S. Persons. Nonstatutory Stock Options that are not designated as Reg. S Options and Restricted Shares that are not designated as Reg. S Restricted Shares may be granted only to Service Providers. Incentive Stock Options may be granted only to Employees.
2. **Option Term.** The term of each Option will be stated in the Award Agreement, provided, however, that the term will be no more than ten (10) years from the date of grant thereof.
3. **Termination of Service.**
 - (a) If a Participant ceases to be a Service Provider, such Participant may exercise his or her Option within thirty (30) days of termination, or such longer period of time as specified in the Award Agreement, to the extent that the Option is vested on the date of termination (but in no event later than the expiration date determined by Section 6(e) of the Plan).
 - (b) If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within six (6) months of termination, or such longer period of time as specified in the Award Agreement, to the extent the Option is vested on the date of termination (but in no event later than the expiration date determined by Section 6(e) of the Plan).
 - (c) If a Participant dies while a Service Provider, the Option may be exercised within six (6) months following Participant's death, or such longer period of time as specified in the Award Agreement, to the extent that the Option is vested on the date of death (but in no event later than the expiration date determined by Section 6(e) of the Plan).
4. **Transferability.** Unless determined otherwise by the Administrator, Awards may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or the laws of descent and distribution, and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator in its sole discretion makes an Award transferable, such Award may only be transferred (i) by will, (ii) by the laws of descent and distribution, (iii) or as permitted by Rule 701 of the Securities Act.

5. Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, shall adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award; provided, however, that the Administrator shall make such adjustments to an Award as required by Section 25102(o) of the California Corporations Code to the extent the Company is relying upon the exemption afforded thereby with respect to the Award.
6. Grant of Award. No Award will be granted to a resident of California more than ten (10) years after the earlier of the date of adoption of the Plan or the date the Plan is approved by the Stockholders.

**ZOOM VIDEO COMMUNICATIONS, INC. FOURTH AMENDED AND
RESTATED 2011 GLOBAL SHARE PLAN:**

SUMMARY OF RESTRICTED SHARE PURCHASE

The Purchaser is acquiring shares of the Common Stock of Zoom Video Communications, Inc. on the following terms:

Grant Number :

Name of Purchaser:

Total Number of Purchased Shares: Purchase Price per Share: \$

Date of Offer:

Date of Purchase:

Vesting Commencement Date:

Vesting Schedule: The Right of Repurchase shall lapse with respect to the first % of the Purchased Shares when the Purchaser completes months of continuous Service beginning with the Vesting Commencement Date set forth above. The Right of Repurchase shall lapse with respect to an additional % of the Purchased Shares when the Purchaser completes each month of continuous Service thereafter.

The Purchase Price must be paid on or before the Date of Purchase set forth above. If the Purchaser fails to make payment before the Date of Purchase, this offer automatically terminates.

By signing below, the Purchaser and the Company agree that the acquisition of the Purchased Shares is governed by the terms and conditions of the Fourth Amended and Restated 2011 Global Share Plan and the Restricted Share Purchase Agreement. Both of these documents are attached to, and made a part of, this Summary of Restricted Share Purchase. The Purchaser agrees to accept by email all documents relating to the Company, the Plan or this purchase and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). The Purchaser also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Purchaser by email of their availability. The Purchaser acknowledges that he or she may incur costs in connection with electronic delivery, including the cost of accessing the internet and printing fees, and that an interruption of internet access may interfere with his or her ability to access the documents. This consent shall remain in effect until the Purchaser gives the Company written notice that it should deliver paper documents.

PURCHASER:

ZOOM VIDEO COMMUNICATIONS, INC.

Address for Mailing Stock Certificate:

By: _____
Title: _____

**ZOOM VIDEO COMMUNICATIONS, INC. FOURTH AMENDED AND
RESTATED 2011 GLOBAL SHARE PLAN:**

RESTRICTED SHARE PURCHASE AGREEMENT

SECTION 1. ACQUISITION OF SHARES.

(a) **Transfer.** On the terms and conditions set forth in the Summary of Restricted Share Purchase and this Agreement, the Company agrees to transfer to the Purchaser the number of Shares set forth in the Summary of Restricted Share Purchase. The transfer shall occur at the offices of the Company on the date of purchase set forth in the Summary of Restricted Share Purchase or at such other place and time as the parties may agree.

(b) **Consideration.** The Purchaser agrees to pay the Purchase Price set forth in the Summary of Restricted Share Purchase for each Purchased Share. The Purchase Price is agreed to be not less than 100% of the Fair Market Value of the Purchased Shares. Payment shall be made in cash or cash equivalents on the date of purchase set forth in the Summary of Restricted Share Purchase.

(c) **Stock Plan and Defined Terms.** The transfer of the Purchased Shares is subject to the Plan, a copy of which the Purchaser acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. Except as otherwise defined in this Agreement (including without limitation Section 11 hereof), capitalized terms shall have the meaning ascribed to such terms in the Plan.

SECTION 2. RIGHT OF REPURCHASE.

(a) **Scope of Repurchase Right.** Until they vest in accordance with the Summary of Restricted Share Purchase and Subsection (b) below, the Purchased Shares acquired under this Agreement shall be Restricted Shares and shall be subject to the Company's Right of Repurchase. The Company, however, may decline to exercise its Right of Repurchase or may exercise its Right of Repurchase only with respect to a portion of the Restricted Shares. The Company may exercise its Right of Repurchase only during the Repurchase Period following the termination of the Purchaser's Service, but the Right of Repurchase may be exercised automatically under Subsection (d) below. If the Right of Repurchase is exercised, the Company shall pay the Purchaser an amount equal to the lower of (i) the Purchase Price of each Restricted Share being repurchased or (ii) the Fair Market Value of such Restricted Share at the time the Right of Repurchase is exercised.

(b) **Lapse of Repurchase Right.** The Right of Repurchase shall lapse with respect to the Restricted Shares in accordance with the vesting schedule set forth in the Summary of Restricted Share Purchase.

(c) **Escrow.** Upon issuance, the certificate(s) for Restricted Shares shall be deposited in escrow with the Company to be held in accordance with the provisions of this Agreement.

Any additional or exchanged securities or other property described in Subsection (f) below shall immediately be delivered to the Company to be held in escrow. All ordinary cash dividends on Restricted Shares (or on other securities held in escrow) shall be paid directly to the Purchaser and shall not be held in escrow. Restricted Shares, together with any other assets held in escrow under this Agreement, shall be (i) surrendered to the Company for repurchase upon exercise of the Right of Repurchase or the Right of First Refusal or (ii) released to the Purchaser upon his or her request to the extent that the Shares have ceased to be Restricted Shares (but not more frequently than once every six months). In any event, all Purchased Shares that have ceased to be Restricted Shares, together with any other vested assets held in escrow under this Agreement, shall be released within 90 days after the earlier of (i) the termination of the Purchaser's Service or (ii) the lapse of the Right of First Refusal.

(d) **Exercise of Repurchase Right.** The Company shall be deemed to have exercised its Right of Repurchase automatically for all Restricted Shares as of the commencement of the Repurchase Period, unless the Company during the Repurchase Period notifies the holder of the Restricted Shares pursuant to Section 9 that it will not exercise its Right of Repurchase for some or all of the Restricted Shares. The Company shall pay to the holder of the Restricted Shares the purchase price determined under Subsection (a) above for the Restricted Shares being repurchased. Payment shall be made in cash or cash equivalents and/or by canceling indebtedness to the Company incurred by the Purchaser in the purchase of the Restricted Shares. The certificate(s) representing the Restricted Shares being repurchased shall be delivered to the Company.

(e) **Termination of Rights as Stockholder.** If the Right of Repurchase is exercised in accordance with this Section 2 and the Company makes available the consideration for the Restricted Shares being repurchased, then the person from whom the Restricted Shares are repurchased shall no longer have any rights as a holder of the Restricted Shares (other than the right to receive payment of such consideration). Such Restricted Shares shall be deemed to have been repurchased pursuant to this Section 2, whether or not the certificate(s) for such Restricted Shares have been delivered to the Company or the consideration for such Restricted Shares has been accepted.

(f) **Additional or Exchanged Securities and Property.** In the event of a merger or consolidation of the Company, a sale of all or substantially all of the Company's stock or assets, any other corporate reorganization, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Restricted Shares or into which such Restricted Shares thereby become convertible shall immediately be subject to the Right of Repurchase. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Restricted Shares. Appropriate adjustments shall also be made to the price per share to be paid upon the exercise of the Right of Repurchase, provided that the aggregate purchase price payable for the Restricted Shares shall remain the same. In the event of any transaction described in Section 8(b) of the Plan or any other corporate reorganization, the Right of Repurchase may be exercised by the Company's successor.

(g) **Transfer of Restricted Shares.** The Purchaser shall not transfer, assign, encumber or otherwise dispose of any Restricted Shares without the Company's written consent, except as provided in the following sentence. The Purchaser may transfer Restricted Shares to one or more members of the Purchaser's Immediate Family or to a trust established by the Purchaser for the benefit of the Purchaser and/or one or more members of the Purchaser's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Purchaser transfers any Restricted Shares, then this Agreement shall apply to the Transferee to the same extent as to the Purchaser.

(h) **Assignment of Repurchase Right.** The Board of Directors may freely assign the Company's Right of Repurchase, in whole or in part. Any person who accepts an assignment of the Right of Repurchase from the Company shall assume all of the Company's rights and obligations under this Section 2.

(i) **Part-Time Employment and Leaves of Absence.** If the Purchaser commences working on a part-time basis, then the Company may adjust the vesting schedule set forth in the Summary of Restricted Share Purchase. If the Purchaser goes on a leave of absence, then the Company may adjust the vesting schedule set forth in the Summary of Restricted Share Purchase in accordance with the Company's leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue while the Purchaser is on a *bona fide* leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Purchaser immediately returns to active work.

SECTION 3. RIGHT OF FIRST REFUSAL.

(a) **Right of First Refusal.** In the event that the Purchaser proposes to sell, pledge or otherwise transfer to a third party any Purchased Shares, or any interest in Purchased Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Purchased Shares. If the Purchaser desires to transfer Purchased Shares, the Purchaser shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Purchased Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable federal, State or foreign securities laws. The Transfer Notice shall be signed both by the Purchaser and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Purchased Shares. The Company shall have the right to purchase all, and not less than all, of the Purchased Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) **Transfer of Shares.** If the Company fails to exercise its Right of First Refusal within 30 days after receiving the Transfer Notice, the Purchaser may, not later than 120 days after the Company received the Transfer Notice, conclude a transfer of the Purchased Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable federal, State and foreign

securities laws and not in violation of any other contractual restrictions to which the Purchaser is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Purchaser, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Purchased Shares on the terms set forth in the Transfer Notice within 30 days after the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Purchased Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Purchased Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) **Additional or Exchanged Securities and Property.** In the event of a merger or consolidation of the Company, a sale of all or substantially all of the Company's stock or assets, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Purchased Shares subject to this Section 3 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Purchased Shares subject to this Section 3.

(d) **Termination of Right of First Refusal.** Any other provision of this Section 3 notwithstanding, in the event that the Shares are readily tradable on an established securities market when the Purchaser desires to transfer Purchased Shares, the Company shall have no Right of First Refusal, and the Purchaser shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) **Permitted Transfers.** This Section 3 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Purchaser's Immediate Family or to a trust established by the Purchaser for the benefit of the Purchaser and/or one or more members of the Purchaser's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Purchaser transfers any Purchased Shares, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Purchaser.

(f) **Termination of Rights as Stockholder.** If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 3, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) **Assignment of Right of First Refusal.** The Board of Directors may freely assign the Company's Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company's rights and obligations under this Section 3.

SECTION 4. OTHER RESTRICTIONS ON TRANSFER.

(a) **Purchaser Representations.** In connection with the issuance and acquisition of Shares under this Agreement, the Purchaser hereby represents and warrants to the Company as follows:

(i) The Purchaser is acquiring and will hold the Purchased Shares for investment for his or her account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**").

(ii) The Purchaser understands that the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption therefrom and that the Purchased Shares must be held indefinitely, unless their sale or other transfer is subsequently registered under the Securities Act or the Purchaser obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required. The Purchaser further acknowledges and understands that the Company is under no obligation to register the Purchased Shares.

(iii) The Purchaser is aware of Rule 144 under the Securities Act, which permits limited public resales of securities acquired in a non-public offering, subject to the satisfaction of certain conditions. These conditions may include (without limitation) that certain current public information about the issuer be available, that the resale occur only after a holding period required by Rule 144 has been satisfied, that the sale occur through an unsolicited "broker's transaction," and that the amount of securities being sold during any three-month period not exceed specified limitations. The Purchaser acknowledges and understands that the conditions for resale set forth in Rule 144 have not been satisfied as of either the Date of Offer or the Date of Purchase and that the Company is not required to take action to satisfy any such conditions.

(iv) The Purchaser will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder, including Rule 144 under the Securities Act. The Purchaser agrees that he or she will not dispose of the Purchased Shares unless and until he or she has complied with all requirements of this Agreement applicable to the disposition of Purchased Shares and he or she has provided the Company with written assurances, in substance and form satisfactory to the Company, that (A) the proposed disposition does not require registration of the Purchased Shares under the Securities Act or all appropriate action necessary for compliance with the registration requirements of the Securities Act or with any

exemption from registration available under the Securities Act (including Rule 144) has been taken and (B) the proposed disposition will not result in the contravention of any transfer restrictions applicable to the Purchased Shares under applicable state law.

(v) The Purchaser has received and has had access to such information as he or she considers necessary or appropriate for deciding whether to invest in the Purchased Shares, and the Purchaser has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares.

(vi) The Purchaser is aware that his or her investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. The Purchaser is able, without impairing his or her financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of his or her investment in the Purchased Shares.

(b) **Securities Law Restrictions.** Regardless of whether the offer and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any State or other relevant jurisdiction, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of the Purchased Shares (including the placement of appropriate legends on the stock certificates (or electronic equivalent) or the imposition of stop-transfer instructions) and may refuse (or may be required to refuse) to transfer Shares acquired hereunder (or Shares proposed to be transferred in a subsequent transfer) if, in the judgment of the Company, such restrictions, legends or refusal are necessary or appropriate to achieve compliance with the Securities Act or other relevant securities or other laws, including without limitation under Regulation S of the Securities Act or pursuant to another available exemption from registration.

(c) **Market Stand-Off.** In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Purchaser or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Purchased Shares without the prior written consent of the Company or its managing underwriter. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules. The Market Stand-Off shall in any event terminate two years after the date of the Company's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's

outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Purchased Shares until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Subsection (c). This Subsection (c) shall not apply to Shares registered in the public offering under the Securities Act.

(d) **Rights of the Company.** The Company shall not be required to (i) transfer on its books any Purchased Shares that have been sold or transferred in contravention of this Agreement or (ii) treat as the owner of Purchased Shares, or otherwise to accord voting, dividend or liquidation rights to, any transferee to whom Purchased Shares have been transferred in contravention of this Agreement.

SECTION 5. SUCCESSORS AND ASSIGNS.

Except as otherwise expressly provided to the contrary, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and be binding upon the Purchaser and the Purchaser's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person has become a party to this Agreement or has agreed in writing to join herein and to be bound by the terms, conditions and restrictions hereof.

SECTION 6. NO RETENTION RIGHTS.

Nothing in this Agreement or in the Plan shall confer upon the Purchaser any right to continue providing services to the Company for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Purchaser) or of the Purchaser, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

SECTION 7. TAX ELECTION.

The acquisition of the Purchased Shares may result in adverse tax consequences that may be avoided or mitigated by filing an election under Code Section 83(b). Such election may be filed only within 30 days after the date of purchase set forth in the Summary of Restricted Share Purchase. The form for making the Code Section 83(b) election is attached to this Agreement as an Exhibit. **The Purchaser should consult with his or her tax advisor to determine the tax consequences of acquiring the Purchased Shares and the advantages and disadvantages of filing the Code Section 83(b) election. The Purchaser acknowledges that it is his or her sole responsibility, and not the Company's, to file a timely election under Code Section 83(b), even if the Purchaser requests the Company or its representatives to make this filing on his or her behalf.**

SECTION 8. LEGENDS.

All certificates evidencing Purchased Shares shall bear the following legends:

“THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). SUCH AGREEMENT GRANTS TO THE COMPANY CERTAIN RIGHTS OF FIRST REFUSAL UPON AN ATTEMPTED TRANSFER OF THE SHARES AND CERTAIN REPURCHASE RIGHTS UPON TERMINATION OF SERVICE WITH THE COMPANY. IN ADDITION, THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFER FOR A LIMITED PERIOD FOLLOWING THE EFFECTIVE DATE OF THE UNDERWRITTEN PUBLIC OFFERING OF THE COMPANY’S SECURITIES AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF BY THE HOLDER WITHOUT THE CONSENT OF THE COMPANY OR THE MANAGING UNDERWRITER. THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE.”

All certificates evidencing the Purchased Shares acquired under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

“THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”) OR ANY SECURITIES LAWS OF ANY U.S. STATE, AND MAY NOT BE SOLD, REOFFERED, PLEDGED, ASSIGNED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED. IN THE ABSENCE OF REGISTRATION OR THE AVAILABILITY (CONFIRMED BY OPINION OF COUNSEL) OF AN ALTERNATIVE EXEMPTION FROM REGISTRATION UNDER THE ACT (INCLUDING WITHOUT LIMITATION IN ACCORDANCE WITH REGULATIONS UNDER THE ACT), THESE SHARES MAY NOT BE SOLD, REOFFERED, PLEDGED, ASSIGNED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED OF. HEDGING TRANSACTIONS INVOLVING THESE SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE ACT.”

If required by the authorities of any State in connection with the issuance of the Purchased Shares, the legend or legends required by such State authorities shall also be endorsed on all such certificates.

SECTION 9. MISCELLANEOUS PROVISIONS.

(a) **Choice of Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, as such laws are applied to contracts entered into and performed in such State.

(b) **Notice.** Any notice required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or upon deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. Notice shall be addressed to the Company at its principal executive office and to the Purchaser at the address that he or she most recently provided to the Company.

(c) **Entire Agreement.** The Summary of Restricted Share Purchase, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

SECTION 10. ACKNOWLEDGEMENTS OF THE PURCHASER.

In addition to the other terms, conditions and restrictions imposed on the Shares acquired pursuant to this Agreement, the Purchaser expressly acknowledges being subject to Sections 2 (Right of Repurchase), 3 (Right of First Refusal) and 4 (Other Restrictions on Transfer, including without limitation the Market Stand-Off), as well as the following provisions:

(a) **Waiver of Statutory Information Rights.** The Purchaser acknowledges and agrees that, until the first sale of the Company's Shares to the general public pursuant to a registration statement filed under the Securities Act, he or she will be deemed to have waived any rights the Purchaser might otherwise have had under Section 220 of the Delaware General Corporation Law (or under similar rights under other applicable law) to inspect for any proper purpose and to make copies and extracts from the Company's stock ledger, a list of its stockholders and its other books and records or the books and records of any subsidiary. This waiver applies only in the Purchaser's capacity as a stockholder and does not affect any other inspection rights the Purchaser may have under other law or pursuant to a written agreement with the Company.

(b) **Plan Discretionary.** The Purchaser understands and acknowledges that (i) the Plan is entirely discretionary, (ii) the Company and the Purchaser's employer have reserved the right to amend, suspend or terminate the Plan at any time, (iii) the transfer of the Purchased Shares does not in any way create any contractual or other right to receive additional awards under the Plan at any time or in any amount and (iv) all determinations with respect to any additional awards, including (without limitation) the times when awards will be granted, the number of Shares offered and the vesting schedule, will be at the sole discretion of the Company.

(c) **Termination of Service.** The Purchaser understands and acknowledges that participation in the Plan ceases upon termination of his or her Service for any reason, except as may explicitly be provided otherwise in the Plan or this Agreement.

(d) **Extraordinary Compensation.** The value of the Purchased Shares shall be an extraordinary item of compensation outside the scope of the Purchaser's employment contract,

if any, and shall not be considered a part of his or her normal or expected compensation for purposes of calculating severance, resignation, redundancy or end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

(e) **Authorization to Disclose.** The Purchaser hereby authorizes and directs the Purchaser's employer to disclose to the Company or any Subsidiary any information regarding the Purchaser's employment, the nature and amount of the Purchaser's compensation and the fact and conditions of the Purchaser's participation in the Plan, as the Purchaser's employer deems necessary or appropriate to facilitate the administration of the Plan.

(f) **Personal Data Authorization.** The Purchaser consents to the collection, use and transfer of personal data as described in this Subsection (f). The Purchaser understands and acknowledges that the Company, the Purchaser's employer and the Company's other Subsidiaries hold certain personal information regarding the Purchaser for the purpose of managing and administering the Plan, including (without limitation) the Purchaser's name, home address, telephone number, date of birth, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company and details of all options or any other entitlements to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Purchaser's favor (the "**Data**"). The Purchaser further understands and acknowledges that the Company and/or its Subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of the Purchaser's participation in the Plan and that the Company and/or any Subsidiary may each further transfer Data to any third party assisting the Company in the implementation, administration and management of the Plan. The Purchaser understands and acknowledges that the recipients of Data may be located in the United States or elsewhere. The Purchaser authorizes such recipients to receive, possess, use, retain and transfer Data, in electronic or other form, for the purpose of administering the Purchaser's participation in the Plan, including a transfer to any broker or other third party with whom the Purchaser elects to deposit Shares acquired under the Plan of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Purchaser's behalf. The Purchaser may, at any time, view the Data, require any necessary modifications of Data or withdraw the consents set forth in this Subsection (f) by contacting the Company in writing.

SECTION 11. DEFINITIONS.

(a) "**Agreement**" shall mean this Restricted Share Purchase Agreement.

(b) "**Board of Directors**" shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(c) "**Company**" shall mean Zoom Video Communications, Inc., a Delaware corporation.

(d) "**Immediate Family**" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

- (e) “**Plan**” shall mean the Zoom Video Communications, Inc. Fourth Amended and Restated 2011 Global Share Plan, as amended.
- (f) “**Purchased Shares**” shall mean the Shares purchased by the Purchaser pursuant to this Agreement.
- (g) “**Purchase Price**” shall mean the amount for which one Share may be purchased pursuant to this Agreement, as specified in the Summary of Restricted Share Purchase.
- (h) “**Purchaser**” shall mean the person named in the Summary of Restricted Share Purchase.
- (i) “**Repurchase Period**” shall mean a period of 90 consecutive days commencing on the date when the Purchaser’s Service terminates for any reason, including (without limitation) death or disability.
- (j) “**Restricted Share**” shall mean a Purchased Share that is subject to the Right of Repurchase.
- (k) “**Right of First Refusal**” shall mean the Company’s right of first refusal described in Section 3.
- (l) “**Right of Repurchase**” shall mean the Company’s right of repurchase described in Section 2.
- (m) “**Service**” means service as an Employee, Director or Consultant.
- (n) “**Transferee**” shall mean any person to whom the Purchaser has directly or indirectly transferred any Purchased Share.
- (o) “**Transfer Notice**” shall mean the notice of a proposed transfer of Purchased Shares described in Section 3.

SECTION 83(b) ELECTION

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, and pursuant to Treasury Regulations Section 1.83-2, to include in gross income as compensation for services the excess (if any) of the fair market value of the shares described below over an amount paid for those shares.

(p) The taxpayer who performed the services is:

Name: _____
Address: _____
Social Security No.: _____

(q) The property with respect to which the election is made is _____ shares of the common stock of Zoom Video Communications, Inc.

(r) The property was transferred to the taxpayer on _____, _____.

(s) The taxable year for which the election is made is the calendar year 2015.

(t) The property is subject to a repurchase right pursuant to which the issuer has the right to acquire the property if for any reason taxpayer's service with the issuer terminates. The issuer's repurchase right lapses in a series of installments over a _____-year period ending on _____, _____.

(u) The fair market value of such property at the time of transfer (determined without regard to any restriction other than a restriction that by its terms will never lapse) is \$ _____ per share x _____ shares = \$ _____.

(v) For the property transferred, the taxpayer paid \$ _____ per share x _____ shares = \$ _____.

(w) The amount to include in gross income is \$ _____. *[The amount in Item F less the amount in Item G]*

(x) A copy of this statement was furnished to Zoom Video Communications, Inc., for whom taxpayer rendered the services underlying the transfer of such property.

(y) This statement is executed on _____, _____.

Signature of Spouse (if any)

Signature of Taxpayer

Within 30 days after the date of transfer of the property, this election must be filed with the Internal Revenue Service office where the taxpayer files his or her annual federal income tax return. The filing should be made by registered or certified mail, return receipt requested. The taxpayer must (a) include a copy of the completed form with his or her federal income tax return for the taxable year in which the property is transferred and (b) deliver an additional copy to the Company.

**ZOOM VIDEO COMMUNICATIONS, INC.
2011 GLOBAL SHARE PLAN**

U.S. SHARE OPTION AGREEMENT

Zoom Video Communications, Inc. (the "Company") hereby grants you, Employee Name (the "Participant"), an option (the "Option") under the Company's 2011 Global Share Plan (the "Plan") to purchase shares of Common Stock ("Shares") of the Company. Subject to the provisions of the Plan and the Option Rules attached hereto as Exhibit A, the principal features of the Option are as follows:

Grant Number _____
Date of Grant _____
Vesting Commencement Date _____
Exercise Price per Share _____
Number of Shares subject to the Option _____
Type of Option: ISO Incentive Stock Option (to the extent permitted by Applicable Law)
Expiration Date: _____

Vesting Schedule

The Option shall become exercisable, in whole or in part, in accordance with the terms of the Plan, the Option Rules (attached hereto as Exhibit A) and the following vesting schedule:

Twenty-five percent (25%) of the Shares subject to the Option shall vest on the one (1) year anniversary of the Vesting Commencement Date, and one forty-eighth (1/48th) of the Shares subject to the Option shall vest each month thereafter on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Participant continuing to be a Service Provider through each such date.

Option Termination:

<u>Event Triggering Option Termination</u>	<u>Maximum Time to Exercise After Triggering Event*</u>
Termination as Service Provider (except as provided below)	3 months
Termination as Service Provider due to Disability	12 months
Termination as Service Provider due to death	12 months

* The Option may only be exercised as to Shares that have vested as of the date of the Participant's termination as a Service Provider and in no event may the Option be exercised after the Expiration Date. **It is the Participant's responsibility to exercise the Option, if the Participant so desires, before it expires or terminates.**

The Participant's signature below indicates his or her agreement, understanding, and acceptance that the Option is subject to all of the terms and conditions contained in Exhibit A and the Plan. **Please be sure to read all of Exhibit A, which contains the specific terms and conditions of the Option.**

This U.S. Share Option Agreement (the "Option Agreement") does not represent a securities interest in the Company, which interest may accrue only upon the exercise of the Option in accordance with its terms.

ZOOM VIDEO COMMUNICATIONS, INC.

PARTICIPANT

President and CEO

Signed

ZOOM VIDEO COMMUNICATIONS, INC.
2011 GLOBAL SHARE PLAN

U.S. SHARE OPTION AGREEMENT

Zoom Video Communications, Inc. (the "Company") hereby grants you, Participant Name (the "Participant"), an option (the "Option") under the Company's 2011 Global Share Plan (the "Plan") to purchase shares of Common Stock ("Shares") of the Company. Subject to the provisions of the Plan and the Option Rules attached hereto as Exhibit A, the principal features of the Option are as follows:

Grant Number _____
Date of Grant _____
Vesting Commencement Date _____
Exercise Price per Share _____
Number of Shares subject to the Option _____
Type of Option: NSO Nonstatutory Stock Option
Expiration Date: _____

Vesting Schedule

The Option shall become exercisable, in whole or in part, in accordance with the terms of the Plan, the Option Rules (attached hereto as Exhibit A) and the following vesting schedule:

One forty-eighth (1/48th) of the Shares subject to the Option shall vest each month on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Participant continuing to be a Service Provider through each such date.

Option Termination:

<u>Event Triggering Option Termination</u>	<u>Maximum Time to Exercise After Triggering Event*</u>
Termination as Service Provider (except as provided below)	3 months
Termination as Service Provider due to Disability	12 months
Termination as Service Provider due to death	12 months

* The Option may only be exercised as to Shares that have vested as of the date of the Participant's termination as a Service Provider and in no event may the Option be exercised after the Expiration Date. **It is the Participant's responsibility to exercise the Option, if the Participant so desires, before it expires or terminates.**

The Participant's signature below indicates his or her agreement, understanding, and acceptance that the Option is subject to all of the terms and conditions contained in Exhibit A and the Plan. **Please be sure to read all of Exhibit A, which contains the specific terms and conditions of the Option.**

This U.S. Share Option Agreement (the "Option Agreement") does not represent a securities interest in the Company, which interest may accrue only upon the exercise of the Option in accordance with its terms.

President and CEO

Signed

2.

EXHIBIT A

OPTION RULES

1. Grant of Option. The Administrator hereby grants to the Participant under the Plan the right to purchase the number of Shares set forth on the first page of this Option Agreement (the "Grant Notice"), at the Exercise Price per Share set forth in the Grant Notice, and subject to all of the terms and conditions in this Option Agreement and the Plan, a copy of which the Participant acknowledges having received. Unless otherwise defined herein, the capitalized terms in this Option Agreement shall have the meanings ascribed to those terms in the Plan. In the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail unless otherwise indicated.

The aggregate Fair Market Value (determined with respect to each Incentive Stock Option at the time the Incentive Stock Option is granted) of Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under the Plan or any other plan of the Company) shall not exceed US\$100,000. If the Option is designated in the Grant Notice as an Incentive Stock Option, all or a portion of the Option may nonetheless be treated as a Nonstatutory Stock Option in accordance with Section 6(b) of the Plan. In no event shall the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an Incentive Stock Option.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its term cumulatively according to the Vesting Schedule set out in the Grant Notice and with the applicable provisions of the Plan. Notwithstanding the foregoing, the Option may not be exercised for a fraction of a Share.

(b) Method of Exercise. The Option shall be exercisable to the extent then vested by delivery of a written exercise notice in the form attached hereto as Exhibit B (the "Exercise Notice") or in a manner and pursuant to such procedures as the Administrator may determine, which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be signed by the Participant (or by the Participant's beneficiary or other person entitled under the Plan to exercise the Option in the event of the Participant's death) and shall be delivered in person or by certified mail to the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Shares exercised together with any applicable tax withholding. The Option shall be deemed to be exercised as of the date (the "Exercise Date") (i) the Company receives (as determined by the Administrator in its sole, but reasonable, discretion) the fully executed Exercise Notice accompanied by payment of the aggregate Exercise Price, together with any applicable tax withholding, and (ii) all other applicable terms and conditions of the Option Agreement are satisfied.

No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise comply with Applicable Laws. Assuming such compliance, for income tax purposes the Shares will be considered transferred to the Participant on the date on which the Option is exercised with respect to such Shares.

(c) Approval by Members and Compliance Restrictions on Exercise. Any other provision of this Agreement to the contrary notwithstanding, no portion of the Option shall be exercisable at any time prior to the approval of the Plan by the Members of the Company. No Shares shall be issued pursuant to the exercise of an Option, unless the issuance and exercise, including the form of consideration used to pay the Exercise Price, comply with Applicable Law.

(d) Issuance of Shares. After receiving the Exercise Notice, the Company shall cause to be issued a certificate or certificates for the Shares as to which the Option has been exercised, registered in the name of the person exercising this Option (or in the names of such person and his or her spouse as community property or as joint tenants with right of survivorship). The Company shall cause the certificate or certificates to be deposited in escrow or delivered to or upon the order of the person exercising the Option.

3. Participant's Representations. In the event the Shares have not been registered under the Securities Act on the Exercise Date, the Participant shall, if required by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit C, as well as any other representations necessary or appropriate, in the judgment of the Administrator, to comply with Applicable Law.

4. Lock-Up Period. Participant hereby agrees that Participant shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares (or other securities) of the Company held by Participant (other than those included in the registration) for a period specified by the representative of the underwriters of Shares (or other securities) of the Company not to exceed one hundred and eighty (180) days following an IPO (or such other period as may be requested by the Company or the underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, if applicable, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto).

Participant agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Shares (or other securities) of the Company, Participant shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of the Company's IPO. The obligations described in this Section 4 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration

relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future, or to similar registrations under the Applicable Laws of another jurisdiction. The Company may impose stop-transfer instructions with respect to the Shares (or other securities) subject to the foregoing restriction until the end of said one hundred and eighty (180) day (or other) period. Participant agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section 4.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following forms of consideration, or a combination thereof, at the election of the Participant:

(a) cash or check;

(b) at the discretion of the Administrator, consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(c) at the discretion of the Administrator, surrender of other Shares which, if accepted by the Company, would not subject the Company to adverse accounting as determined by the Administrator.

6. Non-Transferability of Option.

(a) This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant.

(b) Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or after the Administrator determines that it is, will, or may no longer be relying upon the exemption from registration of Options under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act (the "Reliance End Date"), Participant shall not transfer this Option or, prior to exercise, the Shares subject to this Option, in any manner other than (i) to persons who are "family members" (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (ii) to an executor or guardian of Participant upon the death or disability of Participant. Until the Reliance End Date, the Options and, prior to exercise, the Shares subject to this Option, may not be pledged, hypothecated or otherwise transferred or disposed of, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than as permitted in clauses (i) and (ii) of this paragraph.

7. Term of Option. The Option shall in any event expire on the expiration date set forth in the Grant Notice, and may be exercised prior to the expiration date only in accordance with the Plan and the terms of this Option Agreement.

8. Tax Obligations.

(a) Tax Withholding. The Participant shall make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining the Participant) for the satisfaction of all U.S. Federal, state, local and non-U.S. income and employment tax withholding requirements applicable to the Option exercise. The Participant hereby acknowledges, understands and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if the withholding amounts are not delivered at the time of exercise.

(b) Notice of Disqualifying Disposition of Shares. If the Option granted to the Participant herein is designated as an Incentive Stock Option, and if the Participant sells or otherwise disposes of any of the Shares acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after the Date of Grant and (2) the date one year after the date of exercise, the Participant shall immediately notify the Company in writing of such disposition. The Participant hereby acknowledges and agrees that the Participant may be subject to tax withholding by the Company on the compensation income recognized by the Participant in connection with the exercise of the Option.

(c) Code Section 409A. Under Code Section 409A, an Option that vests after December 31, 2004 that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the “IRS”) to be less than the fair market value of a Share on the date of grant (a “discount option”) may be considered “deferred compensation”. An Option that is a “discount option” may result in (i) income recognition by the Participant prior to the exercise of the Option, (ii) an additional twenty percent (20%) tax, and (iii) potential penalty and interest charges. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the fair market value of a Share on the date of grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the fair market value of a Share on the date of grant, Participant will be solely responsible for Participant’s costs related to such a determination.

9. Adjustment of Shares. In the event of any transaction described in Section 12 of the Plan, the terms of the Option (including, without limitation, the number and kind of the Shares subject to the Option and the Exercise Price) may be adjusted as set forth in Section 12 of the Plan. This Option Agreement shall in no way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer any part of its business or assets.

10. Legality of Initial Issuance. No Shares shall be issued upon the exercise of the Option unless and until the Company has determined that: (i) the Company and the Participant have taken all actions required to register the Shares under the Securities Act or to perfect an exemption from the registration requirements thereof, if applicable; (ii) all applicable listing requirements of any stock exchange or other securities market on which the Shares are listed have been satisfied; and (iii) all other applicable provisions of state or U.S. federal law or other Applicable Law have been satisfied.

11. No Registration Rights. The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other Applicable Law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Option Agreement to comply with any Applicable Law.

12. Securities Law Restrictions. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of the Shares (including the placement of appropriate legends on share certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other Applicable Law.

13. General Provisions.

(a) Notice. Any notice required by the terms of this Option Agreement shall be given in writing and shall be deemed effective upon personal delivery or upon deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. Notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

(b) Successors and Assigns. Except as provided herein to the contrary, this Option Agreement shall be binding upon and inure to the benefit of the parties to this Option Agreement, their respective successors and permitted assigns.

(c) No Assignment. Except as otherwise provided in this Option Agreement, the Participant shall not assign any of his or her rights under this Option Agreement without the prior written consent of the Company, which consent may be withheld in its sole discretion. The Company shall be permitted to assign its rights or obligations under this Option Agreement, but no such assignment shall release the Company of any obligations pursuant to this Option Agreement.

(d) Severability. The validity, legality or enforceability of the remainder of this Option Agreement shall not be affected even if one or more of the provisions of this Option Agreement shall be held to be invalid, illegal or unenforceable in any respect.

(e) Administration. Any determination by the Administrator in connection with any question or issue arising under the Plan or this Option Agreement shall be final, conclusive, and binding on the Participant, the Company, and all other persons.

(f) Headings. The section headings in this Option Agreement are inserted only as a matter of convenience, and in no way define, limit or interpret the scope of this Option Agreement or of any particular section.

(g) Counterparts. This Option Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) Entire Option Agreement; Governing Law. The provisions of the Plan are incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and the Participant. This Option Agreement is governed by the laws of the State of California applicable to contracts executed in and to be performed in that State, except with respect to its choice of law rules.

14. No Guarantee of Continued Service. THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY OR THE AFFILIATE EMPLOYING THE PARTICIPANT (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AGREEMENT, THE OPTION GRANTED HEREUNDER, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH THE PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE AFFILIATE EMPLOYING THE PARTICIPANT) TO TERMINATE THE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Participant further agrees to notify the Company upon any change in the residence address indicated below.

EXHIBIT B

ZOOM VIDEO COMMUNICATIONS, INC.

2011 GLOBAL SHARE PLAN

EXERCISE NOTICE

ZOOM VIDEO COMMUNICATIONS, INC.
Attention: Secretary

1. **Exercise of Option.** Effective as of today, _____, _____, the undersigned (the "**Participant**") hereby elects to exercise the Participant's option to purchase _____ shares of Common Stock (the "**Shares**") of Zoom Video Communications, Inc. (the "**Company**"), under and pursuant to the 2011 Global Share Plan (the "**Plan**") and the U.S. Share Option Agreement pertaining to options granted on _____, _____ (the "**Option Agreement**"). Unless otherwise defined herein, the capitalized terms in this notice of exercise (the "**Exercise Notice**") shall have the meanings ascribed to those terms in the Plan.
2. **Delivery of Payment.** The Participant herewith delivers to the Company the full Exercise Price of the Shares with respect to which the Participant is exercising the Option, and any and all withholding taxes due in connection with the exercise of the Option.
3. **Representations of the Participant.** The Participant hereby acknowledges that the Participant has received and read, and understands the Plan and the Option Agreement, including the Option Rules, and agrees to abide by and be bound by their terms and conditions.
4. **Rights as Member.** Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a Member shall exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares shall be issued to the Participant as soon as practicable after the Option is exercised in accordance with the Option Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in Section 12 of the Plan.
5. **Company's Right of First Refusal.** Before any Shares held by Participant or any transferee (either being sometimes referred to herein as the "**Holder**") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section 5 (the "**Right of First Refusal**").
 - (a) **Notice of Proposed Transfer.** The Holder of the Shares shall deliver to the Company a written notice (the "**Notice**") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("**Proposed Transferee**"); (iii) the number of Shares to be transferred to each Proposed Transferee; and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "**Offered Price**"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) Purchase Price. The purchase price (“Purchase Price”) for the Shares purchased by the Company or its assignee(s) under this Section 5 shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board of Directors of the Company in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder’s Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section 5, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, *provided* that such sale or other transfer is consummated within one hundred and twenty (120) days after the date of the Notice, that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section 5 shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Exception for Certain Family Transfers. Anything to the contrary contained in this Section 5 notwithstanding and only as permitted by Applicable Law, the transfer of any or all of the Shares during the Participant’s lifetime or on the Participant’s death by will or intestacy to the Participant’s immediate family or a trust for the benefit of the Participant’s immediate family shall be exempt from the provisions of this Section 5. “Immediate Family” as used herein shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section 5, and there shall be no further transfer of such Shares except in accordance with the terms of this Section 5.

(g) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the earlier of (i) the Company’s IPO, or (ii) a Change in Control in which the successor corporation has equity securities that are publicly traded.

6. Tax Consultation. The Participant hereby acknowledges that he or she understands that the Participant may suffer adverse tax consequences as a result of the Participant’s purchase or disposition of the Shares. The Participant hereby represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the purchase or disposition of the Shares and that the Participant is not relying on the Company for any tax advice.

7. Restrictions on Transfer.

(a) Legends. The Participant hereby acknowledges, understands and agrees that the Company may cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or U.S. federal securities laws or other Applicable Law:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER FOR A PERIOD OF TIME FOLLOWING THE EFFECTIVE DATE OF THE UNDERWRITTEN PUBLIC OFFERING OF THE COMPANY'S SECURITIES SET FORTH IN AN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF BY THE HOLDER PRIOR TO THE EXPIRATION OF SUCH PERIOD WITHOUT THE CONSENT OF THE COMPANY OR THE MANAGING UNDERWRITER.

(b) Stop-Transfer Notices. The Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Notice, or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and the terms and conditions of this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, the terms and conditions of this Exercise Notice shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

9. Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by the Participant or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on all parties.

10. Governing Law; Severability. This Exercise Notice is governed by the laws of the State of California applicable to contracts executed in and to be performed in that State without giving effect to its choice of law rules.

11. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and the Participant.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Exercise Notice is deemed made as of the date first set forth above.

Submitted by:

Accepted by:

PARTICIPANT

ZOOM VIDEO COMMUNICATIONS, INC.

Signature

By

Print Name

Title

Address:

Date Received

SIGNATURE PAGE TO EXERCISE NOTE

EXHIBIT C

INVESTMENT REPRESENTATION STATEMENT

PARTICIPANT: _____
COMPANY: ZOOM VIDEO COMMUNICATIONS, INC.
SECURITIES: COMMON STOCK
No. of SHARES: _____
DATE: _____

In connection with the purchase of the above-listed Securities, the Participant represents to the Company the following:

(a) The Participant hereby acknowledges that the Participant is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. The Participant is acquiring these Securities for investment for the Participant's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) The Participant hereby acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Participant's investment intent as expressed herein. In this connection, the Participant understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if the Participant's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. The Participant further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. The Participant further acknowledges and understands that the Company is under no obligation to register the Securities. The Participant understands that the certificate evidencing the Securities will be imprinted with a legend that prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company, and with any other legend required under applicable state securities laws.

(c) Participant is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Participant, the exercise shall be exempt from registration under the Securities Act. In the event the Company becomes subject to

the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of the applicable conditions specified by Rule 144, including in the case of affiliates (1) the availability of certain public information about the Company, (2) the amount of Securities being sold during any three (3) month period not exceeding specified limitations, (3) the resale being made in an unsolicited "broker's transaction", transactions directly with a "market maker" or "riskless principal transactions" (as those terms are defined under the Securities Exchange Act of 1934) and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which may require (i) the availability of current public information about the Company; (ii) the resale to occur more than a specified period after the purchase and full payment (within the meaning of Rule 144) for the Securities; and (iii) in the case of the sale of Securities by an affiliate, the satisfaction of the conditions set forth in sections (2), (3) and (4) of the paragraph immediately above.

(d) The Participant further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. The Participant understands that no assurances can be given that any such other registration exemption will be available in such event.

Signature of the Participant:

Date: _____

**ZOOM VIDEO COMMUNICATIONS, INC.
INDEMNIFICATION AGREEMENT**

THIS INDEMNIFICATION AGREEMENT (this “*Agreement*”) is dated as of _____, and is between **ZOOM VIDEO COMMUNICATIONS, INC.**, a Delaware corporation (the “*Company*”), and _____ (“*Indemnitee*”).

RECITALS

- A.** Indemnitee’s service to the Company substantially benefits the Company.
- B.** Individuals are reluctant to serve as directors or officers of corporations or in certain other capacities unless they are provided with adequate protection through insurance or indemnification against the risks of claims and actions against them arising out of such service.
- C.** Indemnitee does not regard the protection currently provided by applicable law, the Company’s governing documents and any insurance as adequate under the present circumstances, and Indemnitee may not be willing to serve as a director or officer without additional protection.
- D.** In order to induce Indemnitee to continue to provide services to the Company, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, Indemnitee as permitted by applicable law.
- E.** This Agreement is a supplement to and in furtherance of the indemnification provided in the Company’s certificate of incorporation and bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish or abrogate any rights of Indemnitee thereunder.

The parties therefore agree as follows:

1. Definitions.

(a) A “*Change in Control*” shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party.* Any Person (as defined below) becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company’s then outstanding securities;

(ii) *Change in Board Composition.* During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constituted the Company’s board of directors and any Approved Directors cease for any reason to constitute at least a majority of the members of the Company’s board of directors. “*Approved Directors*” means new directors (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(a)(i), 1(a)(iii) or 1(a)(iv)) whose election or nomination by the board of directors (or, if applicable, by the Company’s stockholders) was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such two-year period or whose election or nomination for election was previously so approved;

(iii) *Corporate Transactions.* The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving

entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) *Liquidation*. The approval by the stockholders of the Company of a complete liquidation or the dissolution of the Company or an agreement for the sale, lease or disposition by the Company of all or substantially all of the Company's assets; and

(v) *Other Events*. Any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended, whether or not the Company is then subject to such reporting requirement, *except* the completion of the Company's initial public offering shall not be considered a Change in Control.

For purposes of this Section 1(a), the following terms shall have the following meanings:

(1) "**Person**" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended; *provided, however*, that "**Person**" shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(2) "**Beneficial Owner**" shall have the meaning given to such term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended; *provided, however*, that "**Beneficial Owner**" shall exclude any Person otherwise becoming a Beneficial Owner by reason of (i) the stockholders of the Company approving a merger of the Company with another entity or (ii) the Company's board of directors approving a sale of securities by the Company to such Person.

(b) "**Corporate Status**" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise.

(c) "**DGCL**" means the General Corporation Law of the State of Delaware.

(d) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "**Enterprise**" means the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary.

(f) "**Expenses**" include all reasonable and actually incurred attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond or other appeal bond or their equivalent, and (ii) for purposes of Section 12(d), Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) **“Independent Counsel”** means a law firm, or a partner or member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company, any Enterprise or Indemnitee in any matter material to any such party (other than as Independent Counsel with respect to matters concerning Indemnitee under this Agreement, or other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term **“Independent Counsel”** shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(h) **“Proceeding”** means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, whether formal or informal, including any appeal therefrom and including without limitation any such Proceeding pending as of the date of this Agreement, in which Indemnitee was, is or will be involved as a party, a potential party, a non-party witness or otherwise by reason of (i) the fact that Indemnitee is or was a director or officer of the Company, (ii) any action taken by Indemnitee or any action or inaction on Indemnitee’s part while acting as a director or officer of the Company, or (iii) the fact that he or she is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of expenses can be provided under this Agreement.

(i) Reference to **“other enterprises”** shall include employee benefit plans; references to **“fines”** shall include any excise taxes assessed on a person with respect to any employee benefit plan; references to **“serving at the request of the Company”** shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner **“not opposed to the best interests of the Company”** as referred to in this Agreement.

2. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

3. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. To the extent that Indemnitee is a party to or a participant in and is successful (on the merits or otherwise) in defense of any Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this section, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

5. Indemnification for Expenses of a Witness or in Response to a Subpoena. To the extent that Indemnitee is, by reason of his or her Corporate Status, (i) a witness in any Proceeding to which Indemnitee is not a party or (ii) receives a subpoena with respect to any Proceeding to which Indemnitee is not a party and is not threatened to be made a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

6. Additional Indemnification.

(a) Except as provided for in Section 7, notwithstanding any limitation in Sections 2, 3 or 4, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with the Proceeding or any claim, issue or matter therein.

(b) For purposes of Section 6(a), the meaning of the phrase "*to the fullest extent permitted by applicable law*" shall include, but not be limited to:

(i) the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL; and

(ii) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

7. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any Proceeding (or any part of any Proceeding):

(a) Except as provided for in Section 18, for which payment has actually been made to or on behalf of Indemnitee under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(c) for any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "*Sarbanes-Oxley Act*"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees, agents or other indemnitees, unless (i) the Company's board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise authorized in Sections 12 (a) or (d) or (iv) otherwise required by applicable law; provided, for the avoidance of doubt, Indemnitee shall not be deemed for purposes of this paragraph, to have initiated any Proceeding (or any part of a Proceeding) by reason of (i) having asserted any affirmative defenses in connection with a claim not initiated by Indemnitee or (ii) having made any counterclaim (whether permissive or mandatory) in connection with any claim not initiated by Indemnitee; or

(e) if prohibited by applicable law.

8. Advances of Expenses. The Company shall advance the Expenses incurred by Indemnitee in connection with any Proceeding whether prior to or after its final disposition, and such advancement shall be made as soon as reasonably practicable, but in any event no later than 30 days, after the receipt by the Company of a written statement or statements requesting such advances from time to time (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause Indemnitee to waive any privilege accorded by applicable law are not required to be included with the invoice). Advances shall be unsecured and interest free and made without regard to Indemnitee's ability to repay such advances. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company, *except*, with respect to advances of expenses made pursuant to Section 12(c) below, in which case Indemnitee makes the undertaking provided in Section 12(c) below. This Section 8 shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 7(b) or 7(c) prior to a determination that Indemnitee is not entitled to be indemnified by the Company.

9. Procedures for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. The written notification to the Company shall include, in reasonable detail, a description of the nature of the Proceeding and the facts underlying the Proceeding. The failure by Indemnitee to notify the Company will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights, except to the extent that such failure or delay materially prejudices the Company.

(b) If, at the time of the receipt of a notice of a Proceeding pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect that may be applicable to the Proceeding, the Company shall give prompt notice of the commencement of the Proceeding to the insurers in accordance with the procedures set forth in the applicable policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event the Company may be obligated to make any indemnity in connection with a Proceeding, the Company shall be entitled to assume the defense of such Proceeding with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, conditioned or delayed, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee for any fees or expenses of counsel subsequently incurred by Indemnitee with

respect to the same Proceeding. Notwithstanding the Company's assumption of the defense of any such Proceeding, the Company shall be obligated to pay the fees and expenses of Indemnitee's separate counsel to the extent (i) the employment of separate counsel by Indemnitee is authorized by the Company, (ii) counsel for the Company or Indemnitee shall have reasonably concluded that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense such that Indemnitee needs to be separately represented, (iii) the Company is not financially or legally able to perform its indemnification obligations or (iv) the Company shall not have retained, or shall not continue to retain, counsel to defend such Proceeding. Regardless of any provision in this Agreement, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's personal expense. The Company shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(d) Indemnitee shall give the Company such information and cooperation in connection with the Proceeding as may be reasonably appropriate.

(e) The Company shall not be liable to indemnify Indemnitee for any settlement of any Proceeding (or any part thereof) without the Company's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in a settlement to which the Company has given its prior written consent, such settlement shall be treated as a success on the merits in the settled action, suit or proceeding.

(f) The Company shall not settle any Proceeding (or any part thereof) in a manner that imposes any penalty or liability on Indemnitee without Indemnitee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

10. Procedures upon Application for Indemnification.

(a) To obtain indemnification, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Proceeding. Any delay in providing the request will not relieve the Company from its obligations under this Agreement, except to the extent such failure is prejudicial.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a), a determination with respect to Indemnitee's entitlement thereto shall be made as follows, provided that a Change in Control shall not have occurred: (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee or (D) if so directed by the Company's board of directors, by the stockholders of the Company. If a Change in Control shall have occurred, a determination with respect to Indemnitee's entitlement to indemnification shall be made by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, to the extent permitted by applicable law.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(b), the Independent Counsel shall be selected as provided in this Section 10(c). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Company's board of directors, and the Company shall give written notice to Indemnatee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnatee (unless Indemnatee shall request that such selection be made by the Company's board of directors, in which event the preceding sentence shall apply), and Indemnatee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnatee or the Company, as the case may be, may, within ten days after such written notice of selection shall have been given, deliver to the Company or to Indemnatee, as the case may be, a written objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of (i) submission by Indemnatee of a written request for indemnification pursuant to Section 10(a) hereof and (ii) the final disposition of the Proceeding, the parties have not agreed upon an Independent Counsel, either the Company or Indemnatee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnatee to the other's selection of Independent Counsel and for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(b) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) The Company agrees to pay the reasonable fees and expenses of any Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

11. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnatee is entitled to indemnification under this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption by clear and convincing evidence.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnatee had reasonable cause to believe that his or her conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnatee shall be deemed to have acted in good faith to the extent Indemnatee relied in good faith on (i) the records or books of account of the Enterprise, including financial statements, (ii) information supplied to Indemnatee by the officers of the Enterprise in the course of their duties, (iii) the advice of legal counsel for the Enterprise or its board of directors or counsel selected by any committee of the board of directors or (iv) information or records given or reports made to the Enterprise by an independent certified public accountant, an appraiser, investment banker or other expert selected with reasonable care by the Enterprise or its board of directors or any committee of the board of directors. The provisions of this Section 11(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnatee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) Neither the knowledge, actions nor failure to act of any other director, officer, agent or employee of the Enterprise shall be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

12. Remedies of Indemnitee.

(a) Subject to Section 12(e), in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 or 12(d) of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10 of this Agreement within 30 days after the later of the receipt by the Company of the request for indemnification or the final disposition of the Proceeding, (iv) payment of indemnification pursuant to this Agreement is not made (A) within ten days after a determination has been made that Indemnitee is entitled to indemnification or (B) with respect to indemnification pursuant to Sections 4, 5 and 12(d) of this Agreement, within 30 days after receipt by the Company of a written request therefor, or (v) the Company or any other person or entity takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration with respect to his or her entitlement to such indemnification or advancement of Expenses, to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 12 months following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); *provided, however*, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 4 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration in accordance with this Agreement.

(b) Neither (i) the failure of the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor (ii) an actual determination by the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders that Indemnitee has not met the applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct. In the event that a determination shall have been made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12, the Company shall, to the fullest extent not prohibited by law, have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be by clear and convincing evidence.

(c) To the fullest extent not prohibited by law, the Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. If a determination shall have been made pursuant to Section 10 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statements not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) To the extent not prohibited by law, the Company shall indemnify Indemnitee against all Expenses that are incurred by Indemnitee in connection with any action for indemnification or advancement of Expenses from the Company under this Agreement, any other agreement, the Company's certificate of incorporation or bylaws or under any directors' and officers' liability insurance policies maintained by the Company to the extent Indemnitee is successful in such action, and, if requested by Indemnitee, shall (as soon as reasonably practicable, but in any event no later than 30 days, after receipt by the Company of a written request therefor) advance such Expenses to Indemnitee, subject to the provisions of Section 8.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of the Proceeding.

13. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amounts incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid or to be paid in settlement, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the events and transactions giving rise to such Proceeding; and (ii) the relative fault of Indemnitee and the Company (and its other directors, officers, employees and agents) in connection with such events and transactions.

14. Non-exclusivity. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's certificate of incorporation or bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's certificate of incorporation and bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change, subject to the restrictions expressly set forth herein or therein. Except as expressly set forth herein, no right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as expressly set forth herein, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

15. No Duplication of Payments. Except as provided for in Section 18, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received payment for such amounts under any insurance policy, contract, agreement or otherwise.

16. Insurance. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, trustees, general partners, managing members, officers, employees, agents or fiduciaries of the Company or any other Enterprise, Indemnitee shall be covered by such policy or policies to the same extent as the most favorably-insured persons under such policy or policies in a comparable position.

17. Subrogation. Except as provided for in Section 18, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

18. Primacy of Indemnification. The Company hereby acknowledges that to the extent Indemnitee is serving as a director on the Company's board of directors at the request or direction of a venture capital fund or other entity and/or certain of its affiliates (collectively, the "Fund Indemnitors"), Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by such Fund Indemnitors. The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Company's certificate of incorporation or bylaws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 18.

19. Services to the Company. Indemnitee agrees to serve as a director or officer of the Company or, at the request of the Company, as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of another Enterprise, for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is removed from such position. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that any employment with the Company (or any of its subsidiaries or any Enterprise) is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, with or without notice, except as may be otherwise expressly provided in any executed, written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), any existing formal severance policies adopted by the Company's board of directors or, with respect to service as a director or officer of the Company, the Company's certificate of incorporation or bylaws or the DGCL. No such document shall be subject to any oral modification thereof.

20. Duration. This Agreement shall continue until and terminate upon the later of (a) ten years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, as applicable; or (b) one year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto.

21. Successors. This Agreement shall be binding upon the Company and its successors and assigns, including any direct or indirect successor, by purchase, merger, consolidation or otherwise, to all or substantially all of the business or assets of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. Further, the Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

22. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order or other applicable law, to perform its obligations under this Agreement shall not

constitute a breach of this Agreement. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

23. Enforcement. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

24. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided, however*, that this Agreement is a supplement to and in furtherance of the Company's certificate of incorporation and bylaws and applicable law.

25. Modification and Waiver. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement shall adversely affect any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall constitute or be deemed a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

26. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by facsimile or electronic mail or otherwise delivered by hand, messenger or courier service addressed:

(a) if to Indemnitee, to Indemnitee's address, facsimile number or electronic mail address as shown on the signature page of this Agreement or in the Company's records, as may be updated in accordance with the provisions hereof; or

(b) if to the Company, to the attention of the General Counsel of the Company at 55 Almaden Blvd., 6th Floor, San Jose, CA 95113, or at such other current address as the Company shall have furnished to Indemnitee, with a copy (which shall not constitute notice) to Jon Avina and Calise Cheng, Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent *via* a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent *via* mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or (iii) if sent *via* facsimile, upon confirmation of facsimile transfer or, if sent *via* electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day.

27. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration

commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court of Chancery, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

28. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

29. Captions. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

(signature page follows)

The parties are signing this Indemnification Agreement as of the date stated in the introductory sentence.

ZOOM VIDEO COMMUNICATIONS, INC.

By: _____
Name: _____
Title: _____

[INSERT INDEMNITEE NAME]

By: _____
Name: _____
Address: _____

(Signature Page to Zoom Video Communications, Inc. Indemnification Agreement)

December 18, 2018

Eric S. Yuan

Re: Employment Terms

Dear Eric:

You and Zoom Video Communications, Inc. (“Zoom”) previously entered into an Employment, Confidential Information and Assignment of Creative Works Agreement and Zoom’s Binding Arbitration Policy. This letter agreement confirms the terms of your employment with Zoom:

1. **Position.** You will serve as President, Chief Executive Officer and Chairman of the Board of Directors (the “Board”) of Zoom, and you will report to the Board. This is a full-time exempt position. While you render services to Zoom, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with Zoom. By signing this letter agreement, you confirm that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for Zoom.
2. **Cash Compensation.** Zoom will pay you a salary at the rate of \$300,000 per year, payable in accordance with Zoom’s standard payroll schedule.
3. **Employee Benefits.** As a regular Zoom employee, you will be eligible to participate in a number of company-sponsored benefits offered to employees from time to time, subject to the terms and conditions of the applicable plans and policies.
4. **Equity and Change in Control Severance Benefits.** You were granted certain options to purchase shares of Zoom common stock and/or other equity instruments (as applicable, the “Awards”), pursuant to Zoom’s Global Share Plan, as amended from time to time (the “Plan”), and option or award agreement grant documents thereunder (collectively, the “Equity Grant Documents”). Your Awards will continue to be governed by the Plan and the Equity Grant Documents.

Should (1) Zoom be subject to a Change in Control before you cease to be a Service Provider (as defined in the Plan) and (2) you be subject to an Involuntary Termination upon or within one year following the effective date of such Change in Control (such events in (1) and (2), the “CIC Termination”), then Zoom will accelerate the vesting of any then outstanding Awards and any other then-outstanding subsequent equity compensation awards granted to you under the Plan or a successor plan thereto prior to the date of such CIC Termination (“Subsequent Awards”) such that 100% of your then-outstanding Awards and Subsequent Awards (if applicable) will be deemed immediately vested and exercisable (as applicable) as of your Involuntary Termination date.

In addition, should a CIC Termination occur, you will receive as severance benefits:

- (a) A lump sum cash payment equal to six months of your then-current base salary, ignoring any decrease in base salary that would form the basis for your right to Resignation for Good Reason, if any, paid in a lump sum no later than the earliest of (i) 30 days following the effective date of the Release and (ii) March 15 of the year following the year in which your CIC Termination occurs.
- (b) if you timely elect continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), Zoom will pay your COBRA premiums to continue your coverage (including coverage for your eligible dependents, if applicable) through the end of the six-month period following your CIC Termination (the “COBRA Premium Period”); *provided, however*, that the payment of such COBRA premiums will immediately cease if during the COBRA Premium Period you become eligible for group health insurance coverage through a new employer or you cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event you become covered under another employer’s group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify Zoom of such event. Notwithstanding the foregoing, if Zoom determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether you or your dependents elect or are eligible for COBRA coverage, Zoom will instead shall pay to you, on the first day of each calendar month during the COBRA Premium Period, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to required payroll deductions and withholdings (such amount, the “Special Cash Payment”), for the remainder of the COBRA Premium Period. You may, but are not obligated to, use such Special Cash Payments toward the cost of COBRA. For purposes of this Section 4(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law and (ii) any applicable insurance premiums that are paid by Zoom shall not include any amounts payable by you under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are your sole responsibility.

The receipt of any cash and COBRA premium benefits provided in this Section 4 is subject to (i) your continued compliance with the terms of this and your other agreements with Zoom, and (ii) you timely executing, and delivering to Zoom a general release of claims in such form as provided by Zoom to you on or prior to the date of your CIC Termination (the “Release”) within the time period set forth therein, and not revoking such Release so that it becomes effective within the time period specified therein, but no later than 60 days following your CIC Termination. The form of required Release will be consistent with the terms of this letter and impose no material obligations on you other than a general release of claims and mutual non-disparagement.

For purposes of this offer letter agreement, the following definitions shall apply:

- “Cause” means your: (a) unauthorized use or disclosure of Zoom’s confidential information or trade secrets, which use or disclosure causes or could cause material harm to Zoom, (b) material breach of any agreement between you and Zoom, (c) material failure to comply with Zoom’s written policies or rules, (d) conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State, (e) gross negligence or willful misconduct, (f) willful and continuing failure to perform assigned duties after receiving written notification of the failure from Zoom’s Board of Directors, or (g) failure to cooperate in good faith with a governmental or internal investigation of Zoom or its directors, officers or employees, if Zoom has requested your cooperation.
- “Change in Control” means: (a) the consummation of a merger or consolidation of Zoom with or into another entity, or any corporate reorganization in which the stockholders of Zoom immediately prior to such merger, consolidation or reorganization own less than fifty percent (50%) of the voting power of the surviving entity immediately after such consolidation, merger or reorganization, (b) a sale or other disposition of all or substantially all of the assets of Zoom, or (c) the dissolution, liquidation or winding up of Zoom. The foregoing notwithstanding, a Change of Control shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by Zoom or indebtedness of Zoom is cancelled or converted or a combination thereof.
- “Involuntary Termination” means either (a) your Termination Without Cause or (b) your Resignation for Good Reason.
- “Resignation for Good Reason” means a Separation from Zoom as a result of your resignation within 12 months after one of the following conditions has come into existence without your consent:
 - A reduction in your base salary by more than 5%;
 - Any material breach by Zoom of any material written agreement between you and Zoom; provided, that, the foregoing shall not include (i) any agreement that is among Zoom, you and any third party or parties or (ii) Zoom’s written policies or rules;
 - A material diminution of your authority, duties or responsibilities (provided, however, that a change in job position, including a change in title, shall not be deemed a “material diminution” in and of itself unless your new duties are materially reduced from the prior duties); or
 - A relocation of your principal workplace to a place that increases your one-way commute by more than 40 miles as compared to your then-current principal workplace immediately prior to such relocation.

A Resignation for Good Reason will not be deemed to have occurred unless you give Zoom written notice of the condition setting forth the basis for your resignation within 90 days after the condition comes into existence and Zoom fails to remedy the condition within 30 days after receiving your written notice.

- “Separation” means a “separation from service,” as defined in the regulations under Section 409A of the Code.
- “Termination Without Cause” means a Separation as a result of a termination of your employment by Zoom without Cause (and other than as a result of your death or disability), provided you are willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

References in this Section to Zoom shall refer to any successor entity to Zoom following a Change in Control.

5. **Employment Relationship.** Employment with Zoom is for no specific period of time. Your employment with Zoom will be “at will,” meaning that either you or Zoom may terminate your employment at any time and for any reason, with or without cause or advance notice. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and Zoom on this term. Although your job duties, title, work location, compensation and benefits, as well as Zoom’s personnel policies and procedures (which you are expected to abide by), may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of Zoom (other than you).
6. **Taxes.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions. You agree that Zoom does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against Zoom or its Board of Directors related to tax liabilities arising from your compensation.
7. **Section 409A.** It is intended that all of the benefits and other payments payable under this letter agreement satisfy, to the greatest extent possible, an exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the treasury regulations thereunder and any state law of similar effect (collectively, “Section 409A”), and this letter agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent no so exempt, this letter agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and any ambiguities herein shall be interpreted accordingly. Specifically, the severance benefits under this letter agreement are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9) and each installment of severance benefits, if any, is a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). However, if such exemptions are not available and you are, upon Separation, a “specified employee” for purposes of Section 409A, then, solely to the extent necessary to avoid adverse personal tax consequences under Section 409A, the timing of the severance benefits payments shall be delayed until the earlier of (i) six (6) months and one day after your Separation, or (ii) your death. Severance benefits shall not commence until you have a Separation. If severance benefits are not covered by one or more exemptions from the application of Section 409A

and the Release could become effective in the calendar year following the calendar year in which your Separation occurs, the Release will not be deemed effective, for purposes of payment of severance benefits, any earlier than the first day of the second calendar year. Except to the minimum extent that payments must be delayed because you are a “specified employee” or until the effectiveness of the Release, all severance amounts will be paid as soon as practicable in accordance with this letter agreement and Zoom’s normal payroll practices.

8. **Parachute Payments.** If any payment or benefit you will or may receive from Zoom or otherwise (a “Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then any such Payment shall be equal to the Reduced Amount. The “Reduced Amount” shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).

Notwithstanding any provisions in this Section above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Zoom shall appoint a nationally recognized accounting or law firm to make the determinations required by this Section. Zoom shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to Zoom a sufficient amount of the Payment (after reduction pursuant to clause (x) above) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

9. **Interpretation, Amendment and Enforcement.** This letter agreement, together with your Employment, Confidential Information and Assignment of Creative Works Agreement and Zoom's Binding Arbitration Policy, constitutes the complete and exclusive statement of your employment agreement with Zoom, and supersedes any prior agreements, representations or understandings (whether written, oral or implied) between you and Zoom regarding these subject matters. Modifications or amendments to this letter agreement, other than those changes expressly reserved to Zoom's discretion in this letter, must be made in a written agreement signed by you and a duly authorized officer of Zoom (other than you). If any provision of this offer letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law.

This letter agreement shall be binding upon any entity or person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by Zoom without regard to whether or not such entity or person actively assumes the obligations hereunder and without regard to whether or not a Change in Control occurs.

You may indicate your agreement with these terms by signing and dating this letter agreement and returning it to me. If you have any questions, please contact me.

Sincerely,

/s/ Dan Scheinman

Dan Scheinman
Member of the Compensation Committee of the Board of Directors

Accepted and Agreed:

/s/ Eric Yuan

Eric S. Yuan

12/18/2018

Date

December 18, 2018

Aparna Bawa

Re: Employment Terms

Dear Aparna:

You and Zoom Video Communications, Inc. (“Zoom”) previously entered into an offer letter dated August 1, 2018. You also signed an Employment, Confidential Information and Assignment of Creative Works Agreement and Zoom’s Binding Arbitration Policy. This letter agreement confirms the terms of your employment with Zoom:

1. **Position.** You will serve as General Counsel and Secretary, and you will report to Eric Yuan, CEO. This is a full-time exempt position. While you render services to Zoom, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with Zoom. By signing this letter agreement, you confirm that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for Zoom.
2. **Cash Compensation.** Zoom will pay you a salary at the rate of \$250,000 per year, payable in accordance with Zoom’s standard payroll schedule. You will also be eligible to earn and receive a discretionary bonus or bonuses in the total target amount per year of 35% of your annual salary rate, which may be paid annually or quarterly as determined by Zoom. The amount of the bonus(es), if any, that you earn will be determined by Zoom, in its discretion, based on Zoom’s performance and meeting milestones established by Zoom pursuant to Zoom’s corporate incentive bonus program. No amount of any bonus is guaranteed, and in addition to satisfaction of any other conditions established by Zoom for such bonus program, you must be an employee on the applicable bonus payment date(s) to earn and be eligible to receive a bonus.
3. **Employee Benefits.** As a regular Zoom employee, you will be eligible to participate in a number of company-sponsored benefits offered to employees from time to time, subject to the terms and conditions of the applicable plans and policies.
4. **Equity and Change in Control Severance Benefits.** You were granted certain options to purchase shares of Zoom common stock and/or other equity instruments (as applicable, the “Awards”), pursuant to Zoom’s Global Share Plan, as amended from time to time (the “Plan”), and option or award agreement grant documents thereunder (collectively, the “Equity Grant Documents”). Your Awards will continue to be governed by the Plan and the Equity Grant Documents.

Should (1) Zoom be subject to a Change in Control before you cease to be a Service Provider (as defined in the Plan) and (2) you be subject to an Involuntary Termination upon or within one year following the effective date of such Change in Control (such events in (1) and (2), the "CIC Termination"), then Zoom will accelerate the vesting of any then outstanding Awards and any other then-outstanding subsequent equity compensation awards granted to you under the Plan or a successor plan thereto prior to the date of such CIC Termination ("Subsequent Awards") such that 100% of your then-outstanding Awards and Subsequent Awards (if applicable) will be deemed immediately vested and exercisable (as applicable) as of your Involuntary Termination date.

In addition, should a CIC Termination occur, you will receive as severance benefits:

- (a) A lump sum cash payment equal to six months of your then-current base salary, ignoring any decrease in base salary that would form the basis for your right to Resignation for Good Reason, if any, paid in a lump sum no later than the earliest of (i) 30 days following the effective date of the Release and (ii) March 15 of the year following the year in which your CIC Termination occurs.
- (b) if you timely elect continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), Zoom will pay your COBRA premiums to continue your coverage (including coverage for your eligible dependents, if applicable) through the end of the six-month period following your CIC Termination (the "COBRA Premium Period"); *provided, however*, that the payment of such COBRA premiums will immediately cease if during the COBRA Premium Period you become eligible for group health insurance coverage through a new employer or you cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify Zoom of such event. Notwithstanding the foregoing, if Zoom determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether you or your dependents elect or are eligible for COBRA coverage, Zoom will instead shall pay to you, on the first day of each calendar month during the COBRA Premium Period, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to required payroll deductions and withholdings (such amount, the "Special Cash Payment"), for the remainder of the COBRA Premium Period. You may, but are not obligated to, use such Special Cash Payments toward the cost of COBRA. For purposes of this Section 4(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law and (ii) any applicable insurance premiums that are paid by Zoom shall not include any amounts payable by you under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are your sole responsibility.

The receipt of any cash and COBRA premium benefits provided in this Section 4 is subject to (i) your continued compliance with the terms of this and your other agreements with Zoom, and (ii) you timely executing, and delivering to Zoom a general release of claims in such form as provided by Zoom to you on or prior to the date of your CIC Termination (the

“Release”) within the time period set forth therein, and not revoking such Release so that it becomes effective within the time period specified therein, but no later than 60 days following your CIC Termination. The form of required Release will be consistent with the terms of this letter and impose no material obligations on you other than a general release of claims and mutual non-disparagement.

For purposes of this offer letter agreement, the following definitions shall apply:

- “Cause” means your: (a) unauthorized use or disclosure of Zoom’s confidential information or trade secrets, which use or disclosure causes or could cause material harm to Zoom, (b) material breach of any agreement between you and Zoom, (c) material failure to comply with Zoom’s written policies or rules, (d) conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State, (e) gross negligence or willful misconduct, (f) willful and continuing failure to perform assigned duties after receiving written notification of the failure from Zoom’s Board of Directors, or (g) failure to cooperate in good faith with a governmental or internal investigation of Zoom or its directors, officers or employees, if Zoom has requested your cooperation.
- “Change in Control” means: (a) the consummation of a merger or consolidation of Zoom with or into another entity, or any corporate reorganization in which the stockholders of Zoom immediately prior to such merger, consolidation or reorganization own less than fifty percent (50%) of the voting power of the surviving entity immediately after such consolidation, merger or reorganization, (b) a sale or other disposition of all or substantially all of the assets of Zoom, or (c) the dissolution, liquidation or winding up of Zoom. The foregoing notwithstanding, a Change of Control shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by Zoom or indebtedness of Zoom is cancelled or converted or a combination thereof.
- “Involuntary Termination” means either (a) your Termination Without Cause or (b) your Resignation for Good Reason.
- “Resignation for Good Reason” means a Separation from Zoom as a result of your resignation within 12 months after one of the following conditions has come into existence without your consent:
 - A reduction in your base salary by more than 5%;
 - Any material breach by Zoom of any material written agreement between you and Zoom; provided, that, the foregoing shall not include (i) any agreement that is among Zoom, you and any third party or parties or (ii) Zoom’s written policies or rules;
 - A material diminution of your authority, duties or responsibilities (provided, however, that a change in job position, including a change in title, shall not be deemed a “material diminution” in and of itself unless your new duties are materially reduced from the prior duties); or

- A relocation of your principal workplace to a place that increases your one-way commute by more than 40 miles as compared to your then-current principal workplace immediately prior to such relocation.

A Resignation for Good Reason will not be deemed to have occurred unless you give Zoom written notice of the condition setting forth the basis for your resignation within 90 days after the condition comes into existence and Zoom fails to remedy the condition within 30 days after receiving your written notice.

- “Separation” means a “separation from service,” as defined in the regulations under Section 409A of the Code.
- “Termination Without Cause” means a Separation as a result of a termination of your employment by Zoom without Cause (and other than as a result of your death or disability), provided you are willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

References in this Section to Zoom shall refer to any successor entity to Zoom following a Change in Control.

5. **Employment Relationship.** Employment with Zoom is for no specific period of time. Your employment with Zoom will be “at will,” meaning that either you or Zoom may terminate your employment at any time and for any reason, with or without cause or advance notice. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and Zoom on this term. Although your job duties, title, work location, compensation and benefits, as well as Zoom’s personnel policies and procedures (which you are expected to abide by), may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of Zoom (other than you).
6. **Taxes.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions. You agree that Zoom does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against Zoom or its Board of Directors related to tax liabilities arising from your compensation.
7. **Section 409A.** It is intended that all of the benefits and other payments payable under this letter agreement satisfy, to the greatest extent possible, an exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the treasury regulations thereunder and any state law of similar effect (collectively, “Section 409A”), and this letter agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent no so exempt, this letter agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and any ambiguities herein shall be interpreted accordingly. Specifically, the severance benefits under this letter agreement are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5)

and 1.409A-1(b)(9) and each installment of severance benefits, if any, is a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). However, if such exemptions are not available and you are, upon Separation, a “specified employee” for purposes of Section 409A, then, solely to the extent necessary to avoid adverse personal tax consequences under Section 409A, the timing of the severance benefits payments shall be delayed until the earlier of (i) six (6) months and one day after your Separation, or (ii) your death. Severance benefits shall not commence until you have a Separation. If severance benefits are not covered by one or more exemptions from the application of Section 409A and the Release could become effective in the calendar year following the calendar year in which your Separation occurs, the Release will not be deemed effective, for purposes of payment of severance benefits, any earlier than the first day of the second calendar year. Except to the minimum extent that payments must be delayed because you are a “specified employee” or until the effectiveness of the Release, all severance amounts will be paid as soon as practicable in accordance with this letter agreement and Zoom’s normal payroll practices.

8. **Parachute Payments.** If any payment or benefit you will or may receive from Zoom or otherwise (a “Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then any such Payment shall be equal to the Reduced Amount. The “Reduced Amount” shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).

Notwithstanding any provisions in this Section above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Zoom shall appoint a nationally recognized accounting or law firm to make the determinations required by this Section. Zoom shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to Zoom a sufficient amount of the Payment (after reduction pursuant to clause (x) above) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

9. **Interpretation, Amendment and Enforcement.** This letter agreement, together with your Employment, Confidential Information and Assignment of Creative Works Agreement and Zoom's Binding Arbitration Policy, constitutes the complete and exclusive statement of your employment agreement with Zoom, and supersedes any prior agreements, representations or understandings (whether written, oral or implied) between you and Zoom regarding these subject matters. Modifications or amendments to this letter agreement, other than those changes expressly reserved to Zoom's discretion in this letter, must be made in a written agreement signed by you and a duly authorized officer of Zoom (other than you). If any provision of this offer letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law.

This letter agreement shall be binding upon any entity or person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by Zoom without regard to whether or not such entity or person actively assumes the obligations hereunder and without regard to whether or not a Change in Control occurs.

You may indicate your agreement with these terms by signing and dating this letter agreement and returning it to me. If you have any questions, please contact me.

Sincerely,

/s/ Eric Yuan

Eric Yuan
President and Chief Executive Officer

Accepted and Agreed:

/s/ Aparna Bawa

Aparna Bawa

12/18/2018

Date

December 18, 2018

Janine Pelosi

Re: Employment Terms

Dear Janine:

You and Zoom Video Communications, Inc. (“Zoom”) previously entered into an offer letter dated February 17, 2015. You also signed an Employment, Confidential Information and Assignment of Creative Works Agreement and Zoom’s Binding Arbitration Policy. This letter agreement confirms the terms of your employment with Zoom:

1. **Position.** You will serve as Head of Marketing and Online Business, and you will report to Eric Yuan, CEO. This is a full-time exempt position. While you render services to Zoom, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with Zoom. By signing this letter agreement, you confirm that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for Zoom.
2. **Cash Compensation.** Zoom will pay you a salary at the rate of \$250,000 per year, payable in accordance with Zoom’s standard payroll schedule. You will also be eligible to earn and receive a discretionary bonus or bonuses in the total target amount per year of 20% of your annual salary rate, which may be paid annually or quarterly as determined by Zoom. The amount of the bonus(es), if any, that you earn will be determined by Zoom, in its discretion, based on Zoom’s performance and meeting milestones established by Zoom pursuant to Zoom’s corporate incentive bonus program. No amount of any bonus is guaranteed, and in addition to satisfaction of any other conditions established by Zoom for such bonus program, you must be an employee on the applicable bonus payment date(s) to earn and be eligible to receive a bonus.
3. **Employee Benefits.** As a regular Zoom employee, you will be eligible to participate in a number of company-sponsored benefits offered to employees from time to time, subject to the terms and conditions of the applicable plans and policies.
4. **Equity and Change in Control Severance Benefits.** You were granted certain options to purchase shares of Zoom common stock and/or other equity instruments (as applicable, the “Awards”), pursuant to Zoom’s Global Share Plan, as amended from time to time (the “Plan”), and option or award agreement grant documents thereunder (collectively, the “Equity Grant Documents”). Your Awards will continue to be governed by the Plan and the Equity Grant Documents.

Should (1) Zoom be subject to a Change in Control before you cease to be a Service Provider (as defined in the Plan) and (2) you be subject to an Involuntary Termination upon or within one year following the effective date of such Change in Control (such events in (1) and (2), the "CIC Termination"), then Zoom will accelerate the vesting of any then outstanding Awards and any other then-outstanding subsequent equity compensation awards granted to you under the Plan or a successor plan thereto prior to the date of such CIC Termination ("Subsequent Awards") such that 100% of your then-outstanding Awards and Subsequent Awards (if applicable) will be deemed immediately vested and exercisable (as applicable) as of your Involuntary Termination date.

In addition, should a CIC Termination occur, you will receive as severance benefits:

- (a) A lump sum cash payment equal to six months of your then-current base salary, ignoring any decrease in base salary that would form the basis for your right to Resignation for Good Reason, if any, paid in a lump sum no later than the earliest of (i) 30 days following the effective date of the Release and (ii) March 15 of the year following the year in which your CIC Termination occurs.
- (b) if you timely elect continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), Zoom will pay your COBRA premiums to continue your coverage (including coverage for your eligible dependents, if applicable) through the end of the six-month period following your CIC Termination (the "COBRA Premium Period"); *provided, however*, that the payment of such COBRA premiums will immediately cease if during the COBRA Premium Period you become eligible for group health insurance coverage through a new employer or you cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify Zoom of such event. Notwithstanding the foregoing, if Zoom determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether you or your dependents elect or are eligible for COBRA coverage, Zoom will instead shall pay to you, on the first day of each calendar month during the COBRA Premium Period, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to required payroll deductions and withholdings (such amount, the "Special Cash Payment"), for the remainder of the COBRA Premium Period. You may, but are not obligated to, use such Special Cash Payments toward the cost of COBRA. For purposes of this Section 4(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law and (ii) any applicable insurance premiums that are paid by Zoom shall not include any amounts payable by you under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are your sole responsibility.

The receipt of any cash and COBRA premium benefits provided in this Section 4 is subject to (i) your continued compliance with the terms of this and your other agreements with Zoom, and (ii) you timely executing, and delivering to Zoom a general release of claims in such form as provided by Zoom to you on or prior to the date of your CIC Termination (the

“Release”) within the time period set forth therein, and not revoking such Release so that it becomes effective within the time period specified therein, but no later than 60 days following your CIC Termination. The form of required Release will be consistent with the terms of this letter and impose no material obligations on you other than a general release of claims and mutual non-disparagement.

For purposes of this offer letter agreement, the following definitions shall apply:

- “Cause” means your: (a) unauthorized use or disclosure of Zoom’s confidential information or trade secrets, which use or disclosure causes or could cause material harm to Zoom, (b) material breach of any agreement between you and Zoom, (c) material failure to comply with Zoom’s written policies or rules, (d) conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State, (e) gross negligence or willful misconduct, (f) willful and continuing failure to perform assigned duties after receiving written notification of the failure from Zoom’s Board of Directors, or (g) failure to cooperate in good faith with a governmental or internal investigation of Zoom or its directors, officers or employees, if Zoom has requested your cooperation.
- “Change in Control” means: (a) the consummation of a merger or consolidation of Zoom with or into another entity, or any corporate reorganization in which the stockholders of Zoom immediately prior to such merger, consolidation or reorganization own less than fifty percent (50%) of the voting power of the surviving entity immediately after such consolidation, merger or reorganization, (b) a sale or other disposition of all or substantially all of the assets of Zoom, or (c) the dissolution, liquidation or winding up of Zoom. The foregoing notwithstanding, a Change of Control shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by Zoom or indebtedness of Zoom is cancelled or converted or a combination thereof.
- “Involuntary Termination” means either (a) your Termination Without Cause or (b) your Resignation for Good Reason.
- “Resignation for Good Reason” means a Separation from Zoom as a result of your resignation within 12 months after one of the following conditions has come into existence without your consent:
 - A reduction in your base salary by more than 5%;
 - Any material breach by Zoom of any material written agreement between you and Zoom; provided, that, the foregoing shall not include (i) any agreement that is among Zoom, you and any third party or parties or (ii) Zoom’s written policies or rules;
 - A material diminution of your authority, duties or responsibilities (provided, however, that a change in job position, including a change in title, shall not be deemed a “material diminution” in and of itself unless your new duties are materially reduced from the prior duties); or

- A relocation of your principal workplace to a place that increases your one-way commute by more than 40 miles as compared to your then-current principal workplace immediately prior to such relocation.

A Resignation for Good Reason will not be deemed to have occurred unless you give Zoom written notice of the condition setting forth the basis for your resignation within 90 days after the condition comes into existence and Zoom fails to remedy the condition within 30 days after receiving your written notice.

- “Separation” means a “separation from service,” as defined in the regulations under Section 409A of the Code.
- “Termination Without Cause” means a Separation as a result of a termination of your employment by Zoom without Cause (and other than as a result of your death or disability), provided you are willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

References in this Section to Zoom shall refer to any successor entity to Zoom following a Change in Control.

5. **Employment Relationship.** Employment with Zoom is for no specific period of time. Your employment with Zoom will be “at will,” meaning that either you or Zoom may terminate your employment at any time and for any reason, with or without cause or advance notice. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and Zoom on this term. Although your job duties, title, work location, compensation and benefits, as well as Zoom’s personnel policies and procedures (which you are expected to abide by), may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of Zoom (other than you).
6. **Taxes.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions. You agree that Zoom does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against Zoom or its Board of Directors related to tax liabilities arising from your compensation.
7. **Section 409A.** It is intended that all of the benefits and other payments payable under this letter agreement satisfy, to the greatest extent possible, an exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the treasury regulations thereunder and any state law of similar effect (collectively, “Section 409A”), and this letter agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent no so exempt, this letter agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and any ambiguities herein shall be interpreted accordingly. Specifically, the severance benefits under this letter agreement are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5)

and 1.409A-1(b)(9) and each installment of severance benefits, if any, is a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). However, if such exemptions are not available and you are, upon Separation, a “specified employee” for purposes of Section 409A, then, solely to the extent necessary to avoid adverse personal tax consequences under Section 409A, the timing of the severance benefits payments shall be delayed until the earlier of (i) six (6) months and one day after your Separation, or (ii) your death. Severance benefits shall not commence until you have a Separation. If severance benefits are not covered by one or more exemptions from the application of Section 409A and the Release could become effective in the calendar year following the calendar year in which your Separation occurs, the Release will not be deemed effective, for purposes of payment of severance benefits, any earlier than the first day of the second calendar year. Except to the minimum extent that payments must be delayed because you are a “specified employee” or until the effectiveness of the Release, all severance amounts will be paid as soon as practicable in accordance with this letter agreement and Zoom’s normal payroll practices.

8. **Parachute Payments.** If any payment or benefit you will or may receive from Zoom or otherwise (a “Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then any such Payment shall be equal to the Reduced Amount. The “Reduced Amount” shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).

Notwithstanding any provisions in this Section above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Zoom shall appoint a nationally recognized accounting or law firm to make the determinations required by this Section. Zoom shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to Zoom a sufficient amount of the Payment (after reduction pursuant to clause (x) above) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

9. **Interpretation, Amendment and Enforcement.** This letter agreement, together with your Employment, Confidential Information and Assignment of Creative Works Agreement and Zoom's Binding Arbitration Policy, constitutes the complete and exclusive statement of your employment agreement with Zoom, and supersedes any prior agreements, representations or understandings (whether written, oral or implied) between you and Zoom regarding these subject matters. Modifications or amendments to this letter agreement, other than those changes expressly reserved to Zoom's discretion in this letter, must be made in a written agreement signed by you and a duly authorized officer of Zoom (other than you). If any provision of this offer letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law.

This letter agreement shall be binding upon any entity or person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by Zoom without regard to whether or not such entity or person actively assumes the obligations hereunder and without regard to whether or not a Change in Control occurs.

You may indicate your agreement with these terms by signing and dating this letter agreement and returning it to me. If you have any questions, please contact me.

Sincerely,

/s/ Eric Yuan

Eric Yuan
President and Chief Executive Officer

Accepted and Agreed:

/s/ Janine Pelosi

Janine Pelosi

12/18/2018

Date

December 18, 2018

Kelly Steckelberg

Re: Employment Terms

Dear Kelly:

You and Zoom Video Communications, Inc. (“Zoom”) previously entered into an offer letter dated August 23, 2017. You also signed an Employment, Confidential Information and Assignment of Creative Works Agreement and Zoom’s Binding Arbitration Policy. This letter agreement confirms the terms of your employment with Zoom:

1. **Position.** You will serve as Chief Financial Officer, and you will report to Eric Yuan, CEO. This is a full-time exempt position. While you render services to Zoom, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with Zoom. By signing this letter agreement, you confirm that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for Zoom.
2. **Cash Compensation.** Zoom will pay you a salary at the rate of \$300,000 per year, payable in accordance with Zoom’s standard payroll schedule. You will also be eligible to earn and receive a discretionary bonus or bonuses in the total target amount per year of 35% of your annual salary rate, which may be paid annually or quarterly as determined by Zoom. The amount of the bonus(es), if any, that you earn will be determined by Zoom, in its discretion, based on Zoom’s performance and meeting milestones established by Zoom pursuant to Zoom’s corporate incentive bonus program. No amount of any bonus is guaranteed, and in addition to satisfaction of any other conditions established by Zoom for such bonus program, you must be an employee on the applicable bonus payment date(s) to earn and be eligible to receive a bonus.
3. **Employee Benefits.** As a regular Zoom employee, you will be eligible to participate in a number of company-sponsored benefits offered to employees from time to time, subject to the terms and conditions of the applicable plans and policies.
4. **Equity and Change in Control Severance Benefits.** You were granted certain options to purchase shares of Zoom common stock and/or other equity instruments (as applicable, the “Awards”), pursuant to Zoom’s Global Share Plan, as amended from time to time (the “Plan”), and option or award agreement grant documents thereunder (collectively, the “Equity Grant Documents”). Your Awards will continue to be governed by the Plan and the Equity Grant Documents.

Should (1) Zoom be subject to a Change in Control before you cease to be a Service Provider (as defined in the Plan) and (2) you be subject to an Involuntary Termination upon or within one year following the effective date of such Change in Control (such events in (1) and (2), the "CIC Termination"), then Zoom will accelerate the vesting of any then outstanding Awards and any other then-outstanding subsequent equity compensation awards granted to you under the Plan or a successor plan thereto prior to the date of such CIC Termination ("Subsequent Awards") such that 100% of your then-outstanding Awards and Subsequent Awards (if applicable) will be deemed immediately vested and exercisable (as applicable) as of your Involuntary Termination date.

In addition, should a CIC Termination occur, you will receive as severance benefits:

- (a) A lump sum cash payment equal to six months of your then-current base salary, ignoring any decrease in base salary that would form the basis for your right to Resignation for Good Reason, if any, paid in a lump sum no later than the earliest of (i) 30 days following the effective date of the Release and (ii) March 15 of the year following the year in which your CIC Termination occurs.
- (b) if you timely elect continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), Zoom will pay your COBRA premiums to continue your coverage (including coverage for your eligible dependents, if applicable) through the end of the six-month period following your CIC Termination (the "COBRA Premium Period"); *provided, however*, that the payment of such COBRA premiums will immediately cease if during the COBRA Premium Period you become eligible for group health insurance coverage through a new employer or you cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify Zoom of such event. Notwithstanding the foregoing, if Zoom determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether you or your dependents elect or are eligible for COBRA coverage, Zoom will instead shall pay to you, on the first day of each calendar month during the COBRA Premium Period, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to required payroll deductions and withholdings (such amount, the "Special Cash Payment"), for the remainder of the COBRA Premium Period. You may, but are not obligated to, use such Special Cash Payments toward the cost of COBRA. For purposes of this Section 4(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law and (ii) any applicable insurance premiums that are paid by Zoom shall not include any amounts payable by you under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are your sole responsibility.

The receipt of any cash and COBRA premium benefits provided in this Section 4 is subject to (i) your continued compliance with the terms of this and your other agreements with Zoom, and (ii) you timely executing, and delivering to Zoom a general release of claims in such form as provided by Zoom to you on or prior to the date of your CIC Termination (the

“Release”) within the time period set forth therein, and not revoking such Release so that it becomes effective within the time period specified therein, but no later than 60 days following your CIC Termination. The form of required Release will be consistent with the terms of this letter and impose no material obligations on you other than a general release of claims and mutual non-disparagement.

For purposes of this offer letter agreement, the following definitions shall apply:

- “Cause” means your: (a) unauthorized use or disclosure of Zoom’s confidential information or trade secrets, which use or disclosure causes or could cause material harm to Zoom, (b) material breach of any agreement between you and Zoom, (c) material failure to comply with Zoom’s written policies or rules, (d) conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State, (e) gross negligence or willful misconduct, (f) willful and continuing failure to perform assigned duties after receiving written notification of the failure from Zoom’s Board of Directors, or (g) failure to cooperate in good faith with a governmental or internal investigation of Zoom or its directors, officers or employees, if Zoom has requested your cooperation.
- “Change in Control” means: (a) the consummation of a merger or consolidation of Zoom with or into another entity, or any corporate reorganization in which the stockholders of Zoom immediately prior to such merger, consolidation or reorganization own less than fifty percent (50%) of the voting power of the surviving entity immediately after such consolidation, merger or reorganization, (b) a sale or other disposition of all or substantially all of the assets of Zoom, or (c) the dissolution, liquidation or winding up of Zoom. The foregoing notwithstanding, a Change of Control shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by Zoom or indebtedness of Zoom is cancelled or converted or a combination thereof.
- “Involuntary Termination” means either (a) your Termination Without Cause or (b) your Resignation for Good Reason.
- “Resignation for Good Reason” means a Separation from Zoom as a result of your resignation within 12 months after one of the following conditions has come into existence without your consent:
 - A reduction in your base salary by more than 5%;
 - Any material breach by Zoom of any material written agreement between you and Zoom; provided, that, the foregoing shall not include (i) any agreement that is among Zoom, you and any third party or parties or (ii) Zoom’s written policies or rules;
 - A material diminution of your authority, duties or responsibilities (provided, however, that a change in job position, including a change in title, shall not be deemed a “material diminution” in and of itself unless your new duties are materially reduced from the prior duties); or

- A relocation of your principal workplace to a place that increases your one-way commute by more than 40 miles as compared to your then-current principal workplace immediately prior to such relocation.

A Resignation for Good Reason will not be deemed to have occurred unless you give Zoom written notice of the condition setting forth the basis for your resignation within 90 days after the condition comes into existence and Zoom fails to remedy the condition within 30 days after receiving your written notice.

- “Separation” means a “separation from service,” as defined in the regulations under Section 409A of the Code.
- “Termination Without Cause” means a Separation as a result of a termination of your employment by Zoom without Cause (and other than as a result of your death or disability), provided you are willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

References in this Section to Zoom shall refer to any successor entity to Zoom following a Change in Control.

5. **Employment Relationship.** Employment with Zoom is for no specific period of time. Your employment with Zoom will be “at will,” meaning that either you or Zoom may terminate your employment at any time and for any reason, with or without cause or advance notice. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and Zoom on this term. Although your job duties, title, work location, compensation and benefits, as well as Zoom’s personnel policies and procedures (which you are expected to abide by), may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of Zoom (other than you).
6. **Taxes.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions. You agree that Zoom does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against Zoom or its Board of Directors related to tax liabilities arising from your compensation.
7. **Section 409A.** It is intended that all of the benefits and other payments payable under this letter agreement satisfy, to the greatest extent possible, an exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the treasury regulations thereunder and any state law of similar effect (collectively, “Section 409A”), and this letter agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent no so exempt, this letter agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and any ambiguities herein shall be interpreted accordingly. Specifically, the severance benefits under this letter agreement are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5)

and 1.409A-1(b)(9) and each installment of severance benefits, if any, is a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). However, if such exemptions are not available and you are, upon Separation, a “specified employee” for purposes of Section 409A, then, solely to the extent necessary to avoid adverse personal tax consequences under Section 409A, the timing of the severance benefits payments shall be delayed until the earlier of (i) six (6) months and one day after your Separation, or (ii) your death. Severance benefits shall not commence until you have a Separation. If severance benefits are not covered by one or more exemptions from the application of Section 409A and the Release could become effective in the calendar year following the calendar year in which your Separation occurs, the Release will not be deemed effective, for purposes of payment of severance benefits, any earlier than the first day of the second calendar year. Except to the minimum extent that payments must be delayed because you are a “specified employee” or until the effectiveness of the Release, all severance amounts will be paid as soon as practicable in accordance with this letter agreement and Zoom’s normal payroll practices.

8. **Parachute Payments.** If any payment or benefit you will or may receive from Zoom or otherwise (a “Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then any such Payment shall be equal to the Reduced Amount. The “Reduced Amount” shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).

Notwithstanding any provisions in this Section above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Zoom shall appoint a nationally recognized accounting or law firm to make the determinations required by this Section. Zoom shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to Zoom a sufficient amount of the Payment (after reduction pursuant to clause (x) above) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

9. **Interpretation, Amendment and Enforcement.** This letter agreement, together with your Employment, Confidential Information and Assignment of Creative Works Agreement and Zoom's Binding Arbitration Policy, constitutes the complete and exclusive statement of your employment agreement with Zoom, and supersedes any prior agreements, representations or understandings (whether written, oral or implied) between you and Zoom regarding these subject matters. Modifications or amendments to this letter agreement, other than those changes expressly reserved to Zoom's discretion in this letter, must be made in a written agreement signed by you and a duly authorized officer of Zoom (other than you). If any provision of this offer letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law.

This letter agreement shall be binding upon any entity or person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by Zoom without regard to whether or not such entity or person actively assumes the obligations hereunder and without regard to whether or not a Change in Control occurs.

You may indicate your agreement with these terms by signing and dating this letter agreement and returning it to me. If you have any questions, please contact me.

Sincerely,

/s/ Eric Yuan

Eric Yuan
President and Chief Executive Officer

Accepted and Agreed:

/s/ Kelly Steckelberg

Kelly Steckelberg

12/18/2018

Date

OFFICE LEASE

by and between

KBSIII ALMADEN FINANCIAL PLAZA, LLC
a Delaware limited liability company

(“Landlord”)

and

ZOOM VIDEO COMMUNICATIONS, INC.
a Delaware corporation

(“Tenant”)

Dated as of

August 1, 2016

OFFICE LEASE

THIS OFFICE LEASE (this "Lease") is made between **KBSIII ALMADEN FINANCIAL PLAZA, LLC** a Delaware limited liability company ("Landlord"), and the Tenant described in *Item 1* of the Basic Lease Provisions.

LEASE OF PREMISES

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to all of the terms and conditions set forth herein those certain premises (the "Premises") described in *Item 3* of the Basic Lease Provisions and as shown in the drawing attached hereto as Exhibit A-1. The Premises are located in the Building described in *Item 2* of the Basic Lease Provisions. The Building is located on that certain land (the "Land") more particularly described on Exhibit A-2 attached here to, which is also improved with landscaping, parking facilities and other improvements, fixtures and common areas and appurtenances now or hereafter placed, constructed or erected on the Land (sometimes referred to herein as the "Project").

BASIC LEASE PROVISIONS

1. **Tenant:** ZOOM VIDEO COMMUNICATIONS, INC., a Delaware corporation ("Tenant")
2. **Building:** The Almaden
55 Almaden Boulevard
San Jose, California 95113
3. **Description of Premises:** Suite: 500
Rentable Area: 17,639 square feet; provided, however, pursuant to Paragraph 1(d) of the Lease Tenant is currently subleasing that certain space containing 17,514 square feet of Rentable Area designated as Suite 600 (the "Suite 600 Space") in the Building. Upon both the expiration of the Tenants Sublease and the Armanino Lease (each as defined in Paragraph 1(d) below) with respect to the Suite 600 Space, the "Premises" shall be expanded to include the Suite 600 Space for a total of 35,153 square feet of Rentable Area. The Armanino Lease and the Tenant's Sublease are currently scheduled to expire on October 31, 2018 so that the commencement date with respect to the Suite 600 Space is estimated to occur on or about November 1, 2018 (the "Estimated Suite 600 Commencement Date").
Building Size: 140,220 square feet (subject to Paragraph 18)
Project Size: 416,126 square feet (subject to Paragraph 18)
4. **Tenant's Proportionate Share of Building:** 12.5795% (17,639 rsf / 140,220 rsf) (See Paragraph 3)
Tenant's Proportionate Share of Project: 4.2389% (17,639 rsf / 416,126 rsf) (See Paragraph 3)
Commencing on the Suite 600 Commencement Date (as defined in Paragraph 1(d) below) and continuing thereafter through the remainder of the Lease Term, (i) the Tenant's Proportionate Share of the Building shall be amended to be 25.0699% (35,153 rsf / 140,220 rsf) and (ii) the Tenant's Proportionate Share of the Project shall be amended to be 8.4477% (35,153 rsf / 416,126 rsf).

5. **Basic Annual Rent:** (See Paragraph 2)
- Months 01 to 12*, inclusive:
 Monthly Installment: \$31,311.00* (\$3.55/square foot of Rentable Area/month)
- *If the Commencement Date is a day other than the first day of a calendar month, then this period shall be twelve (12) full calendar months plus the partial month in which the Commencement Date occurs so that each subsequent rental period shall occur on the first day of a calendar month.
- *During this period the Basic Annual Rent shall be calculated only on 8,820 square feet of Rentable Area and the Basic Annual Rent attributable to the remaining 8,819 square feet of Rentable Area shall be abated. For purposes of calculating the Termination Fee payable in connection with Addendum Three attached hereto, the total Basic Annual Rent abated rent during this period is estimated to be \$375,689.40. To the extent the Suite 600 Commencement Date occurs during this period then the monthly installment of Basic Annual Rent payable by Tenant shall be increased in accordance with Paragraph 1(d) below.
- Months 13 to 24, inclusive:
 Monthly Installment: \$64,558.74* (\$3.66/square foot of Rentable Area/month)
- *To the extent the Suite 600 Commencement Date occurs during this period, then the monthly installment of Basic Annual Rent payable by Tenant shall be increased in accordance with Paragraph 1(d) below.
- Months 25 to 36, inclusive:
 Monthly Installment: \$66,499.03 (\$3.77/square foot of Rentable Area/month); provided, however from and after the Estimated Suite 600 Commencement Date and continuing for the remainder of this period the monthly installment of Basic Annual Rent shall be equal to \$132,526.81 (which is equal to \$3.77/square foot of Rentable Area/month for the initial Premises plus the Suite 600 Space)
- Months 37 to 48, inclusive:
 Monthly Installment: \$136,393.64 (\$3.88/square foot of Rentable Area/month)
- Months 49 to 60, inclusive:
 Monthly Installment: \$140,612.00 (\$4.00/square foot of Rentable Area/month)
6. **Installment Payable Upon Execution:** \$31,311.00 (to be applied towards the initial installment of Basic Annual Rent due hereunder)
7. **Security Deposit Payable Upon Execution:** \$175,000.00, in the form of a letter of credit (See Paragraph 2(c))
8. **Base Year for Operating Costs:** 2016 (See Paragraph 3)

- 9. Initial Term:** Sixty (60) full calendar months plus, if the Commencement Date occurs on a day other than the first day of a calendar month the partial month in which the Commencement Date occurs (See Paragraph 1)
- 10. Estimated Commencement Date:** September 1, 2016
- 11. Estimated Termination Date:** August 31, 2021
- 12. Broker(s) (See Paragraph 19(k)):**
- Landlord's Broker:** Cushman & Wakefield
300 Santana Row, Fifth Floor
San Jose, California 95128
- Tenant's Broker:** Newmark Cornish & Carey
2804 Mission College Blvd. Suite 120
Santa Clara, California 95054
- 13. Number of Parking Spaces:** A total of fifty-four (54) unreserved parking spaces at an additional charge equal to the then prevailing rate charged by Landlord for the use of such spaces (which as of the Date of this Lease is equal to \$120.00 per unreserved space per month) as such rate is subject to change from time to time, plus applicable taxes; provided, however during the Initial Term the parking rate charged for such unreserved space shall not increase by more than the greater of (i) three percent (3%) per year, cumulative and compounding or (ii) the CPI Increase (as defined in Paragraph 18(a) below). Notwithstanding the foregoing to the contrary, the parking rate for twenty-seven (27) of such parking spaces shall be abated during the initial twelve (12) month period following the Commencement Date (and such parking charge abatement shall be factored into the Termination Fee payable under Addendum Three hereof). Commencing on the Suite 600 Commencement Date, Tenant shall be allocated an additional fifty-four (54) unreserved parking spaces (i. e. which are allocable to the Suite 600 Space) at an additional charge equal to the then prevailing rate charged by Landlord for the use of such spaces, as such rate is subject to change from time to time plus applicable taxes. (See Paragraph 18)
- 14. Addresses for Notices:**
- To: TENANT:** **To: LANDLORD:**
- Prior to occupancy of the Premises:** **Project Management Office:**
- Zoom Video Communications. Inc.
55 Almaden, Suite 600
San Jose, California 95113
- KBSIII Almaden Financial Plaza, LLC
c/o Embarcadero Realty Services LP
One Almaden Boulevard Suite 501
San Jose California 95113
Attention: Property Manager

After occupancy of the Premises:

Zoom Video Communications. Inc.
55 Almaden, Suite 500
San Jose, California 95113

With a copy to:

KBS Capital Advisors, LLC
800 Newport Center Drive, Suite 700
Newport Beach, California 92660
Attn: Brent Carroll, Senior Vice President

15. Place of Payment:

All payments payable under this Lease shall be sent to Landlord at the Project Management Office at the address specified in *Item 14* or to such other address as Landlord may designate in writing.

16. Guarantor:

None

17. Date of this Lease:

See cover page

18. Tenant Improvements:

See Exhibit B

19. The “State” is the State of California.

This Lease consists of the foregoing introductory paragraphs and Basic Lease Provisions, the provisions of the Standard Lease Provisions (the “Standard Lease Provisions”) (consisting of Paragraphs 1 through Paragraph 19 which follow) and Exhibits A-I through Exhibit A-3 and Exhibits B through Exhibit J, and the following Addenda: Addendum One: Two Renewal Options at Market, Addendum Two: One-Time Right of First Offer, and Addendum Three: Cancellation Option, all of which are incorporated herein by this reference. In the event of any conflict between the provisions of the Basic Lease Provisions and the provisions of the Standard Lease Provisions, the Standard Lease Provisions shall control.

STANDARD LEASE PROVISIONS

1. **TERM**

(a) The Initial Term of this Lease and the Rent (defined below) shall commence on the earliest of (i) the date that the Tenant Improvements are Substantially Completed, or (ii) the date the Tenant Improvements would have been Substantially Completed except for Tenant Delays or (iii) the date that Tenant, or any person occupying any of the Premises with Tenants permission, commences business operations from the Premises or (iv) September 1, 2016 (the "Commencement Date"), and the Termination Date shall mean the last day of the calendar month following the sixtieth (60th) full calendar month anniversary of the Commencement Date (the "Termination Date"). Unless earlier terminated in accordance with the provisions hereof the Initial Term of this Lease shall be the period shown in *Item 9* of the Basic Lease Provision. As used herein, "Lease Term" shall mean the Initial Term referred to in *Item 9* of the Basic Lease Provisions subject to any extension of the Initial Term hereof exercised in accordance with the terms and conditions expressly set forth herein. This Lease shall be a binding contractual obligation effective upon execution hereof by Landlord and Tenant, notwithstanding the later commencement of the Initial Term of this Lease. The terms "Tenant Improvements" and "Substantial Completion" or "Substantially Completed" are defined in the attached *Exhibit B* Work Letter. "Tenant Delays" consist of those delays defined in *Exhibit B*.

(b) The Premises will be delivered to Tenant when the Tenant Improvement have been Substantially Completed. If delivery of the Premises is delayed or otherwise does not occur on the Estimated Commencement Date, set forth in *Item 10* of the Basic Lease Provisions, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom and in no event shall the Commencement Date be deferred (i.e., in no event shall the Commencement Date be later than September I 2016 even if the Tenant Improvements are not Substantially Completed by such date). Beginning no earlier than fourteen (14) days prior to the date on which the Landlord estimates the Tenant Improvements will be Substantially Completed will occur (such date being referred to herein as the "Pre-Completion Access Date") and ending on the day immediately preceding the date that the Tenant Improvements have been Substantially Completed (such period being referred to as the "Pre-Completion Access Period"), Tenant, and Tenant's contractors reasonably approved by Landlord may access the Premises (the "Pre-Completion Access") for the sole purpose of installing Tenant's furniture equipment computer and phone cabling and wiring systems in the Premises ; provided, however Tenant and/or Tenant's contractors, must coordinate all access to the Premises during such Pre-Completion Access Period with the Property Manager of the Building prior to such access. All terms, conditions rules regulations and obligations of Tenant, as set forth in this Lease, shall apply during the Pre-Completion Access Period. Tenant, and its approved contractors, shall not interfere with the completion of construction of the Tenant Improvement or cause any labor dispute as a result of such Pre-Completion Access, and Tenant hereby agrees to indemnify, defend and hold Landlord harmless from any loss or damage to such property and all liability loss or damage arising from any injury to the Project Building or the property of Landlord its contractors, subcontractors or materialmen and any death or personal injury to any person or persons arising out of such Pre-Completion Access EVEN IF SUCH LOSS DAMAGE, LIABILITY, DEATH, OR PERSONAL INJURY WAS CAUSED SOLELY OR IN PART BY LANDLORDS NEGLIGENCE, BUT NOT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD. Any such Pre-Completion Access shall be subject to Tenant providing to Landlord satisfactory evidence of insurance for personal injury and property damage related to such Pre-Completion Access Period prior to the commencement of the Pre-Completion Access Period, including such insurance from Tenant's contractors, as required by Landlord for third party contractors working in the Building. Any delay in putting Tenant in possession of the Premises due to such Pre-Completion Access Period shall not serve to extend the Lease Term of this Lease or to make Landlord liable for any damages arising therefrom.

(c) Upon Substantial Completion of the Tenant Improvements, Landlord shall prepare and deliver to Tenant, a Tenant Commencement Certificate in the form of *Exhibit F* attached hereto (the "Certificate") which Tenant shall acknowledge by executing a copy and returning it to Landlord. If upon receipt of the Certificate, Tenant believes Substantial Completion of the Tenant Improvements has not occurred, Tenant shall provide written notice ("Incompletion Notice") to Landlord specifying the particular Tenant Improvements which have not been Substantially Completed. Landlord shall then Substantially Complete the Tenant Improvements specified in the Incompletion Notice or, if Landlord disagrees with die Incompletion Notice, refer the matter to the Architect (as defined in the Work Letter attached hereto as *Exhibit B*) for resolution of whether Substantial Completion has occurred. If Tenant fails to sign and return the Certificate or an Incompletion Notice to Landlord within ten (10) days

of receipt of the Certificate from Landlord the Certificate as sent by Landlord shall be deemed to have correctly set forth the Commencement Date and the other matters addressed in the Certificate. Failure of Landlord to send the Certificate shall have no effect on the Commencement Date.

(d) Landlord is currently leasing the Suite 600 Space to Armanino LLP ("Armanino") pursuant to a lease agreement (the "Armanino Lease") scheduled to expire on October 31, 2018. Tenant is leasing the Suite 600 Space from Armanino pursuant to a sublease agreement (the "Tenant's Sublease") which is also scheduled to expire on October 31, 2018. The parties hereby anticipate that upon the expiration of the Armanino Lease and the Tenant's Sublease that the Premises shall be expanded to include the Suite 600 Space. Landlord shall deliver the Suite 600 Space to Tenant upon the date that the Armanino Lease expires or is earlier terminated and Armanino surrenders the Suite 600 Space to Landlord. The date of delivery of the Suite 600 Space to Tenant by Landlord shall be known as the "Suite 600 Commencement Date" and Tenant acknowledges that such Suite 600 Commencement Date may occur prior to the Estimated Suite 600 Commencement Date in the event the Armanino Lease is terminated prior to its scheduled expiration date. In the event the Suite 600 Commencement Date occurs prior to the Estimated Suite 600 Commencement Date, then, for the time period commencing on the Suite 600 Commencement Date and continuing thereafter through the day preceding the Estimated Suite 600 Commencement Date in addition to the Basic Annual Rent, Additional Rent and other sums payable hereunder with respect to the initial Premises, Tenant shall also pay to Landlord an additional sum for the Suite 600 Space equal to the amount that Armanino would have been required to pay to Landlord under the Armanino Lease during such period had the Armanino Lease not been terminated prior to its scheduled expiration. From and after the Estimated Suite 600 Commencement Date through the remainder of the Lease Term, the Basic Annual Rent rate and Base Year attributable to the Suite 600 Space shall be the same Basic Annual Rent rate and Base Year that is then attributable to the initial Premises leased hereunder during such time period (subject to periodic escalations as set forth herein). Tenant hereby acknowledges that its right to lease the Suite 600 Space from Landlord is subject and subordinate to any rights of renewal that Armanino has in the Armanino Lease.

2. BASIC ANNUAL RENT AND SECURITY DEPOSIT

(a) Tenant agrees to pay during each Lease Year (defined below) of the Lease Term as Basic Annual Rent ("Basic Annual Rent") for the Premises the sums shown for such periods in *Item 5* of the Basic Lease Provisions. For purposes of this Lease, a "Lease Year" shall be each twelve (12) calendar month period commencing on the Commencement Date (or anniversary thereof); provided, however, that if the Commencement Date is not the first of a month, then the first Lease Year shall also include the partial month in which the Commencement Date occurred.

(b) Except as expressly provided to the contrary here in, Basic Annual Rent shall be payable in consecutive monthly installments, in advance without demand, deduction or offset commencing on the Commencement Date and continuing on the first day of each calendar month thereafter until the expiration of the Lease Term. The first full monthly installment of Basic Annual Rent shall be payable upon Tenant's execution of this Lease. The obligation of Tenant to pay Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. If the Commencement Date is a day other than the first day of a calendar month or the Lease Term expires on a day other than the last day of a calendar month, then the Rent for such partial month shall be calculated on a per diem basis. In the event Landlord delivers possession of the Premises to Tenant prior to the Commencement Date, Tenant agrees it shall be bound by and subject to all terms, covenants, conditions and obligations of this Lease during the period between the date possession is delivered and the Commencement Date other than the payment of Basic Annual Rent in the same manner as if delivery had occurred on the Commencement Date.

(c) Simultaneously with the execution of this Lease, Tenant shall deliver to Landlord a Letter of Credit (the "Letter of Credit"), in form and substance as set forth in Exhibit H attached hereto or otherwise satisfactory to Landlord in its reasonable discretion, from a bank acceptable to Landlord in Landlord's reasonable determination in the initial amount of the Security Deposit, as set forth in *Item 7* of the Basic Lease Provisions as security for the performance of the provisions hereof by Tenant, if applicable. At a minimum the Letter of Credit shall provide for the following: (i) it shall terminate no sooner than thirty days following the actual expiration date of the Lease Term, or, if it shall terminate earlier the Letter of Credit shall provide that it will automatically renew or be replaced annually unless Landlord (the beneficiary thereof) is notified in writing by the issuer at least thirty (30) days prior to the expiry date that the Letter of Credit will not be renewed or replaced; and if Landlord is so notified of such non-renewal/non-replacement,

Landlord (the beneficiary thereof) shall have the right to draw the full amount of such Letter of Credit prior to such earlier expiry date and the amounts so drawn shall be held by Landlord as a Security Deposit, and applied and disbursed in accordance with the terms of the next following paragraph; (b) it shall be irrevocable and (c) it shall be transferable to any successor to Landlord's interest under this Lease. If at any time during the Lease Term the bank or financial institution that issues the letter of credit is declared insolvent or is placed into receivership by the Federal Deposit Insurance Corporation or any other governmental or quasi-governmental institution, or if there is a material adverse change in the financial or business condition of the bank or financial institution from the date of the Lease as reasonably determined by Landlord, then following written notice from Landlord, Tenant shall have ten (10) business days to replace the Letter of Credit with a new letter of credit from a bank or financial institution acceptable to Landlord in Landlord's reasonable discretion. If Tenant does not replace the Letter of Credit with a new letter of credit from a bank or financial institution acceptable to Landlord within such ten (10) business day period, then notwithstanding anything in the Lease to the contrary, Tenant shall be in default and Landlord shall have the right to draw upon the Letter of Credit for the full amount of the Letter of Credit and apply the proceeds thereof in accordance with the terms and conditions of this Paragraph 2(c).

If Tenant defaults with respect to any provision of this Lease, including, without limitation the provisions relating to the payment of Rent or the cleaning of the Premises upon the termination of this Lease, or amounts which Landlord may be entitled to recover pursuant to the provisions of Section 1951.2 of the California Civil Code Landlord may draw down the Letter of Credit and use, apply or retain such portion of the proceeds from the Letter of Credit as may be necessary (i) for the payment of any Rent or any other sum in default, (ii) for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default hereunder or (iii) to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default hereunder including, without limitation, costs and reasonable attorneys' fees incurred by Landlord to recover possession of the Premises following a default by Tenant hereunder. The use or application of the proceed from the Letter of Credit or any portion thereof shall not prevent Landlord from exercising any other right or remedy provided hereunder or under any Law and shall not be construed as liquidated damages. In the event Landlord draws down the Letter of Credit pursuant to the terms of this Lease, Landlord shall not be required to keep the proceeds of the Letter of Credit separate from its general funds and Tenant shall not be entitled to interest thereon.

If any portion of the Letter of Credit is so used or applied Tenant shall upon demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit within five (5) business days to the appropriate amount as determined hereunder. If Tenant shall fully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days following the expiration or sooner termination of this Lease; provided, however, that Landlord may retain the Security Deposit until such time as any amount due from Tenant in accordance with Paragraph 3 below has been determined and paid to Landlord in full.

(d) The parties agree that for all purposes hereunder the Premises shall be stipulated to contain the number of square feet of Rentable Area described in *Item 3* of the Basic Lease Provisions. Upon the request of Landlord Landlord's space planner shall verify the exact number of square feet of Rentable Area in the Premises. In the event there is a variation of three percent (3%) or more from the number of square feet specified in *Item 3* of the Basic Lease Provisions Landlord and Tenant shall execute an amendment to this Lease for the purpose of making appropriate adjustments to the Basic Annual Rent, the Security Deposit, Tenant's Proportionate Share and such other provisions hereof as shall be appropriate under the circumstances. Landlord calculated the Rentable Area described in *Item 3* of the Basic Lease Provisions using the definition of Rentable Area contained in Exhibit A-3 of this Lease.

3. ADDITIONAL RENT

(a) If Operating Costs (defined below) for the Project for any calendar year during the Lease Term exceed Base Operating Costs (defined below), Tenant shall pay to Landlord as additional rent ("Additional Rent") an amount equal to Tenant's Proportionate Share (defined below) of such excess.

(b) "Tenant's Proportionate Share" is, subject to the provisions of Paragraph 18, the percentage number described in *Item 4* of the Basic Lease Provisions. Tenant's Proportionate Share represents, subject to the provisions of Paragraph 18, a fraction, the numerator of which is the number of square feet of Rentable Area in the Premises and the denominator of which is the number of square feet of Rentable Area in the Building or the Project, as determined

by Landlord pursuant to Paragraph 18. Notwithstanding the foregoing to the contrary, subject to the terms of Paragraph 1(d) above, during the initial twelve (12) month period following the Commencement Date, the Additional Rent shall be abated for that portion of the Premises consisting of 8,819 square feet of Rentable Area (*i.e.*, being the same portion that the Basic Annual Rent is abated during this period as set forth in *Item 5* of the Basic Lease Provisions), so that for purposes of calculating the Additional Rent during this Period (i) the Tenant's Proportionate Share of the Building shall be amended to be 6.2901% (8,820 rsf / 140,220 rsf) and (ii) the Tenant's Proportionate Share of the Project shall be amended to be 2.1196% (8,820 rsf / 416,126 rsf).

(c) "Base Operating Costs" means all Operating Costs incurred or payable by Landlord during the calendar year specified as Tenant's Base Year in *Item 8* of the Basic Lease Provisions.

(d) "Operating Costs" means all costs, expenses and obligations incurred or payable by Landlord in connection with the operation ownership, management, repair or maintenance of the Building and the Project during or allocable to the Lease Term including without limitation, the following:

(i) Any form of assessment, license fee, license tax, business license fee, commercial rental tax, levy, charge, improvement bond tax, water and sewer rents and charges, utilities and communications taxes and charges or similar or dissimilar imposition imposed by any authority having the direct power to tax, including any city county, state or federal government or any school agricultural lighting, drainage or other improvement or special assessment district thereof or any other governmental charge, general and special, ordinary and extraordinary, foreseen and unforeseen which may be assessed against any legal or equitable interest of Landlord in the Premises, Building, Common Areas or Project (collectively, ("Real Estate Taxes"). Real Estate Taxes shall also include, without limitation:

(A) any tax on Landlord's "right" to rent or "right" to other income from the Premises or as against Landlord's business of leasing the Premises;

(B) any assessment, tax, fee, levy or charge in substitution, partially or totally of any assessment, tax, fee, levy or charge previously included within the definition of real property tax it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June, 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges be included within the definition of "Real Estate Taxes" for the purposes of this Lease;

(C) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or other premises in the Building or the rent payable by Tenant hereunder or other tenants of the Project, including, without limitation any gross receipts tax or excise tax levied by state, city or federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession leasing operation management, maintenance, alteration, repair use or occupancy by Tenant of the Premises, or any portion thereof but not on Landlord's other operations;

(D) any assessment tax, fee, levy or charge upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises;

(E) any assessment, tax, fee, levy or charge by any governmental agency related to any transportation plan, fund or system (including assessment districts) instituted within the geographic area of which the Project is a part; and/or

(F) any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Real Estate Taxes.

Notwithstanding the foregoing, in no event shall Real Estate Taxes included in Operating Costs for any year subsequent to the Base Year be less than Real Estate Taxes included in Operating Costs for the Base Year.

(ii) The cost of services and utilities (including taxes and other charges incurred in connection therewith) provided to the Premises, the Building or the Project, including, without limitation water, power gas, sewer waste disposal, telephone and cable television facilities fuel supplies, equipment tools, materials service contracts janitorial services, waste and refuse disposal window cleaning, maintenance and repair of sidewalks and Building exterior and services areas gardening and landscaping; insurance, including, but not limited to, public liability, fire property damage, wind, hurricane earthquake, terrorism, flood, rental loss rent continuation, boiler machinery, business interruption, contractual indemnification and All Risk Causes of Loss - Special Form coverage insurance for up to the full replacement cost of the Project and such other insurance as is customarily carried by operators of other similar class office buildings in the city in which the Project is located to the extent carried by Landlord in its discretion and the deductible portion of any insured loss otherwise covered by such insurance; the cost of compensation, including employment, welfare and social security taxes, paid vacation days disability, pension, medical and other fringe benefits of all persons (including independent contractors) who perform services for Landlord to the extent such services are connected with the operation, maintenance repair or replacement of the Project; any association assessments, costs dues and/or expenses relating to the Project, personal property taxes on and maintenance and repair of equipment and other personal property used in connection with the operation, maintenance or repair of the Project ; repair and replacement of window coverings provided by Landlord in the premises of tenants in the Project; such reasonable auditors' fees and legal fees as are incurred in connection with the operation, maintenance or repair of the Project; administration fees; a property management fee (which fee may be imputed if Landlord has internalized management or otherwise acts as its own property manager); the maintenance of any easements or ground leases benefiting the Project whether by Landlord or by an independent contractor; a reasonable allowance for depreciation of personal property used in the operation, maintenance or repair of the Project; license, permit and inspection fees; all costs and expenses required by any governmental or quasi-governmental authority or by applicable law, for any reason, including capital improvements whether capitalized or not, and the cost of any capital improvements made to the Project by Landlord that improve life-safety systems or reduce operating expenses and the costs to replace items which Landlord would be obligated to maintain under the Lease (such costs to be amortized over such reasonable periods as Landlord shall reasonably determine together with interest thereon at the rate of ten percent (10%) per annum or such other rate as may have been paid by Landlord on funds borrowed for the purpose of funding such improvements); the cost of air conditioning, heating, ventilating, plumbing, elevator maintenance and repair (to include the replacement of components) and other mechanical and electrical systems repair and maintenance; sign maintenance; and Common Area (defined below) repair, resurfacing operation and maintenance; the reasonable cost for temporary lobby displays and events commensurate with the operation of a similar class building, and the cost of providing security services, if any, deemed appropriate by Landlord.

The following items shall be excluded from Operating Costs:

(A) leasing commissions, attorneys' fees, costs and disbursements and other expenses incurred in connection with leasing, renovating or improving vacant space in the Project for tenants or prospective tenants of the Project (including, without limitation, the costs of the Tenant Improvements being constructed pursuant to Exhibit B attached hereto);

(B) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving or decorating, painting or redecorating space for tenants or vacant space;

(C) Landlord's costs of any services sold to tenants for which Landlord is entitled to be reimbursed by such tenants as an additional charge or rental over and above the Basic Annual Rent and Operating Costs payable under the lease with such tenant or other occupant;

(D) any depreciation or amortization of the Project except as expressly permitted herein;

(E) costs incurred due to a violation of Law (defined below) by Landlord relating to the Project;

- (F) interest on debt or amortization payments on any mortgages or deeds of trust or any other debt for borrowed money;
- (G) all items and services for which Tenant or other tenants reimburse Landlord outside of Operating Costs;
- (H) repairs or other work occasioned by fire, windstorm or other work paid for through insurance or condemnation proceeds (excluding any deductible); and
- (I) repairs resulting from any defect in the original design or construction of the Project.

(e) Operating Costs for any calendar year during which actual occupancy of the Project is less than ninety-five percent (95%) of the Rentable Area of the Project shall be appropriately adjusted to reflect ninety-five percent (95%) occupancy of the existing Rentable Area of the Project during such period. In determining Operating Costs, if any services or utilities are separately charged to tenants of the Project or others Operating Costs shall be adjusted by Landlord to reflect the amount of expense which would have been incurred for such services or utilities on a full time basis for normal Project operating hours. Operating Costs for the Base Year (as defined in *Item 8* of the Basic Lease Provisions) shall not include (i) Operating Costs attributable to temporary market-wide labor-rate increases and/or utility rate increases due to extraordinary circumstances, including, but not limited to Force Majeure, conservation surcharges boycotts, embargoes, or other shortages, (ii) one-time special assessments, charges costs or fees or extraordinary charges or costs incurred in the Base Year only, or (iii) amortization of any capital items including, but not limited to, capital improvements capital repairs and capital replacements (including such amortized costs where the actual improvement, repair or replacement was made in prior years). In no event shall the components of Operating Costs for any calendar year related to any utility costs (including, without limitation, electrical costs) be less than the components of Operating Costs related to such utility costs in the Base Year. In addition, if in any calendar year subsequent to the Base Year, the amount of Operating Costs decreases due to a reduction in the cost of providing utilities, security and/or other services to the Project for any reason, including without limitation, because of deregulation of the utility industry and/or reduction in rates achieved in contracts with utilities and/or service providers, then for purposes of the calendar year in which such decrease in Operating Costs occurred and all subsequent calendar years, the Operating Costs for the Base Year shall be decreased by an amount equal to such decrease. In the event (i) the Commencement Date shall be a date other than January 1, (ii) the date fixed for the expiration of the Lease Term shall be a date other than December 31, (iii) of any early termination of this Lease, or (iv) of any increase or decrease in the size of the Premises, then in each such event, an appropriate adjustment in the application of this Paragraph 3 shall, subject to the provisions of this Lease, be made to reflect such event on a basis determined by Landlord to be consistent with the principles underlying the provisions of this Paragraph 3. In addition Landlord shall have the right from time to time to equitably allocate and prorate some or all of the Operating Costs among different tenants and /or different buildings of the Project and/or on a building-by-building basis (the "Cost Pools"), adjusting Tenant's Proportionate Share as to each of the separately allocated costs based on the ratio of the Rentable Area of the Premises to the Rentable Area of all of the premises to which such costs are allocated. Such Cost Pools may include, without limitation, the office space tenants and retail space tenants of the buildings in the Project.

(f) Prior to the commencement of each calendar year of the Lease Term following the Commencement Date Landlord shall have the right to give to Tenant a written estimate of Tenant's Proportionate Share of the projected excess if any, of the Operating Costs for the Project for the ensuing year over the Base Operating Costs. Tenant shall pay such estimated amount to Landlord in equal monthly installments in advance on the first day of each month. Within a reasonable period after the end of each calendar year Landlord shall furnish Tenant a statement indicating in reasonable detail the excess of Operating Costs over Base Operating Costs for such period, and the parties shall, within thirty (30) days thereafter make any payment or allowance necessary to adjust Tenant's estimated payments to Tenant's actual share of such excess as indicated by such annual statement. Any payment due Landlord shall be payable by Tenant on demand from Landlord. Any amount due Tenant shall be credited against installments next becoming due under this Paragraph 3(f) or refunded to Tenant if requested by Tenant.

(g) All capital levies or other taxes assessed or imposed on Landlord upon the rents payable to Landlord under this Lease and any excise, transaction, sales, or privilege tax, assessment levy or charge measured by or based, in whole or in part, upon such rents from the Premises and/or the Project or any portion thereof shall be paid by Tenant to Landlord monthly in estimated installments or upon demand at the option of Landlord, as additional rent to be allocated to monthly Operating Costs.

(h) Tenant shall pay ten (10) days before delinquency all taxes and assessments (i) levied against any personal property, tenant improvements or trade fixtures of Tenant in or about the Premises, (ii) based upon this Lease or any document to which Tenant is a party creating or transferring an interest in this Lease or an estate in all or any portion of the Premises (other than Landlord's income taxes), and (iii) levied for any business, professional or occupational license fees. If any such taxes or assessments are levied against Landlord or Landlord's property or if the assessed value of the Project is increased by the inclusion therein of a value placed upon such personal property or trade fixtures, Tenant shall upon demand reimburse Landlord for the taxes and assessments so levied against Landlord, or such taxes, levies and assessments resulting from such increase in assessed value. To the extent that any such taxes are not separately assessed or billed to Tenant, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord.

(i) Any delay or failure of Landlord in (i) delivering any estimate or statement described in this Paragraph 3, or (ii) computing or billing Tenants Proportionate Share of excess Operating Costs shall not constitute a waiver of its right to require an increase in Rent, or in any way impair, the continuing obligations of Tenant under this Paragraph 3. In the event of any dispute as to any Additional Rent due under this Paragraph 3, Tenant an officer of Tenant or Tenant's certified public accountant (but (a) in no event shall Tenant hire or employ an accounting firm of accountants or any person to audit Landlord as set forth under this Paragraph who is compensated or paid for such audit on a contingency basis and (b) in the event Tenant hires or employs an independent party to perform such audit, Tenant shall provide Landlord with a copy of the engagement letter) shall have the right after reasonable notice and at reasonable times to inspect Landlord's accounting records at Landlord's accounting office. If after such inspection, Tenant still disputes such Additional Rent, upon Tenant's written request therefor, a certification as to the proper amount of Operating Costs and the amount due to or payable by Tenant shall be made by an independent certified public accountant mutually agreed to by Landlord and Tenant. If Landlord and Tenant cannot mutually agree to an independent certified public accountant, then the parties agree that Landlord shall choose an independent certified public accountant to conduct the certification as to the proper amount of Tenant's Proportionate Share of Operating Costs due by Tenant for the period in question; provided, however, such certified public accountant shall not be the accountant who conducted Landlord's initial calculation of Operating Costs to which Tenant is now objecting or an accountant regularly employed by Landlord. Such certification shall be final and conclusive as to all parties. If the certification reflects that Tenant has overpaid Tenant's Proportionate Share of Operating Costs for the period in question, then Landlord shall credit such excess to Tenant's next payment of Operating Costs or, at the request of Tenant, promptly refund such excess to Tenant and conversely, if Tenant has underpaid Tenant's Proportionate Share of Operating Costs, Tenant shall promptly pay such additional Operating Costs to Landlord. Tenant agrees to pay the cost of such certification and the investigation with respect thereto; provided, however if it is determined that Landlord's original statement was in error in Landlord's favor by more than five percent (5%), then Landlord agrees to reimburse Tenant up to a maximum of \$3,500 towards Tenant's actual out-of-pocket costs incurred in connection with such certification and investigation. Tenant waives the right to dispute any matter relating to the calculation of Operating Costs or Additional Rent under this Paragraph 3 if any claim or dispute is not asserted in writing to Landlord within one hundred eighty (180) days after delivery to Tenant of the original billing statement with respect thereto. Notwithstanding the foregoing, Tenant shall maintain strict confidentiality of all of Landlord's accounting records and shall not disclose the same to any other person or entity except for Tenant's professional advisory representatives (such as Tenant's employees, accountants, advisor attorneys and consultants) with a need to know such accounting information, who agree to similarly maintain the confidentiality of such financial information.

(j) Even though the Lease Term has expired and Tenant has vacated the Premises when the final determination is made of Tenant's Proportionate Share of excess Operating Costs for the year in which this Lease terminates Tenant shall immediately pay any increase due over the estimated Operating Costs paid, and conversely any overpayment made by Tenant shall be promptly refunded to Tenant by Landlord.

(k) Tenant shall pay all sales and use tax levied or assessed against all Basic Annual Rent, Tenant's Proportionate Share of Operating Costs and any other payments due under this Lease simultaneously with each installment of Basic Annual Rent Tenant's Proportionate Share of Operating Costs and any other payment required hereunder.

(l) Tenant shall not be obligated to pay for Controllable Operating Costs in any year to the extent they have increased by more than five percent (5%) per annum compounded annually on a cumulative basis from the first calendar year during the Lease Term. For purposes of this Lease Controllable Operating Costs shall mean all Operating Costs except for Real Estate Taxes, insurance premiums, janitorial costs, wages and salaries affected by the minimum wage costs arising from change in laws, utility costs and snow and ice removal for the Building and the Project. Controllable Operating Costs shall be determined on an aggregate basis and not on an individual basis, and the cap on Controllable Operating Costs shall be determined on Operating Costs as they have been adjusted for vacancy or usage pursuant to the terms of the Lease.

(m) The Basic Annual Rent, as adjusted pursuant to Paragraph 2, Paragraph 3 and Paragraph 7 and other amounts required to be paid by Tenant to Landlord hereunder, are sometimes collectively referred to as, and shall constitute, "Rent".

4. IMPROVEMENTS AND ALTERATIONS

(a) Landlord shall deliver the Premises to Tenant, and Tenant agrees to accept the Premises from Landlord in its existing "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition, and Landlord shall have no obligation to refurbish or otherwise improve the Premises throughout the Lease Term; provided, however, and notwithstanding the foregoing to the contrary Landlord's sole construction obligation under this Lease is set forth in the Work Letter attached hereto as Exhibit B. In addition, with respect to the area in the Suite 600 Space generally shown in Exhibit I attached hereto and incorporated herein for all purposes, Landlord at its sole cost and expense, agrees (i) to add five 12" Building standard cooling only VAV boxes, (ii) that a new supply air plenum will be added to the box and the supply air tap-outs will be cut in, (iii) that a total of four 12-inch supply air diffusers will be installed in a quadrant pattern, and (iv) that all thermostats will be relocated to their respective zones.

(b) Any alterations, additions, or improvements made by or on behalf of Tenant to the Premises ("Alterations") shall be subject to Landlord's prior written consent. Tenant shall cause, at its sole cost and expense, all Alterations to comply with insurance requirements and with Laws and shall construct, at its sole cost and expense, any alteration or modification required by Laws as a result of any Alterations. All Alterations shall be constructed at Tenant's sole cost and expense and in a good and workmanlike manner by contractors reasonably acceptable to Landlord and only good grades of materials shall be used. All plans and specifications for any Alterations shall be submitted to Landlord for its approval. Landlord may monitor construction of the Alterations. Tenant shall reimburse Landlord for all out-of-pocket sums, if any paid by Landlord for third party examination of Tenant's plans and specifications for any Alterations. In addition, Tenant shall be obligated to pay Landlord a coordination fee equal to ten percent (10%) of the actual costs of any of such Alterations, which coordination fee shall be paid to Landlord promptly following the completion of the construction of the Alterations. Such coordination fee will be deemed to cover all of Landlord's costs and expenses for Landlord's employees or contractors, including but not limited to management personnel, engineers and other consultants involved in review, approval coordination and/or supervision of the Alterations. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to see that such plans and specifications or construction comply with applicable laws, codes, rules and regulations. Without limiting the other grounds upon which Landlord may refuse to approve any contractor or subcontractor Landlord may take into account the desirability of maintaining harmonious labor relations at the Project. Landlord may also require that all life safety related work and all mechanical electrical plumbing and roof related work be performed by contractors designated by Landlord. Landlord shall have the right, in its sole discretion to instruct Tenant to remove those improvements or Alterations from the Premises which (i) were not approved in advance by Landlord (ii) were not built in conformance with the plans and specifications approved by Landlord or (iii) Landlord specified during its review of plans and specifications for Alterations would need to be removed by Tenant upon the expiration of this Lease. Except as set forth in the preceding sentence, Tenant shall not be obligated to remove such Alterations at the expiration of this Lease. Landlord shall not unreasonably withhold or delay its approval with respect to what improvements or Alterations Landlord may require Tenant to remove at the expiration of the Lease. If upon the termination of this Lease, Landlord require Tenant to remove any or all of such Alterations from the Premises, then Tenant, at Tenant's sole cost and expense, shall promptly remove such Alterations and improvements and Tenant shall repair and restore the Premises to its original condition as of the Commencement Date, reasonable wear and tear excepted. Any Alterations remaining in the Premises following the expiration of the Lease Term or following the surrender of the Premises from Tenant to Landlord, shall become the property of Landlord unless Landlord notifies Tenant otherwise. Tenant shall provide Landlord with the identities and mailing addresses of

all persons performing work or supplying materials, prior to beginning such construction and Landlord may post on and about the Premises and record any notices of non-responsibility pursuant to applicable law. Tenant shall assure payment for the completion of all work free and clear of liens and shall provide certificates of insurance for worker's compensation and other coverage in amounts and from an insurance company reasonably satisfactory to Landlord protecting Landlord against liability for bodily injury or property damage during construction. Upon completion of any Alterations and upon Landlord's reasonable request, Tenant shall deliver to Landlord sworn statements setting forth the names of all contractors and subcontractors who did work on the Alterations and final lien waivers from all such contractors and subcontractors.

(c) Tenant shall keep the Premises the Building and the Project free from any and all liens arising out of any Alterations, work performed materials furnished, or obligations incurred by or for Tenant; provided, however, that Tenant shall not be responsible for any liens attributable to Landlord failing to make timely payments of contractor in voices up to the Landlord Amount (as defined in the Work Letter attached hereto as Exhibit B) for Tenant Improvements specified in the Work Letter attached hereto as Exhibit B. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a bond in a form and issued by a surety acceptable to Landlord, Landlord shall have the right but not the obligation, to cause such lien to be released by such means as it shall deem proper (including payment of or defense against the claim giving rise to such lien); in such case, Tenant shall reimburse Landlord for all amounts so paid by Landlord in connection therewith, together with all of Landlord's costs and expenses, with interest thereon at the Default Rate (defined below) and Tenant shall indemnify and defend each and all of the Landlord Indemnitees (defined below) against any damages, losses or costs arising out of any such claim. Tenant's indemnification shall not include any damages losses or costs attributable to Landlord's failure to make timely payments up to the Landlord Amount for Tenant Improvements specified in the Work Letter. Tenant's indemnification of Landlord contained in this Paragraph shall survive the expiration or earlier termination of this Lease. Such rights of Landlord shall be in addition to all other remedies provided herein or by law.

(d) EXCEPT AS OTHERWISE PROVIDED IN THIS LEASE OR THE WORK LETTER NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT, OR TO ANYONE HOLDING THE PREMISES THROUGH OR UNDER TENANT, AND THAT NO MECHANICS' OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN THE PREMISES.

5. REPAIRS

(a) Landlord shall keep the Common Areas of the Building and the Project in a clean and neat condition. Subject to subparagraph (b) below, Landlord shall make all necessary repairs, within a reasonable period following receipt of notice of the need therefor from Tenant, to the exterior walls, exterior doors, exterior locks on exterior doors and windows of the Building, and to the Common Areas and to public corridors and other public areas of the Project not constituting a portion of any tenant's premises and shall use reasonable efforts to keep all Building standard equipment used by Tenant in common with other tenants in good condition and repair and to replace same at the end of such equipment's normal and useful life reasonable wear and tear and casualty loss excepted. Except as expressly provided in Paragraph 9 of this Lease there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Premises, the Building or the Project. Tenant waives the right to make repairs at Landlord's expense under any law statute or ordinance now or hereafter in effect (including the provisions of California Civil Code Section 1942 and any successive sections or statutes of a similar nature).

(b) Tenant, at its expense, (i) shall keep the Premises and all fixtures contained therein in a safe, clean and neat condition, and (ii) shall bear the cost of maintenance and repair, by contractors selected by Landlord, of all facilities which are not expressly required to be maintained or repaired by Landlord and which are located in the Premises including, without limitation, lavatory, shower toilet, wash basin and kitchen facilities and supplemental heating and air conditioning systems (including all plumbing connected to said facilities or systems installed by or on behalf of Tenant or existing in the Premises at the time of Landlord's delivery of the Premises to Tenant). Tenant shall make all repairs to the Premises not required to be made by Landlord under subparagraph (a) above with replacements of any materials to be made by use of materials of equal or better quality. Tenant shall do all decorating, remodeling,

alteration and painting required by Tenant during the Lease Term. Tenant shall pay for the cost of any repairs to the Premises, the Building or the Project made necessary by any negligence or willful misconduct of Tenant or any of its assignees, subtenants, employees or their respective agents, representatives contractors, or other persons permitted in or invited to the Premises or the Project by Tenant. If Tenant fails to make such repairs or replacements within fifteen (15) days after written notice from Landlord, Landlord may at its option make such repairs or replacements, and Tenant shall upon demand pay Landlord for the cost thereof, together with an administration fee equal to ten percent (10%) of such costs.

(c) Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in a safe, clean and neat condition, normal wear and tear excepted. Prior to the expiration or earlier termination of this Lease, Tenant shall remove from the Premises (i) all trade fixtures, furnishings and other personal property of Tenant, except as otherwise set forth in Paragraph 4(b) of this Lease, and (ii) all computer and phone cabling and wiring installed by or on behalf of Tenant, and Tenant shall repair all damage caused by such removal, and shall restore the Premises to its original condition, reasonable wear and tear excepted. In addition to all other rights Landlord may have, in the event Tenant does not so remove any such fixtures, furnishings or personal property, Tenant shall be deemed to have abandoned the same, in which case Landlord may store or dispose of the same at Tenant's expense, appropriate the same for itself, and/or sell the same in its discretion.

6. USE OF PREMISES

(a) Tenant shall use the Premises only for general office uses and shall not use the Premises or permit the Premises to be used for any other purpose. Landlord shall have the right to deny its consent to any change in the permitted use of the Premises in its sole and absolute discretion.

(b) Tenant shall not at any time use or occupy the Premises or permit any act or omission in or about the Premises in violation of any law, statute, ordinance or any governmental rule, regulation or order (collectively, "Law" or "Laws") and Tenant shall, upon written notice from Landlord discontinue any use of the Premises which is declared by any governmental authority to be a violation of Law. If any Law shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to (i) modification or other maintenance of the Premises, the Building or the Project, or (ii) the use, alteration or occupancy thereof, Tenant shall comply with such Law at Tenant's sole cost and expense. This Lease shall be subject to and Tenant shall comply with all financing documents encumbering the Building or the Project and all covenants, conditions and restrictions affecting the Premises, the Building or the Project, including, but not limited to Tenant's execution of any subordination agreements requested by a mortgagee (which for purposes of this Lease includes any lender or grantee under a deed of trust) of the Premises, the Building or the Project.

(c) Tenant shall not at any time use or occupy the Premises in violation of the certificates of occupancy issued for or restrictive covenants pertaining to the Building or the Premises, and in the event that any architectural control committee or department of the State or the city or county in which the Project is located shall at any time contend or declare that the Premises are used or occupied in violation of such certificate or certificates of occupancy or restrictive covenants Tenant shall, upon five (5) business days' written notice from Landlord or any such governmental agency, immediately discontinue such use of the Premises (and otherwise remedy such violation). The failure by Tenant to discontinue such use within five (5) business days of written notice shall be considered a default under this Lease and Landlord shall have the right to exercise any and all rights and remedies provided herein or by Law. Any statement in this Lease of the nature of the business to be conducted by Tenant in the Premises shall not be deemed or construed to constitute a representation or guaranty by Landlord that such business is or will continue to be lawful or permissible under any certificate of occupancy issued for the Building or the Premises, or otherwise permitted by Law.

(d) Tenant shall not do or perm it to be done anything which may invalidate or increase the cost of any fire, All Risk, Causes of Loss - Special Form or other insurance policy covering the Building the Project and/or property located therein and shall comply with all rules, orders, regulations and requirements of the appropriate fire codes and ordinances or any other organization performing a similar function. In addition to all other remedies of Landlord, Landlord may require Tenant, promptly upon demand, to reimburse Landlord for the full amount of any additional premiums charged for such policy or policies by reason of Tenant's failure to comply with the provisions of this Paragraph 6.

(e) Tenant shall not in any way interfere with the rights or quiet enjoyment of other tenants or occupants of the Premises, the Building or the Project. Tenant shall not use or allow the Premises to be used for any improper immoral unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises, the Building or the Project. Tenant shall not place weight upon any portion of the Premises exceeding the structural floor load (per square foot of area) which such area was designated (and is permitted by Law) to carry or otherwise use any Building system in excess of its capacity or in any other manner which may damage such system or the Building. Tenant shall not create within the Premises a working environment with a density of greater than five (5) persons per 1,000 square feet of Rentable Area. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense, in locations and in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not commit or suffer to be committed any waste in on, upon or about the Premises, the Building or the Project.

(f) Tenant shall take all reasonable steps necessary to adequately secure the Premises from unlawful intrusion, theft fire and other hazards, and shall keep and maintain any and all security devices in or on the Premises in good working order including, but not limited to, exterior door locks for the Premises and smoke detectors and burglar alarms located within the Premises and shall cooperate with Landlord and other tenants in the Project with respect to access control and other safety matters.

(g) As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State or the United States Government, including, without limitation, any material or substance which is (A) defined or listed as a "hazardous waste," "pollutant," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance" or "hazardous material" under any applicable federal, state or local Law or administrative code promulgated thereunder (B) petroleum or (C) asbestos.

(i) Tenant agrees that all operations or activities upon or any use or occupancy of the Premises, or any portion thereof, by Tenant, its assignees, subtenants, and their respective agents, servants, employees representatives and contractors (collectively referred to herein as "Tenant Affiliates"), throughout the Lease Term, shall be in all respects in compliance with all federal, state and local Laws then governing or in any way relating to the generation, handling, manufacturing, treatment, storage, use, transportation, release, spillage, leakage, dumping, discharge or disposal of any Hazardous Materials.

(ii) Tenant agrees to indemnify, defend and hold Landlord and its Affiliates (defined below) harmless for, from and against any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses including reasonable attorneys' fees and expenses, court costs, consultant fees, and expert fees, together with all other costs and expenses of any kind or nature that arise during or after the Lease Term directly or indirectly from or in connection with the presence, suspected presence, or release of any Hazardous Material in or into the air, soil, surface water or groundwater at, on, about, under or within the Premises, or any portion thereof caused by Tenant or Tenant Affiliates.

(iii) In the event any investigation or monitoring of site conditions or any clean up, containment, restoration, removal or other remedial work (collectively, the "Remedial Work") is required under any applicable federal, state or local Law, by any judicial order, or by any governmental entity as the result of operations or activities upon, or any use or occupancy of any portion of the Premises by Tenant or Tenant Affiliates, Landlord shall perform or cause to be performed the Remedial Work in compliance with such Law or order at Tenant's sole cost and expense. All Remedial Work shall be performed by one or more contractors, selected and approved by Landlord, and under the supervision of a consulting engineer, selected by Tenant and approved in advance in writing by Landlord. All costs and expenses of such Remedial Work shall be paid by Tenant, including, without limitation, the charges of such contractor(s), the consulting engineer, and Landlord's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work.

(iv) Each of the covenants and agreements of Tenant set forth in this Paragraph 6(g), shall survive the expiration or earlier termination of this Lease.

7. UTILITIES AND SERVICES

(a) Provided that Tenant is not in default hereunder, Landlord shall furnish, or cause to be furnished to the Premises, the utilities and services described in Exhibit C attached hereto, subject to the conditions and in accordance with the standards set forth therein and in this Lease.

(b) Tenant agrees to cooperate fully at all times with Landlord and to comply with all regulations and requirements which Landlord may from time to time prescribe for the use of the utilities and services described herein and in Exhibit C. Landlord shall not be liable to Tenant for the failure of any other tenant or its assignees subtenants, employees, or their respective invitees, licensees, agents or other representatives to comply with such regulations and requirements.

(c) If Tenant's usage of electricity, water or any other utility service exceeds the use of such utility Landlord determines to be typical, normal and customary for the Building, Landlord may determine the amount of such excess use by any reasonable means (including the installation at Landlord's request but at Tenant's expense of a separate meter or other measuring device) and charge Tenant for the cost of such excess usage. Examples of excess electrical usage include, but are not limited to, material consumption of electricity outside Building Hours, or consumption of extraordinary amounts of electricity at any time, such as for the operation of a server, for dedicated HVAC equipment for the Premises, or for other equipment requiring power in excess of standard 120 volt outlet power. In addition, Landlord may impose a reasonable charge for the use of any additional or unusual janitorial services required by Tenant because of any unusual Alterations, the carelessness of Tenant or the nature of Tenant's business (including hours of operation). In the event that Tenant shall require additional electric current, water or gas for use in the Premises and if, in Landlord's judgment, such excess requirements cannot be furnished unless additional risers, conduits, feeders, switchboards and/or appurtenances are installed in the Building, subject to the conditions stated below, Landlord shall proceed to install the same at the sole cost of Tenant, payable upon demand in advance. The installation of such facilities shall be conditioned upon Landlord's consent, and a determination that the installation and use thereof (i) shall be permitted by applicable Law and insurance regulations, (ii) shall not cause permanent damage or injury to the Building or adversely affect the value of the Building or the Project, and (iii) shall not cause or create a dangerous or hazardous condition or interfere with or disturb other tenants in the Building. Subject to the foregoing, Landlord shall upon reasonable prior notice by Tenant, furnish to the Premises additional elevator heating, air conditioning and/or cleaning services upon such reasonable terms and conditions as shall be determined by Landlord, including payment of Landlord's charge therefor. In the case of any additional utilities or services to be provided hereunder, Landlord may require a switch and metering system to be installed so as to measure the amount of such additional utilities or services. The cost of installation, maintenance and repair thereof shall be paid by Tenant upon demand. Notwithstanding the foregoing, Landlord shall have the right to contract with any utility provider it deems appropriate to provide utilities to the Project.

(d) Landlord shall not be liable for, and Tenant shall not be entitled to, any damages, abatement or reduction of Rent, or other liability by reason of any failure to furnish any services or utilities described herein or in Exhibit C for any reason (other than Landlord's sole negligence or willful misconduct), including, without limitation when caused by accident, breakage, water leakage, flooding repairs, Alterations or other improvements to the Project strikes lockouts or other labor disturbances or labor disputes of any character, governmental regulation moratorium or other governmental action inability to obtain electricity, water or fuel, or any other cause beyond Landlord's control. Landlord shall be entitled to cooperate with the energy conservation efforts of governmental agencies or utility suppliers. No such failure, stoppage or interruption of any such utility or service shall be construed as an eviction of Tenant, nor shall the same relieve Tenant from any obligation to perform any covenant or agreement under this Lease. In the event of any failure, stoppage or interruption thereof Landlord shall use reasonable efforts to attempt to restore all services promptly. No representation is made by Landlord with respect to the adequacy or fitness of the Buildings ventilating, air conditioning or other systems to maintain temperatures as may be required for the operation of any computer, data processing or other special equipment of Tenant. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable existing or future law ordinance or governmental regulation permitting the termination of this Lease due to an interrupt ion, failure or inability to provide any services. Notwithstanding anything in this Paragraph 7 to the contrary if an interruption or cessation of a utility service to the Premises from a cause within the reasonable control of Landlord results in the Premises being unusable by Tenant for the conduct of Tenant's business, then Basic Annual Rent shall be abated commencing on that date which is five (5) consecutive business days following the date Tenant delivers written notice to Landlord of such interruption and

continuing until either such utility service to the Premises is restored or the Premises is again usable for the conduct of Tenant's business. If however, Tenant reoccupies any portion of the Premises during such abatement period, the Basic Annual Rent allocable to such reoccupied portion, based on the proportion that the Rentable Area of such reoccupied portion of the Premises bears to the total Rentable Area of the Premises, shall be payable by Tenant from the date Tenant reoccupies such portion of the Premises. Such right to abate Basic Annual Rent shall be Tenant's sole and exclusive remedy at law or in equity in the event of an interruption or cessation of a utility service to the Premises.

(e) Landlord reserves the right from time to time to make reasonable and nondiscriminatory modifications to the above standards (including, without limitation, those described in Exhibit C) for utilities and services.

8. NON-LIABILITY AND INDEMNIFICATION OF LANDLORD; INSURANCE

(a) Neither Landlord nor any of its partners, officers, trustees, affiliates, directors, employees, contractors, agents or representatives (collectively "Affiliates") shall be liable for and there shall be no abatement of Rent (except in the event of a casualty loss or a condemnation as set forth in Paragraph 9 and Paragraph 10 of this Lease) for (i) any damage to Tenant's property stored with or entrusted to Affiliates of Landlord, (ii) loss of or damage to any property by theft or any other wrongful or illegal act, or (iii) any injury or damage to persons or property resulting from fire, explosion, falling plaster steam, gas, electricity water or rain which may leak from any part of the Building or the Project or from the pipes appliances appurtenances or plumbing works therein or from the roof, street or sub-surface or from any other place or resulting from dampness or any other cause whatsoever or from the acts or omissions of other tenants, occupants or other visitors to the Building or the Project or from any other cause whatsoever (iv) any diminution or shutting off of light air or view by any structure which may be erected on lands adjacent to the Building, whether within or outside of the Project or (v) any latent or other defect in the Premises the Building or the Project. Tenant shall give prompt notice to Landlord in the event of (i) the occurrence of a fire or accident in the Premises or in the Building, or (ii) the discovery of a defect therein or in the fixtures or equipment thereof. This Paragraph 8(a) shall survive the expiration or earlier termination of this Lease.

(b) Tenant hereby agrees to indemnify protect defend and hold harmless Landlord and its designated property management company, and their respective partners, members, affiliates and subsidiaries and all of their respective officers directors, shareholders, employees servants, partners, representatives, insurers and agents (collectively "Landlord Indemnitees") for, from and against all liabilities, claims, fines, penalties, costs, damages or injuries to persons damages to property, losses liens, causes of action, suits, judgments and expenses (including court costs, attorneys' fees, expert witness fees and costs of investigation), of any nature, kind or description of any person or entity directly or indirectly arising out of, caused by or resulting from (in whole or part) (1) Tenant's construction of or use, occupancy or enjoyment of the Premises, (2) any activity work or other things done, permitted or suffered by Tenant and its agents and employees in or about the Premises, (3) any breach or default in the performance of any of Tenant's obligations under this Lease, (4) any act, omission negligence or willful misconduct of Tenant or any of its agents, contractors, employees business invitee or licensees or (5) any damage to Tenant's property, or the property of Tenant's agents, employees, contractors, business invitees or licensees located in or about the Premises caused by Tenant and its agents and employees (collectively, "Liabilities"). This Paragraph 8(b) shall survive the expiration or earlier termination of this Lease.

(c) Tenant shall promptly advise Landlord in writing of any action administrative or legal proceeding or investigation as to which this indemnification may apply, and Tenant at Tenant's expense, shall assume on behalf of each and every Landlord Indemnitee and conduct with due diligence and in good faith the defense thereof with counsel reasonably satisfactory to Landlord; provided however, that any Landlord Indemnitee shall have the right at its option to be represented therein by advisory counsel of its own selection and at its own expense. In the event of failure by Tenant to fully perform in accordance with this Paragraph, Landlord, at its option, and without relieving Tenant of its obligations hereunder, may so perform, but all costs and expenses so incurred by Landlord in that event shall be reimbursed by Tenant to Landlord, together with interest on the same from the date any such expense was paid by Landlord until reimbursed by Tenant, at the rate of interest provided to be paid on judgments, by the law of the jurisdiction to which the interpretation of this Lease is subject. The indemnification provided in Paragraph 8(b) shall not be limited to damages, compensation or benefits payable under insurance policies, workers' compensation acts, disability benefit acts or other employees benefit acts.

(d) Insurance.

(i) Tenant at all times during the Lease Term shall, at its own expense, keep in full force and effect (A) commercial general liability insurance providing coverage against bodily injury and disease including death resulting therefrom, bodily injury and property damage to a \$1,000,000 per occurrence with a \$2,000,000 aggregate which shall include provision for contractual liability coverage insuring Tenant for the performance of its indemnity obligations set forth in this Paragraph 8 and in Paragraph 6(g)(ii) of this Lease, with an Excess Limits (Umbrella) Policy in the amount of \$5,000,000; (B) worker s compensation insurance to the statutory limit if any, and employer s liability insurance to the limit of \$1,000,000 per occurrence; and (C) All Risk Causes of Loss - Special form property insurance, including fire and extended coverage, sprinkler leakage (including earthquake, sprinkler leakage), vandalism malicious mischief, wind and/or hurricane coverage. Landlord and its designated property management firm shall be named an additional insured on each of said policies (excluding the worker's compensation policy) and said policies shall be issued by an insurance company or companies authorized to do business in California and which have policyholder ratings not lower than "A-" and financial ratings not lower than "VII" in Best's Insurance Guide (latest edition in effect as of the Date of this Lease and subsequently in effect as of the date of renewal of the required policies). EACH OF SAID POLICIES SHALL ALSO INCLUDE A WAIVER OF SUBROGATION PROVISION OR ENDORSEMENT IN FAVOR OF LANDLORD, AND AN ENDORSEMENT PROVIDING THAT LANDLORD SHALL RECEIVE THIRTY (30) DAYS PRIOR WRITTEN NOTICE OF ANY CANCELLATION OF, NONRENEWAL OF, REDUCTION OF COVERAGE OR MATERIAL CHANGE IN COVERAGE ON SAID POLICIES. Tenant hereby waives its right of recovery against any Landlord Indemnitee of any amounts paid by Tenant or on Tenant s behalf to satisfy applicable worker's compensation laws. The policies or duly executed certificates showing the material terms for the same, together with satisfactory evidence of the payment of the premiums there for, shall be deposited with Landlord on the date Tenant first occupies the Premises and upon renewals of such policies not less than fifteen (15) days prior to the expiration of the term of such coverage. If certificates are supplied rather than the policies themselves, Tenant shall allow Landlord, at all reasonable times, to inspect the policies of insurance required herein.

(ii) It is expressly understood and agreed that the coverages required represent Landlord's minimum requirements and such are not to be construed to void or limit Tenant "obligations contained in this Lease, including without limitation Tenant s indemnity obligations hereunder. Neither shall (A) the insolvency, bankruptcy or failure of any insurance company carrying Tenant, (B) the failure of any insurance company to pay claims occurring nor (C) any exclusion from or insufficiency of coverage be held to affect, negate or waive any of Tenant's indemnity obligations under this Paragraph 8 and Paragraph 6(g)(ii) or any other provision of this Lease. With respect to insurance coverages except worker's compensation, maintained hereunder by Tenant and insurance coverages separately obtained by Landlord, all insurance coverages afforded by policies of insurance maintained by Tenant shall be primary insurance as such coverages apply to Landlord and such insurance coverages separately maintained by Landlord shall be excess, and Tenant shall have its insurance policies so endorsed. The amount of liability insurance under insurance policies maintained by Tenant shall not be reduced by the existence of insurance coverage under policies separately maintained by Landlord. Tenant shall be solely responsible for any premiums, assessments, penalties, deductible assumptions retentions, audits, retrospective adjustments or any other kind of payment due under its policies. Tenant shall increase the amounts of insurance or the insurance coverages as Landlord may reasonably request from time to time, but not in excess of the requirements of prudent landlords or lenders for similar tenants occupying similar premises in the San Jose, California metropolitan area.

(iii) Tenant's occupancy of the Premises without delivering the certificates of insurance shall not constitute a waiver of Tenant's obligations to provide the required coverages. If Tenant provides to Landlord a certificate that does not evidence the coverages required herein or that is faulty in any respect such shall not constitute a waiver of Tenant's obligations to provide the proper insurance.

(iv) Throughout the Lease Term Landlord agrees to maintain (i) fire and extended coverage insurance, and, at Landlord's option earthquake damage coverage, terrorism coverage, wind and hurricane coverage, and such additional property insurance coverage as Landlord deems appropriate on the insurable portions of Building and the remainder of the Project in an amount not less than the fair replacement value

thereof. subject to reasonable deductibles (ii) boiler and machinery insurance amounts and with deductibles that would be considered standard for similar class office buildings in San Jose, California metropolitan area and (iii) commercial general liability insurance with a combined single limit coverage of at least \$1,000,000.00 per occurrence. All such insurance shall be obtained from insurers Landlord reasonably believes to be financially responsible in light of the risks being insured. The premiums for any such insurance shall be a part of Operating Costs.

(e) Mutual Waivers of Recovery. Landlord, Tenant, and all parties claiming under them, each mutually release and discharge each other from responsibility for that portion of any loss or damage paid or reimbursed by an insurer of Landlord or Tenant under any fire, extended coverage or other property insurance policy maintained by Tenant with respect to its Premises or by Landlord with respect to the Building or the Project (or which would have been paid had the insurance required to be maintained hereunder been in full force and effect), no matter how caused, including negligence and each waives any right of recovery from the other including, but not limited to, claims for contribution or indemnity, which might otherwise exist on account thereof. Any fire, extended coverage or property insurance policy maintained by Tenant with respect to the Premises, or Landlord with respect to the Building or the Project, shall contain in the case of Tenant's policies, a waiver of subrogation provision or endorsement in favor of Landlord, and in the case of Landlord's policies, a waiver of subrogation provision or endorsement in favor of Tenant, or, in the event that such insurers cannot or shall not include or attach such waiver of subrogation provision or endorsement Tenant and Landlord shall obtain the approval and consent of their respective insurers in writing, to the terms of this Lease. Tenant agrees to indemnify, protect defend and hold harmless each and all of the Landlord Indemnitees from and against any claim, suit or cause of action asserted or brought by Tenant's insurers for, on behalf of or in the name of Tenant including, but not limited to, claims for contribution, indemnity or subrogation brought in contravention of this paragraph. Landlord agrees to indemnify protect, defend and hold harm less Tenant from and against any claim, suit or cause of action asserted or brought by Landlord's insurers for, on behalf of, or in the name of Landlord, including but not limited to, claims for contribution, indemnity or subrogation, brought in contravention of this paragraph. The mutual releases, discharges and waivers contained in this provision shall apply EVEN IF THE LOSS OR DAMAGE TO WHICH THIS PROVISION APPLIES IS CAUSED SOLELY OR IN PART BY THE NEGLIGENCE OF LANDLORD OR TENANT.

(f) Business Interruption. Landlord shall not be responsible for, and Tenant releases and discharges Landlord from, and Tenant further waives any right of recovery from Landlord for, any loss for or from business interruption or loss of use of the Premises suffered by Tenant in connection with Tenant's use or occupancy of the Premises, EVEN IF SUCH LOSS IS CAUSED SOLELY OR IN PART BY THE NEGLIGENCE OF LANDLORD.

(g) Adjustment of Claims. Tenant shall cooperate with Landlord and Landlord's insurers in the adjustment of any insurance claim pertaining to the Building or the Project or Landlord's use thereof.

(h) Increase in Landlord's Insurance Costs. Tenant agrees to pay to Landlord any increase in premiums for Landlord's insurance policies resulting from Tenant's use or occupancy of the Premises.

(i) Failure to Maintain Insurance. Any failure of Tenant to obtain and maintain the insurance policies and coverages required hereunder or failure by Tenant to meet any of the insurance requirements of this Lease shall constitute an event of default hereunder and such failure shall entitle Landlord to pursue, exercise or obtain any of the remedies provided for in Paragraph 12(b), and Tenant shall be solely responsible for any loss suffered by Landlord as a result of such failure. In the event of failure by Tenant to maintain the insurance policies and coverages required by this Lease or to meet any of the insurance requirements of this Lease, Landlord, at its option and without relieving Tenant of its obligations hereunder may obtain said insurance policies and coverages or perform any other insurance obligation of Tenant, but all costs and expenses incurred by Landlord in obtaining such insurance or performing Tenant's insurance obligations shall be reimbursed by Tenant to Landlord, together with interest on same from the date any such cost or expense was paid by Landlord until reimbursed by Tenant, at the rate of interest provided to be paid on judgments, by the law of the jurisdiction to which the interpretation of this Lease is subject.

9. FIRE OR CASUALTY

(a) Subject to the provisions of this Paragraph 9, in the event the Premises or access thereto, is wholly or partially destroyed by fire or other casualty, Landlord shall (to the extent permitted by Law and covenants conditions

and restrictions then applicable to the Project) rebuild, repair or restore the Premises and access thereto to substantially the same condition as existing immediately prior to such destruction (excluding Tenant's Alterations, trade fixtures, equipment and personal property, which Tenant shall be required to restore) and this Lease shall continue in full force and effect. Notwithstanding the foregoing, (i) Landlord's obligation to rebuild repair or restore the Premises shall not apply to any personal property, above-standard tenant improvements or other item installed or contained in the Premises, and (ii) Landlord shall have no obligation whatsoever to rebuild repair or restore the Premises with respect to any damage or destruction occurring during the last twelve (12) months of the Lease Term or any extension of the Lease Term.

(b) Landlord may elect to terminate this Lease in any of the following cases of damage or destruction to the Premises the Building or the Project: (i) where the cost of rebuilding, repairing and restoring (collectively, "Restoration") of the Building or the Project, would regardless of the lack of damage to the Premises or access thereto, in the reasonable opinion of Landlord, exceed twenty percent (20%) of the then replacement cost of the Building; (ii) where, in the case of any damage or destruction to any portion of the Building or the Project by uninsured casualty, the cost of Restoration of the Building or the Project, in the reasonable opinion of Landlord exceeds \$500,000; or (iii) where in the case of any damage or destruction to the Premises or access thereto by uninsured casualty the cost of Restoration of the Premises or access thereto in the reasonable opinion of Landlord exceeds twenty percent (20%) of the replacement cost of the Premises; or (iv) if Landlord has not obtained appropriate zoning approvals for reconstruction of the Project, Building or Premises. Any such termination shall be made by thirty (30) days' prior written notice to Tenant given within ninety (90) days of the date of such damage or destruction. If this Lease is not terminated by Landlord and as the result of any damage or destruction, the Premise or a portion thereof, are rendered untenantable, the Basic Annual Rent shall abate reasonably during the period of Restoration (based upon the extent to which such damage and Restoration materially interfere with Tenant's business in the Premises); provided however Tenant shall have the right to terminate this Lease if more than fifty percent (50%) of the Premises are rendered untenantable for a period of two hundred seventy (270) days after the date of damage or destruction (the "270 Day Period") by delivering written notice to Landlord of its intent to terminate this Lease after the 270 Day Period but prior to the substantial completion of the Restoration of the Building. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises the Building or the Project. This Lease sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly the parties hereby waive the provisions of California Civil Code Section 1932, Subsection 2, and Section 1933, Subsection 4 (and any successor statutes thereof permitting the parties to terminate this Lease as a result of any damage or destruction).

10. EMINENT DOMAIN

In the event the whole of the Premises, the Building or the Project shall be taken under the power of eminent domain, or sold to prevent the exercise thereof (collectively, a "Taking"), this Lease shall automatically terminate as of the date of such Taking. In the event a Taking of a portion of the Project, the Building or the Premises shall in the reasonable opinion of Landlord, substantially interfere with Landlord operation thereof, Landlord may terminate this Lease upon thirty (30) days written notice to Tenant given at any time within sixty (60) days following the date of such Taking. For purposes of this Lease, the date of Taking shall be the earlier of the date of transfer of title resulting from such Taking or the date of transfer of possession resulting from such Taking. In the event that a portion of the Premises is so taken and this Lease is not terminated Landlord shall to the extent of proceeds paid to Landlord as a result of the Taking with reasonable diligence use commercially reasonable efforts to proceed to restore (to the extent permitted by Law and covenants, conditions and restrictions then applicable to the Project) the Premises (other than Tenant's personal property and fixtures and above-standard tenant improvements) to a complete, functioning unit. In such case, the Basic Annual Rent shall be reduced proportionately based on the portion of the Premises so taken. If all or any portion of the Premises is the subject of a temporary Taking this Lease shall remain in full force and effect and Tenant shall continue to perform each of its obligations under this Lease; in such case, Tenant shall be entitled to receive the entire award allocable to the temporary Taking of the Premises. Except as provided herein, Tenant shall not assert any claim against Landlord or the condemning authority for, and hereby assigns to Landlord any compensation in connection with any such Taking, and Landlord shall be entitled to receive the entire amount of any award therefor, without deduction for any estate or interest of Tenant. Nothing contained in this Paragraph 10 shall be deemed to give Landlord any interest in, or prevent Tenant from seeking any award against the condemning authority for the Taking of personal property, fixtures, above standard tenant improvements of Tenant or for relocation or moving expenses recoverable by Tenant from the condemning authority. This Paragraph 10 shall be Tenants sole and

exclusive remedy in the event of a Taking. This Lease sets forth the terms and conditions upon which this Lease may terminate in the event of a Taking. Accordingly, the parties waive the provisions of the California Code of Civil Procedure Section 1265.130 and any successor or similar statutes permitting the parties to terminate this Lease as a result of a Taking.

11. ASSIGNMENT AND SUBLETTING

(a) Tenant shall not directly or indirectly voluntarily or involuntarily, by operation of law or otherwise, assign sublet, mortgage hypothecate or otherwise encumber all or any portion of its interest in this Lease or in the Premises or grant any license in or suffer any person other than Tenant or its employees to use or occupy the Premises or any part thereof without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld. Any such attempted assignment subletting, license, mortgage hypothecation, other encumbrance or other use or occupancy without the consent of Landlord shall be null and void and of no effect. Any mortgage, hypothecation or encumbrance of all or any portion of Tenant's interest in this Lease or in the Premises and any grant of a license or sufferance of any person other than Tenant or its employees to use or occupy the Premises or any part thereof shall be deemed to be an "assignment" of this Lease. In addition as used in this Paragraph 11, the term "Tenant" shall also mean any entity that has guaranteed Tenant's obligations under this Lease, and the restrictions applicable to Tenant contained herein shall also be applicable to such guarantor.

(b) No assignment or subletting shall relieve Tenant of its obligation to pay the Rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any subletting or assignment. Consent by Landlord to one subletting or assignment shall not be deemed to constitute a consent to any other or subsequent attempted subletting or assignment. If Tenant desires at any time to assign this Lease or to sublet the Premises or any portion thereof, it shall first notify Landlord of its desire to do so and shall submit in writing to Landlord all pertinent information relating to the proposed assignee or sublessee, all pertinent information relating to the proposed assignment or sublease, and all such financial information as Landlord may reasonably request concerning Tenant and the proposed assignee or subtenant. Any assignment or sublease shall be expressly subject to the terms and conditions of this Lease.

(c) At any time within thirty (30) days after Landlord's receipt of the information specified in subparagraph (b) above Landlord may by written notice to Tenant elect to terminate this Lease as to the portion of the Premises so proposed to be subleased or assigned (which may include all of the Premises), with a proportionate abatement in the Rent payable hereunder.

(d) Tenant acknowledges that it shall be reasonable for Landlord to withhold its consent to a proposed assignment or sublease in any of the following instances:

(i) The assignee or sublessee (or any affiliate of the assignee or sublessee) is not in Landlord's reasonable opinion, sufficiently creditworthy to perform the obligations such assignee or sublessee will have under this Lease;

(ii) The intended use of the Premises by the assignee or sublessee is not for general office use;

(iii) The intended use of the Premises by the assignee or sublessee would materially increase the pedestrian or vehicular traffic to the Premises or the Building;

(iv) Occupancy of the Premises by the assignee or sublessee would, in the good faith judgment of Landlord, violate any agreement binding upon Landlord, the Building or the Project with regard to the identity of tenants, usage in the Building, or similar matters;

(v) The assignee or sublessee (or any affiliate of the assignee or sublessee) is then negotiating with Landlord or has negotiated with Landlord within the previous six (6) months, or is a current tenant or subtenant within the Building or Project;

(vi) The identity or business reputation of the assignee or sublessee will, in the good faith judgment of Landlord, tend to damage the goodwill or reputation of the Building or Project;

(vii) the proposed sublease would result in more than two subleases of portions of the Premises being in effect at any one time during the Lease Term;

(viii) the net effective rent payable by the assignee or sublessee (adjusted on a square foot of Rentable Area basis) is less than the net effective rent then being quoted by Landlord for new leases in the Building for comparable size space for a comparable period of time; or

(ix) In the case of a sublease, the subtenant has not acknowledged that the Lease controls over any inconsistent provision in the sublease.

The foregoing criteria shall not exclude any other reasonable basis for Landlord to refuse its consent to such assignment or sub lease. Notwithstanding any contrary provision of this Lease, if Tenant or any proposed assignee or sublessee claims that Landlord has unreasonably withheld its consent to a proposed assignment or sublease or otherwise has breached its obligations under this Paragraph 11 their sole remedy shall be to seek a declaratory judgment and/or injunctive relief without any monetary damages, and, with respect thereto, Tenant on behalf of itself and, to the extent permitted by law, such proposed assignee /sublessee, hereby waives all other remedies against Landlord, including, without limitation, the right to seek monetary damages or to terminate this Lease.

(e) Notwithstanding any assignment or subletting, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times during the Initial Term and any subsequent renewals or extensions remain fully responsible and liable for the payment of the rent and for compliance with all of Tenant's other obligations under this Lease. In the event that the Rent due and payable by a sublessee or assignee (or a combination of the rental payable under such sublease or assignment plus any bonus or other consideration therefor or incident thereto) exceeds the Rent payable under this Lease then Tenant shall be bound and obligated to pay Landlord, as additional rent hereunder, one-half (1/2) of all such excess Rent and other excess consideration (after deducting Tenant's reasonable and actual out-of-pocket costs incurred in connection with such sublease or assignment) within ten (10) days following receipt thereof by Tenant.

(f) If this Lease is assigned or if the Premises is subleased (whether in whole or in part), or in the event of the mortgage, pledge, or hypothecation of Tenant's leasehold interest, or grant of any concession or license within the Premises, or if the Premises are occupied in whole or in part by anyone other than Tenant, then upon a default by Tenant hereunder Landlord may collect Rent from the assignee, sublessee, mortgagee, pledgee, party to whom the leasehold interest was hypothecated, concessionee or licensee or other occupant and except to the extent set forth in the preceding paragraph apply the amount collected to the next Rent payable hereunder and all such Rent collected by Tenant shall be held in deposit for Landlord and immediately forwarded to Landlord. No such transaction or collection of Rent or application thereof by Landlord, however, shall be deemed a waiver of these provisions or a release of Tenant from the further performance by Tenant of its covenants, duties or obligations hereunder.

(g) If Tenant effects an assignment or sublease or requests the consent of Landlord to any proposed assignment or sublease, then Tenant shall, upon demand, pay Landlord a non-refundable administrative fee of One Thousand Dollars (\$1,000.00), plus any reasonable attorneys' and paralegal fees and costs incurred by Landlord in connection with such assignment or sublease or request for consent. Acceptance of the One Thousand Dollar (\$1,000.00) administrative fee and/or reimbursement of Landlord's attorneys and paralegal fees shall in no event obligate Landlord to consent to any proposed assignment or sublease.

(h) Notwithstanding any provision of this Lease to the contrary in the event this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord shall be and remain the exclusive property of Landlord and shall not constitute the property of Tenant or Tenant's estate within the meaning of the Bankruptcy Code. All such money and other consideration not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid or delivered to Landlord.

12. DEFAULT

(a) Events of Default. The occurrence of any one or more of the following events shall constitute an event of default (herein so called) under this Lease by Tenant: (i) the failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder, where such failure continues for three (3) business days after written notice thereof from Landlord that such payment was not received; (ii) the failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant other than monetary failures as specified in clause (i) Paragraphs 12(a)(i) above, where such failure shall continue for a period of ten (10) days after written notice thereof from Landlord to Tenant; provided, however that if the nature of Tenant's default is such that more than ten (10) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall commence such cure within said ten (10) day period and thereafter diligently prosecute such cure to completion, which completion shall occur not later than sixty (60) days from the date of such notice from Landlord; (iii) the making by Tenant or any guarantor hereof of any general assignment for the benefit of creditors, (iv) the filing by or against Tenant or any guarantor hereof of a petition to have Tenant or any guarantor hereof adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless in the case of a petition filed against Tenant or any guarantor hereof, the same is dismissed within sixty (60) days), (v) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease or of substantially all of guarantor's assets, where possession is not restored to Tenant or guarantor within sixty (60) days, or (vi) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of substantially all of guarantor's assets or of Tenant's interest in this Lease where such seizure is not discharged within sixty (60) days; (vii) any material representation or warranty made by Tenant or guarantor in this Lease or any other document delivered in connection with the execution and delivery of this Lease or pursuant to this Lease proves to be incorrect in any material respect; (viii) Tenant or guarantor shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution; or (ix) the vacation or abandonment of the Premises by Tenant.

Any notice sent by Landlord to Tenant pursuant to this Paragraph 12(a) shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161.

(b) Landlord's Remedies; Termination. In the event of any event of default by Tenant, in addition to any other remedies available to Landlord under this Lease, at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant:

(i) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

(ii) the worth at the time of the award of the amount by which the unpaid rent 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; plus

(iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenants failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom including, but not limited to: unamortized Tenant Improvement costs; attorneys' fees; brokers' commissions; the costs of refurbishment, alterations, renovation and repair of the Premises; and removal (including the repair of any damage caused by such removal) and storage (or disposal) of Tenant's personal property, equipment, fixtures, Tenant Changes, Tenant Improvements and any other items which Tenant is required under this Lease to remove but does not remove.

As used in subparagraphs (i) and (ii) of Paragraph 12(b) above, the "worth at the time of award" is computed by allowing interest at the Default Rate (as defined below). As used in subparagraph (iii) of Paragraph 12(b) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank

of San Francisco at the time of award plus one percent (1%). The term "Default Rate" as used in this Lease shall mean the lesser of (A) the rate announced from time to time by Wells Fargo Bank or, if Wells Fargo bank ceases to exist or ceases to publish such rate, then the rate announced from time to time by the largest (as measured by deposits) chartered bank operating in California, as its "prime rate" or "reference rate", plus three percent (3%), or (B) the maximum rate of interest permitted by applicable law.

(c) Landlords Remedies; Re-Entry Rights. In the event of any event of default by Tenant, in addition to any other remedies available to Landlord under this Lease, at law or in equity, Landlord shall also have the right, with or without terminating this Lease, to re-enter the Premises and remove all persons and property from the Premises; such property may be removed, stored and/or disposed of pursuant to Paragraph 5(c) of this Lease or any other procedures permitted by applicable law. No re-entry or taking possession of the Premises by Landlord pursuant to this Paragraph 12(c), and no acceptance of surrender of the Premises or other action on Landlord's part, shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

(d) Continuation of Lease. Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any event of default by Tenant. Landlord may from time to time without terminating this Lease enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

(e) Landlord's Right to Perform. Except as specifically provided otherwise in this Lease, all covenants and agreements by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement or offset of rent. If Tenant shall fail to pay any sum of money (other than Monthly Basic Rent) or perform any other act on its part to be paid or performed hereunder and such failure shall continue for three (3) business days with respect to monetary obligations (or ten (10) day with respect to non-monetary obligations, except in case of emergencies, in which such case such shorter period of time as is reasonable under the circumstances) after Tenant's receipt of written notice thereof from Landlord, Landlord may, without waiving or releasing Tenant from any of Tenant's obligations make such payment or perform such other act on behalf of Tenant. All sums so paid by Landlord and all necessary incidental costs incurred by Landlord in performing such other acts shall be payable by Tenant to Landlord within five (5) days after demand therefor as additional rent.

(f) Interest. If any monthly installment of Rent or Operating Expenses, or any other amount payable by Tenant hereunder is not received by Landlord by the date when due it shall bear interest at the Default Rate from the date due until paid. All interest, and any late charges imposed pursuant to Paragraph 12(g), below shall be considered additional rent due from Tenant to Landlord under the terms of this Lease.

(g) Late Charges. Tenant acknowledges that in addition to interest costs the late payments by Tenant to Landlord of any monthly installment of Basic Annual Rent Additional Rent or other sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impractical to fix. Such other costs include without limitation, processing, administrative and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage deed of trust or related loan documents encumbering the Premises, the Building or the Project. Accordingly if any monthly installment of Annual Basic Rent Additional Rent or any other amount payable by Tenant hereunder is not received by Landlord by the due date thereof, Tenant shall pay to Landlord an additional sum of five percent (5%) of the overdue amount as a late charge, but in no event more than the maximum late charge allowed by law. The parties agree that such late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of any late payment as hereinabove referred to by Tenant, and the payment of late charges and interest are distinct and separate in that the payment of interest is to compensate Landlord for the use of Landlord's money by Tenant, while the payment of late charges is to compensate Landlord for Landlord's processing administrative and other costs incurred by Landlord as a result of Tenant's delinquent payments. Acceptance of a late charge or interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease or at law or in equity now or hereafter in effect.

(h) Rights and Remedies Cumulative. All rights, options and remedies of Landlord contained in this Paragraph 12 and elsewhere in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity whether or not stated in this Lease. Nothing in this Paragraph 12 shall be deemed to limit or otherwise affect Tenants indemnification of Landlord pursuant to any provision of this Lease.

(i) Tenant's Waiver of Redemption. Tenant hereby waives and surrenders for itself and all those claiming under it, including creditors of all kinds, (i) any right and privilege which it or any of them may have under any present or future law to redeem any of the Premises or to have a continuance of this Lease after termination of this Lease or of Tenants right of occupancy or possession pursuant to any court order or any provision hereof, and (ii) the benefits of any present or future law which exempts property from liability for debt or for distress for rent.

(j) Costs Upon Default and Litigation. Tenant shall pay to Landlord and its mortgagees as additional rent all the expenses incurred by Landlord or its mortgagees in connection with any default by Tenant hereunder or the exercise of any remedy by reason of any default by Tenant hereunder, including reasonable attorneys' fees and expenses. If Landlord or its mortgagees shall be made a party to any litigation commenced against Tenant or any litigation pertaining to this Lease or the Premises, at the option of Landlord and/or its mortgagees, Tenant, at its expense shall provide Landlord and/or its mortgagees with counsel approved by Landlord and/or its mortgagees and shall pay all costs incurred or paid by Landlord and/or its mortgagees in connection with such litigation.

13. ACCESS; CONSTRUCTION

Landlord reserves from the lease hold estate hereunder, in addition to all other rights reserved by Landlord under this Lease, the right to use the roof and exterior walls of the Premises and the area beneath, adjacent to and above the Premises, Landlord also reserves the right to install use maintain, repair replace and relocate equipment machinery, meters, pipes, ducts plumbing conduits and wiring through the Premises, which serve other portions of the Building or the Project in a manner and in locations which do not unreasonably interfere with Tenant's use of the Premises. In addition, Landlord shall have free access to any and all mechanical installations of Landlord or Tenant, including, without limitation, machine rooms telephone rooms and electrical closets. Tenant agrees that there shall be no construction of partitions or other obstructions which materially interfere with or which threaten to materially interfere with Landlord's free access thereto, or materially interfere with the moving of Landlord's equipment to or from the enclosures containing said installations. Upon at least twenty-four (24) hours prior notice (except in the event of an emergency, when no notice shall be necessary), Landlord reserves and shall at any time and all times have the right to enter the Premises to inspect the same, to supply janitorial service and any other service to be provided by Landlord to Tenant hereunder to exhibit the Premises to prospective purchasers, lenders or tenants to post notices of non-responsibility, to alter, improve, restore, rebuild or repair the Premises or any other portion of the Building, or to do any other act permitted or contemplated to be done by Landlord hereunder, all without being deemed guilty of an eviction of Tenant and without liability for abatement of Rent or otherwise. For such purposes Landlord may also erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed. Landlord shall conduct all such inspections and/or improvements, alterations and repairs so as to minimize, to the extent reasonably practical and without additional expense to Landlord, any interruption of or interference with the business of Tenant. Tenant hereby waives any claim 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 thereby. For each of such purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises (excluding Tenant's vaults and safes, access to which shall be provided by Tenant upon Landlord's reasonable request). Landlord shall have the right to use any and all means which Landlord may deem proper in an emergency in order to obtain entry to the Premises or any portion thereof, and Landlord shall have the right, at any time during the Lease Term, to provide whatever access control measures it deems reasonably necessary to the Project without any interruption or abatement in the payment of Rent by Tenant. Any entry into the Premises obtained by Landlord by any of such means shall not under any circumstances be construed to be a forcible or unlawful entry into, or a detainer of the Premises, or any eviction of Tenant from the Premises or any portion thereof. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, Alterations or decorations to the Premises or the Project except as otherwise expressly agreed to be performed by Landlord pursuant to the provisions of this Lease.

14. BANKRUPTCY

(a) If at any time on or before the Commencement Date there shall be filed by or against Tenant in any court, tribunal, administrative agency or any other forum having jurisdiction, pursuant to any applicable law, either of the United States or of any state, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver, trustee or conservator of all or a portion of Tenant's property, or if Tenant makes an assignment for the benefit of creditors this Lease shall ipso facto be canceled and terminated and in such event neither Tenant nor any person claiming through or under Tenant or by virtue of any applicable law or by an order of any court, tribunal, administrative agency or any other forum having jurisdiction, shall be entitled to possession of the Premises and Landlord, in addition to the other rights and remedies given by Paragraph 12 hereof or by virtue of any other provision contained in this Lease or by virtue of any applicable law, may retain as damages any Rent, Security Deposit or moneys received by it from Tenant or others on behalf of Tenant.

(b) If, after the Commencement Date or if at any time during the Lease Term, there shall be filed against Tenant in any court tribunal, administrative agency or any other forum having jurisdiction pursuant to any applicable law either of the United States or of any state, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver trustee or conservator of all or a portion of Tenant's property, and the same is not dismissed after sixty (60) calendar days, or if Tenant makes an assignment for the benefit of creditors, this Lease, at the option of Landlord exercised within a reasonable time after notice of the happening of any one or more of such events, may be canceled and terminated and in such event neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or of an order of any court shall be entitled to possession or to remain in possession of the Premises but shall forthwith quit and surrender the Premises, and Landlord in addition to the other rights and remedies granted by Paragraph 12 hereof or by virtue of any other provision contained in this Lease or by virtue of any applicable law, may retain as damage any Rent Security Deposit or moneys received by it from Tenant or others on behalf of Tenant.

(c) In the event of the occurrence of any of those events specified in this Paragraph 14, if Landlord shall not choose to exercise or by applicable law shall not be able to exercise, its rights hereunder to terminate this Lease upon the occurrence of such events, then, in addition to any other rights of Landlord hereunder or by virtue of applicable law (i) Landlord shall not be obligated to provide Tenant with any of the utilities or services specified in Paragraph 7, unless Landlord has received compensation in advance for such utilities or services and the parties agree that Landlord's reasonable estimate of the compensation required with respect to such services shall control. and (ii) neither Tenant as debtor-in-possession, nor any trustee or other person (hereinafter collectively referred to as the "Assuming Tenant") shall be entitled to assume this Lease unless on or before the date of such assumption, the Assuming Tenant (x) cures or provides adequate assurance that the latter will promptly cure, any exiting default under this Lease, (y) compensates, or provides adequate assurance that the Assuming Tenant will promptly compensate Landlord for any pecuniary loss (including without limitation attorneys' fees and disbursements) resulting from such default and (z) provides adequate assurance of future performance under this Lease, it being covenanted and agreed by the parties that for such purposes any cure or compensation shall be effected by the immediate payment of any monetary default or any required compensation or the immediate correction or bonding of any nonmonetary default. For purposes of this Lease, (i) any "adequate assurance" of such cure or compensation shall be effected by the establishment of an escrow fund for the amount at issue or by the issuance of a bond, and (ii) "adequate assurance" of future performance shall be effected by the establishment of an escrow fund for the amount at issue or by the issuance of a bond.

15. SUBSTITUTION OF PREMISES

Subject to the conditions specified in this Paragraph 15, Landlord reserves the right without Tenant's consent, on thirty (30) days' prior written notice to Tenant, to substitute other premises within the Project for the Premises. In each such case, the substituted premises shall (a) contain at least substantially the same Rentable Area as the Premises, (b) contain comparable tenant improvements, and (c) be made available to Tenant at the then current rental rate for such space, which in no event, shall exceed the per square foot rental rate for the Premises in effect under this Lease for the Premises at the time of such substitution. Landlord shall pay all reasonable moving expenses of Tenant incidental to such substitution of premises.

16. SUBORDINATION; ATTORNMENT; ESTOPPEL CERTIFICATES

(a) Tenant agrees that this Lease and the rights of Tenant hereunder shall be subject and subordinate to any and all deeds to secure debt, deeds of trust security interests, mortgages, master leases ground leases or other security documents and any and all modifications renewals, extensions consolidations and replacements thereof (collectively, "Security Documents") which now or hereafter constitute a lien upon or affect the Project, the Building or the Premises. Such subordination shall be effective without the necessity of the execution by Tenant of any additional document for the purpose of evidencing or effecting such subordination. In addition, Landlord shall have the right to subordinate or cause to be subordinated any such Security Documents to this Lease and in such case, in the event of the termination or transfer of Landlord's estate or interest in the Project by reason of any termination or foreclosure of any such Security Documents Tenant shall, notwithstanding such subordination, attorn to and become the Tenant of the successor-in-interest to Landlord at the option of such successor-in-interest. Furthermore, Tenant shall within ten (10) days of demand therefor execute any instruments or other documents which may be required by Landlord or the holder of any Security Document and specifically shall execute, acknowledge and deliver within ten (10) days of demand therefor a subordination of lease or subordination of deed of trust or mortgage, in the form required by the holder of the Security Document requesting the document; the failure to do so by Tenant within such time period shall be a material default hereunder provide d, however, the new landlord or the holder of any Security Document shall agree that Tenant's quiet enjoyment of the Premises shall not be disturbed as long as Tenant is not in default under this Lease.

(b) If any proceeding is brought for default under any ground or master lease to which this Lease is subject or in the event of foreclosure or the exercise of the power of sale under any mortgage deed of trust or other Security Document made by Landlord covering the Premises, at the election of such ground lessor master lessor or purchaser at foreclosure, Tenant shall attorn to and recognize the same a Landlord under this Lease, provided such successor expressly agrees in writing to be bound to all future obligations by the terms of this Lease, and if so requested, Tenant shall enter into a new lease with that successor on the same terms and conditions as are contained in this Lease (for the unexpired Lease Term then remaining). Tenant hereby waives its rights under any current or future law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any such foreclosure proceeding or sale.

(c) In addition to any statutory lien for Rent in Landlord's favor Landlord (the secured party for purposes hereof) shall have and Tenant (the debtor for purposes hereof) hereby grants to Landlord, an express contract lien and a continuing security interest to secure the payment of all Rent due hereunder from Tenant, upon all goods, wares, equipment, fixtures, furniture, inventory and other tangible personal property of Tenant (and any transferees or other occupants of the Premises) presently or hereafter situated on the Premises and upon all proceeds of any insurance which may accrue to Tenant by reason of damage or destruction of any such property. In the event of a default under this Lease, Landlord shall have, in addition to any other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code of the state in which the Premises is located including without limitation the right to sell the property described in this paragraph at public or private sale upon ten (10) days' notice to Tenant, which notice Tenant hereby agrees is adequate and reasonable. Tenant hereby agrees to execute such other instruments necessary or desirable in Landlord's discretion to perfect the security interest hereby created. Any statutory lien for Rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto. Landlord and Tenant agree that this Lease and the security interest granted herein serve as a financing statement, and a copy or photographic or other reproduction of this paragraph of this Lease may be filed of record by Landlord and have the same force and effect as the original Tenant warrants and represents that the collateral subject to the security interest granted herein is not purchased or used by Tenant for personal, family or household purposes. Tenant further warrants and represent to Landlord that the lien granted herein constitutes a first and superior lien and that Tenant will not allow the placing of any other lien upon any of the property described in this paragraph without the prior written consent of Landlord. Notwithstanding the provisions of this Paragraph 16(c) to the contrary, if Tenant desires to obtain a loan secured by Tenant's personal property in the Premises and requests that Landlord execute a lien waiver in connection therewith, Landlord shall, in its reasonable discretion, based upon Landlord's review of Tenant's financial condition, agree to subordinate its lien rights to the rights of Tenant's lender pursuant to a lien subordination on Landlord's standard form, provided that Tenant delivers such request in writing to Landlord together with a non-refundable processing fee in the amount of Five Hundred Dollars (\$500.00). Notwithstanding the foregoing, however if Landlord incurs processing costs (including attorneys' fees) in connection with any such request which exceed Five Hundred Dollars (\$500.00), then Tenant shall reimburse Landlord for such excess within three (3) business days following Tenant's receipt of invoice(s) therefor from Landlord. Nothing in this Paragraph 16(c) shall permit Tenant to encumber its leasehold interest in the Premises.

(d) Tenant shall, upon not less than ten (10) days' prior notice by Landlord execute, acknowledge and deliver to Landlord a statement in writing certifying to those facts for which certification has been requested by Landlord or any current or prospective purchaser holder of any Security Document, ground lessor or master lessor, including, but without limitation, that (i) this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the Basic Annual Rent, Additional Rent and other charges hereunder have been paid, if any, and (iii) whether or not to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which Tenant may have knowledge. The form of the statement attached hereto as Exhibit E is hereby approved by Tenant for use pursuant to this subparagraph (d); however, at Landlord's option, Landlord shall have the right to use other forms for such purpose. Tenant's failure to execute and deliver such statement within such time shall, at the option of Landlord, constitute a material default under this Lease and, in any event, shall be conclusive upon Tenant that this Lease is in full force and effect without modification except as may be represented by Landlord in any such certificate prepared by Landlord and delivered to Tenant for execution. Any statement delivered pursuant to this Paragraph 16 may be relied upon by any prospective purchaser of the fee of the Building or the Project or any mortgagee, ground lessor or other like encumbrancer thereof or any assignee of any such encumbrance upon the Building or the Project.

17. SALE BY LANDLORD; TENANT'S REMEDIES; NONRECOURSE LIABILITY

(a) In the event of a sale or conveyance by Landlord of the Building or the Project, Landlord shall be released from any and all liability under this Lease. If the Security Deposit has been deposited by Tenant to Landlord prior to such sale or conveyance, Landlord shall transfer the Security Deposit to the purchaser, and upon delivery to Tenant of notice thereof, Landlord shall be discharged from any further liability in reference thereto.

(b) Landlord shall not be in default of any obligation of Landlord hereunder unless Landlord fails to perform any of its obligations under this Lease within thirty (30) days after receipt of written notice of such failure from Tenant; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, Landlord shall not be in default if Landlord commences to cure such default within the thirty (30) day period and thereafter diligently prosecutes the same to completion. All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Project and not thereafter. All obligations of Landlord hereunder shall be construed as covenants not conditions and, except as may be otherwise expressly provided in this Lease Tenant may not terminate this Lease for breach of Landlord's obligations hereunder.

(c) Notwithstanding anything contained in this Lease to the contrary the obligations of Landlord under this Lease (including any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual partners, directors officers, trustees, members or shareholders of Landlord or Landlord's members or partners, and Tenant shall not seek recourse against the individual partners, directors, officers, trustees, members or shareholders of Landlord or against Landlord's members or partners or against any other persons or entities having any interest in Landlord, or against any of their personal assets for satisfaction of any liability with respect to this Lease. Any liability of Landlord for a default by Landlord under this Lease, or a breach by Landlord of any of its obligations under the Lease, shall be limited solely to its interest in the Project, and in no event shall any personal liability be asserted against Landlord and/or any Landlord Indemnitee in connection with this Lease nor shall any recourse be had to any other property or assets of Landlord its partners, directors, officers, trustees, members shareholders or any other persons or entities having any interest in Landlord. Tenant's sole and exclusive remedy for a default or breach of this Lease by Landlord shall be either (i) an action for damages, or (ii) an action for injunctive relief; Tenant hereby waiving and agreeing that Tenant shall have no offset rights or right to terminate this Lease on account of any breach or default by Landlord under this Lease. Under no circumstances whatsoever shall Landlord ever be liable for punitive, consequential or special damages or loss of profits under this Lease and Tenant waives any rights it may have to such damages under this Lease in the event of a breach or default by Landlord under this Lease.

(d) As a condition to the effectiveness of any notice of default given by Tenant to Landlord Tenant shall also concurrently give such notice under the provisions of Paragraph 17(b) to each beneficiary under a Security Document encumbering the Project of whom Tenant has received written notice (such notice to specify the address of

the beneficiary). In the event Landlord shall fail to cure any breach or default within the time period specified in subparagraph (b), then prior to the pursuit of any remedy therefor by Tenant, each such beneficiary shall have an additional thirty (30) days within which to cure such default, or if such default cannot reasonably be cured within such period then each such beneficiary shall have such additional time as shall be necessary to cure such default, provided that within such thirty (30) day period, such beneficiary has commenced and is diligently pursuing the remedies available to it which are necessary to cure such default (including, without limitation, as appropriate commencement of foreclosure proceedings).

18. PARKING; COMMON AREAS

(a) Tenant shall have the right to the nonexclusive use of the number of parking spaces located in the parking areas of the Project specified in *Item 13* of the Basic Lease Provisions for the parking of operational motor vehicles used by Tenant, its officers and employees only. Landlord reserves the right at any time upon written notice to Tenant, to designate the location of Tenant's parking spaces as determined by Landlord in its reasonable discretion. The use of such spaces shall be subject to the rules and regulations adopted by Landlord from time to time for the use of the parking areas. Landlord further reserves the right to make such changes to the parking system as Landlord may deem necessary or reasonable from time to time; i.e., Landlord may provide for one or a combination of parking systems, including, without limitation, self-parking, single or double stall parking spaces and valet assisted parking. Except as otherwise expressly agreed to in this Lease, Tenant agrees that Tenant its officers and employees shall not be entitled to park in any reserved or specially assigned areas designated by Landlord from time to time in the Project's parking areas. Landlord may require execution of an agreement with respect to the use of such parking areas by Tenant and/or its officers and employees in form reasonably satisfactory to Landlord as a condition of any such use by Tenant, its officers and employees. A default by Tenant, its officers or employees in the payment of such charges the compliance with such rules and regulations, or the performance of such agreement(s) shall constitute a material default by Tenant hereunder. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's officers, employees, suppliers, shippers, customers or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described in this Paragraph, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant which cost shall be immediately payable upon demand by Landlord. As used herein, the term "Adjustment Date" shall mean each anniversary of the Commencement Date. As used herein the term "CPI Increase" shall mean for a particular twelve (12) calendar month period, the percentage increase (rounded to two (2) decimal places), if any, in (A) the Cost of Living Index (hereinafter defined) published for the month that is two (2) months prior to the applicable Adjustment Date, over (B) the Cost of Living Index published for the month that is fourteen (14) months prior to the applicable Adjustment Date. For purposes of this Lease, the term "Cost of Living Index" shall mean the Consumer Price Index for All Urban Consumers, U.S. City Average (1982-1984 = 100), published by the Bureau of Labor Statistics, U.S. Department of Labor or any successor thereto (the "BLS"), or such other renamed index. If the BLS changes the publication frequency of the Cost of Living Index so that a Cost of Living Index is not available to make a cost-of-living adjustment as specified herein, the cost-of-living adjustment shall be based on the percentage difference between the Cost of Living Index for the closest preceding month for which a Cost of Living Index is available and the Cost of Living Index for the comparison month as required by this Lease (adjusted to reflect a 12 month period). If the BLS changes the base reference period for the Cost of Living Index from 1982-1984 = 100 the cost-of-living adjustment shall be determined with the use of such conversion formula or table as may be published by the BLS. If the BLS otherwise substantially revises, or ceases publication of, the Cost of Living Index, then a substitute index for determining cost-of-living adjustments, issued by the BLS or by a reliable governmental or other nonpartisan publication, shall be reasonably selected by Landlord.

(b) Subject to subparagraph (c) below and the remaining provisions of this Lease, Tenant shall have the nonexclusive right, in common with others, to the use of such entrances, lobbies, restrooms, elevators, ramps, drives, stairs, and similar access ways and service ways and other common areas and facilities in and adjacent to the Building and the Project as are designated from time to time by Landlord for the general nonexclusive use of Landlord, Tenant and the other tenants of the Project and their respective employees, agents, representatives, licensees and invitees ("Common Areas"). The use of such Common Areas shall be subject to the rules and regulations contained herein and the provisions of any covenants, conditions and restrictions affecting the Building or the Project. Tenant shall keep all of the Common Areas free and clear of any obstructions created or permitted by Tenant or resulting from Tenant's operations, and shall use the Common Areas only for normal activities parking and ingress and egress by Tenant and

its employees, agents representatives, licensees and invitees to and from the Premises, the Building or the Project. If, in the reasonable opinion of Landlord, unauthorized persons are using the Common Areas by reason of the presence of Tenant in the Premises, Tenant, upon demand of Landlord shall correct such situation by appropriate action or proceedings against all such unauthorized persons. Nothing herein shall affect the rights of Landlord at any time to remove any such unauthorized persons from said areas or to prevent the use of any of said areas by unauthorized persons. Landlord reserves the right to make such changes, alterations, additions, deletions, improvements, repairs or replacements in or to the Building, the Project (including the Premises) and the Common Areas as Landlord may reasonably deem necessary or desirable, including, without limitation constructing new buildings and making changes in the location size shape and number of driveways, entrances, parking spaces, parking areas, loading areas, landscaped areas and walkways; provided however, that (i) there shall be no unreasonable permanent obstruction of access to or use of the Premises resulting therefrom and (ii) Landlord shall use commercially reasonable efforts to minimize any interruption with Tenant's use of the Premises. In the event that the Project is not completed on the date of execution of this Lease, Landlord shall have the sole judgment and discretion to determine the architecture, design appearance construction, workmanship, materials and equipment with respect to construction of the Project. Notwithstanding any provision of this Lease to the contrary, the Common Areas shall not in any event be deemed to be a portion of or included within the Premises leased to Tenant and the Premises shall not be deemed to be a portion of the Common Areas. This Lease is granted subject to the terms hereof, the rights and interests of third parties under existing liens, ground leases easements and encumbrances affecting such property, all zoning regulations, rules, ordinances, building restrictions and other laws and regulations now in effect or hereafter adopted by any governmental authority having jurisdiction over the Project or any part thereof.

(c) Notwithstanding any provision of this Lease to the contrary, Landlord specifically reserves the right to redefine the term "Project" for purposes of allocating and calculating Operating Costs so as to include or exclude areas as Landlord shall from time to time determine or specify (and any such determination or specification shall be without prejudice to Landlord's right to revise thereafter such determination or specification). In addition, Landlord shall have the right to contract or otherwise arrange for amenities, services or utilities (the cost of which is included within Operating Costs) to be on a common or shared basis to both the Project (i.e., the area with respect to which Operating Costs are determined) and adjacent areas not included within the Project so long as the basis on which the cost of such amenities, services or utilities is allocated to the Project is determined on an arms-length basis or some other basis reasonably determined by Landlord. In the case where the definition of the Project is revised for purposes of the allocation or determination of Operating Costs (i) Tenant's Proportionate Share of the Building shall be appropriately revised to equal the percentage share of all Rentable Area contained within the Building (as then defined) represented by the Premises and (ii) Tenant's Proportionate Share of the Project shall be appropriately revised to equal the percentage share of all Rentable Area contained within the Project (as then defined) represented by the Premises. The Rentable Area of the Project is subject to adjustment by Landlord from time to time to reflect any re-measurement thereof by Landlord's architect, at Landlord's request, and/or as a result of any additions or deletions to any of the buildings in the Project as designated by Landlord. Notwithstanding the foregoing, Landlord agrees that in no event shall Tenant's Proportionate Share of Operating Costs increase due to Landlord redefining the term "Project." Landlord shall have the sole right to determine which portions of the Project and other areas, if any, shall be served by common management, operation, maintenance and repair. Landlord shall also have the right, in its sole discretion, to allocate and prorate any portion or portions of the Operating Costs on a building-by-building basis, on an aggregate basis of all buildings in the Project, or any other reasonable manner, and if allocated on a building-by-building basis, then Tenant's Proportionate Share shall, as to the portion of the Operating Costs so allocated, be based on the ratio of the Rentable Area of the Premises to the Rentable Area of the Building. Landlord shall have the exclusive rights to the airspace above and around and the subsurface below, the Premises and other portions of the Building and Project.

19. MISCELLANEOUS

(a) Attorneys' Fees. In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs (including without limitation court costs and expert witness fees) incurred in such action. Such amounts shall be included in any judgment rendered in any such action or proceeding.

(b) Waiver. No waiver by Landlord of any provision of this Lease or of any breach by Tenant hereunder shall be deemed to be a waiver of any other provision hereof, or of any subsequent breach by Tenant. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval under this Lease shall not be

deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant. No act or thing done by Landlord or Landlord's agents during the Lease Term shall be deemed an acceptance of a surrender of the Premises, unless in writing signed by Landlord. The delivery of the keys to any employee or agent of Landlord shall not operate as a termination of the Lease or a surrender of the Premises. The acceptance of any Rent by Landlord following a breach of this Lease by Tenant shall not constitute a waiver by Landlord of such breach or any other breach unless such waiver is expressly stated in a writing signed by Landlord.

(c) Notices. Any notice, demand, request, consent, approval, disapproval or certificate ("Notice") required or desired to be given under this Lease shall be in writing and given by certified mail return receipt requested, by personal delivery or by a nationally recognized overnight delivery service (such as Federal Express or UPS) providing a receipt for delivery. Notices may not be given by facsimile. The date of giving any Notice shall be deemed to be the date upon which delivery is actually made by one of the methods described in this Section 19(c) (or attempted if said delivery is refused or rejected). If a Notice is received on a Saturday, Sunday or legal holiday it shall be deemed received on the next business day. All notices, demands, requests, consents, approvals, disapprovals, or certificates shall be addressed at the address specified in *Item 14* of the Basic Lease Provisions or to such other addresses as may be specified by written notice from Landlord to Tenant and if to Tenant, at the Premises. Either party may change its address by giving reasonable advance written Notice of its new address in accordance with the methods described in this Paragraph; provided, however, no notice of either party's change of address shall be effective until fifteen (15) days after the addressee's actual receipt thereof. For the purpose of this Lease, Landlord's counsel may provide Notices to Tenant on behalf of Landlord and such notices shall be binding on Tenant as if such notices have been provided directly by Landlord.

(d) Access Control. Landlord shall be the sole determinant of the type and amount of any access control or courtesy guard services to be provided to the Project, if any. IN ALL EVENTS, LANDLORD SHALL NOT BE LIABLE TO TENANT, AND TENANT HEREBY WAIVES ANY CLAIM AGAINST LANDLORD, FOR (I) ANY UNAUTHORIZED OR CRIMINAL ENTRY OF THIRD PARTIES INTO THE PREMISES, THE BUILDING OR THE PROJECT, (II) ANY DAMAGE TO PERSONS, OR (III) ANY LOSS OF PROPERTY IN AND ABOUT THE PREMISES, THE BUILDING OR THE PROJECT, BY OR FROM ANY UNAUTHORIZED OR CRIMINAL ACTS OF THIRD PARTIES, REGARDLESS OF ANY ACTION, INACTION, FAILURE, BREAKDOWN, MALFUNCTION AND/OR INSUFFICIENCY OF THE ACCESS CONTROL OR COURTESY GUARD SERVICES PROVIDED BY LANDLORD, IF ANY. Tenant shall provide such supplemental security services and shall install within the Premises such supplemental security equipment, systems and procedures as may reasonably be required for the protection of its employees and invitees, provided that Tenant shall coordinate such services and equipment with any security provided by Landlord. The determination of the extent to which such supplemental security equipment, systems and procedures are reasonably required shall be made in the sole judgment, and shall be the sole responsibility, of Tenant. Tenant acknowledges that it has neither received nor relied upon any representation or warranty made by or on behalf of Landlord with respect to the safety or security of the Premises or the Project or any part thereof or the extent or effectiveness of any security measures or procedures now or hereafter provided by Landlord, and further acknowledges that Tenant has made its own independent determinations with respect to all such matters.

(e) Storage. Any storage space at any time leased to Tenant hereunder shall be used exclusively for storage. Notwithstanding any other provision of this Lease to the contrary, (i) Landlord shall have no obligation to provide heating, cleaning, water or air conditioning therefor and (ii) Landlord shall be obligated to provide to such storage space only such electricity as will in Landlord's judgment, be adequate to light said space as storage space.

(f) Holding Over. If Tenant retains possession of the Premises after the termination or expiration of the Lease Term, then Tenant shall, at Landlord's election, become a tenant at sufferance (and not a tenant at will), such possession shall be subject to immediate termination by Landlord at any time, and all of the other terms and provisions of this Lease (excluding any expansion or renewal option or other similar right or option) shall be applicable during such holdover period, except that Tenant shall pay Landlord from time to time, upon demand, as Basic Annual Rent for the holdover period an amount equal to one hundred fifty percent (150%) of the Basic Annual Rent in effect on the termination date, computed on a monthly basis for each month or part thereof during such holding over. All other payments (including payments of Additional Rent) shall continue under the terms of this Lease. In addition, Tenant shall be liable for all damages incurred by Landlord as a result of such holding over. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Paragraph shall not be construed as consent for Tenant to retain possession of the Premises.

(g) Condition of Premises. EXCEPT AS OTHER WISE EXPRESSLY PROVIDED IN THIS LEASE LANDLORD HEREBY DISCLAIMS ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED PURPOSE OR USE WHICH DISCLAIMER IS HEREBY ACKNOWLEDGED BY TENANT. THE TAKING OF POSSESSION BY TENANT SHALL BE CONCLUSIVE EVIDENCE THAT TENANT:

(i) ACCEPTS THE PREMISES, THE BUILDING AND LEASEHOLD IMPROVEMENTS AS SUITABLE FOR THE PURPOSES FOR WHICH THE PREMISES WERE LEASED;

(ii) ACCEPTS THE PREMISES AND PROJECT AS BEING IN GOOD AND SATISFACTORY CONDITION;

(iii) WAIVES ANY DEFECTS TN THE PREMISES AND ITS APPURTENANCES EXISTING NOW OR IN THE FUTURE, EXCEPT THAT TENANT'S TAKING OF POSSESSION SHALL NOT BE DEEMED TO WAIVE LANDLORD'S COMPLETION OF MINOR FINISH WORK IT EMS THAT DO NOT INTERFERE WITH TENANTS OCCUPANCY OF THE PREMISES; AND

(iv) WAIVES ALL CLAIMS BASED ON ANY IMPLIED WARRANTY OF SUITABILITY OR HABITABILITY.

(h) Quiet Possession. Upon Tenant's paying the Rent reserved hereunder and observing and performing all of the covenants conditions and provisions on Tenant's part to be observed and performed hereunder Tenant shall have quiet possession of the Premises for the term hereof without hindrance or ejection by any person lawfully claiming under Landlord, subject to the provisions of this Lease and to the provision s of any (i) covenants, conditions and restrictions, (ii) master lease, or (iii) Security Documents to which this Lease is subordinate or may be subordinated.

(i) Matters of Record. Except as otherwise provided herein, this Lease and Tenant's rights hereunder are subject and subordinate to all matter affecting Landlord s title to the Project recorded in the Real Property Records of the County in which the Project is located prior to and subsequent to the date hereof including, without limitation, all covenants, conditions and restrictions. Tenant agrees for itself and all persons in possession or holding under it that it will comply with and not violate any such covenants, conditions and restrictions or other matters of record. Landlord reserves the right from time to time, to grant such easements, rights and dedications as Landlord deems necessary or desirable and to cause the recordation of parcel maps and covenants, conditions and restrictions affecting the Premises, the Building or the Project, as long as such easements, rights, dedications, maps, and covenants, conditions and restrictions do not materially interfere with the use of the Premises by Tenant. At Landlord's request, Tenant shall join in the execution of any of the aforementioned documents.

(j) Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns. Tenant shall attorn to each purchaser, successor or assignee of Landlord.

(k) Brokers. Tenant warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the brokers named in *Item 12* of the Basic Lease Provisions and that it knows of no other real estate broker or agent who is or might be entitled to a commission in connection with this Lease. Tenant hereby agrees to indemnify, defend and hold Landlord harmless for, from and against all claims for any brokerage commissions, finders' fees or similar payments by any persons other than those listed in *Item 12* of the Basic Lease Provisions and all costs, expenses and liabilities incurred in connection with such claims, including reasonable attorneys' fees and costs. Landlord shall pay a commission to the brokers named in *Item 12* of the Basic Lease Provisions pursuant to a separate written agreement.

(l) Project or Building Name and Signage. Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises without the prior written consent of Landlord. Additionally, Landlord shall have the exclusive right at all times during the Lease Term to change, modify add to or otherwise alter the name, number, or designation of the Building and/or the Project and Landlord shall not be liable for claims or damages of any kind which may be attributed thereto or result therefrom.

(m) Examination of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

(n) Time. Time is of the essence of this Lease and each and all of its provisions.

(o) Defined Terms and Marginal Headings. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular and for purposes of Article 5, Article 7, Article 13 and Article 18, the term Landlord shall include Landlord its employees, contractors and agents. If more than one person is named as Tenant the obligations of such persons are joint and several. The marginal headings and titles to the articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(p) Conflict of Laws; Prior Agreements; Separability. This Lease shall be governed by and construed pursuant to the laws of the State of California. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease. No prior agreement, understanding or representation pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The illegality, invalidity or unenforceability of any provision of this Lease shall in no way impair or invalidate any other provision of this Lease and such remaining provisions shall remain in full force and effect.

(q) Authority. If Tenant is a corporation or limited liability company each individual executing this Lease on behalf of Tenant hereby covenants and warrants that Tenant is a duly authorized and existing corporation or limited liability company that Tenant has and is qualified to do business in the State that the corporation or limited liability company has full right and authority to enter into this Lease, and that each person signing on behalf of the corporation is authorized to do so. If Tenant is a partnership or trust each individual executing this Lease on behalf of Tenant hereby covenants and warrants that he is duly authorized to execute and deliver this Lease on behalf of Tenant in accordance with the terms of such entity's partnership or trust agreement. Tenant shall provide Landlord on demand with such evidence of such authority as Landlord shall reasonably request including, without limitation, resolutions certificates and opinions of counsel. This Lease shall not be construed to create a partnership, joint venture or similar relationship or arrangement between Landlord and Tenant hereunder.

(r) Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this Lease as Tenant, the liability of each such individual, corporation, partnership or other business association to pay Rent and perform all other obligations hereunder shall be deemed to be joint and several and all notices payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Tenant shall be a partnership or other business association the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.

(s) Rental Allocation. For purposes of Section 467 of the Internal Revenue Code of 1986, as amended from time to time Landlord and Tenant hereby agree to allocate all Rent to the period in which payment is due, or if later, the period in which Rent is paid.

(t) Rules and Regulations. Tenant agrees to comply with all rules and regulation of the Building and the Project imposed by Landlord as set forth on Exhibit D attached hereto, as the same may be changed from time to time upon reasonable notice to Tenant. Landlord shall not be liable to Tenant for the failure of any other tenant or any of its assignees, subtenants, or their respective agents, employees, representatives, invitees or licensees to conform to such rules and regulations.

(u) Joint Product. This Lease is the result of arms-length negotiations between Landlord and Tenant and their respective attorneys. Accordingly, neither party shall be deemed to be the author of this Lease and this Lease shall not be construed against either party.

(v) Financial Statements. Upon Landlord's written request Tenant shall promptly furnish Landlord, from time to time with the most current audited financial statements prepared in accordance with generally accepted accounting principles, certified by Tenant and an independent auditor to be true and correct reflecting Tenant's then current financial condition.

(w) Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorism terrorist activities, inability to obtain services, labor, or materials or reasonable substitutes therefore, governmental actions, civil commotions fire, flood earthquake or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Article 6 and Article 8 of this Lease and Section 19(f) of this Lease and any extension of the Construction Termination Date as set forth in Paragraph (d) of Exhibit B to this Lease (collectively, a "Force Majeure"), notwithstanding anything to the contrary contained in this Lease shall excuse the performance of such party for a period equal to any such prevention delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

(x) Submission of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

(y) Landlord Reserved Rights. Notwithstanding anything in this Lease to the contrary, Landlord shall have the following rights exercisable at any time without notice to Tenant, without Landlord being in breach of any provision of this Lease or any implied warranty, without liability to Tenant for damage or injury to property or business and without being deemed an eviction or disturbance of Tenants use or possession of the Premises or giving rise to any claim for setoff or abatement of any Rent: (i) to change the name of the Project or Building, (ii) to designate and/or approve prior to installation all types of signs, window shades, blinds or other similar items, and all internal lighting that may be visible from the exterior of the Premises (including, without limitation, outside of the Building), and (iii) to install, affix and maintain, and enter into or act as a lessor or licensor in leases or licenses with third parties to install, affix and maintain, any signs in or about the interior or exterior of the Project or Building including, without limitation affixing any signs to the outside, exterior walls of the Building or of any parking facilities or other structures within the Project, as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

(z) Office and Communications Services. Landlord has advised Tenant that certain office and communications services may be offered to tenants of the Building by a concessionaire under contract to Landlord (the "Provider"). Tenant shall be permitted to contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree. Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or suitability thereof; (ii) the Provider is not acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services or any equipment or facilities used in the furnishing thereof; or any act or omission of Provider, or its agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation alteration, repair, maintenance, furnishing, operation adjustment or removal of any such services, equipment or facilities and (iv) any contract or other agreement between Tenant and Provider shall be independent of this Lease the obligations of Tenant here under and the rights of Landlord hereunder and, without limiting the foregoing, no default or failure of Provider with respect to any such services equipment or facilities, or under any

contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder or entitle Tenant to any abatement of Basic Annual Rent or Additional Rent or any other payment required to be made by Tenant hereunder or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

(aa) Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

(bb) WAIVER OF JURY TRIAL. TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO.

(cc) OFAC Compliance.

(i) Certification. Tenant certifies, represents, warrants and covenants that:

(A) It is not acting and will not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person", or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control; and

(B) It is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation.

(ii) Indemnity. Tenant hereby agrees to defend (with counsel reasonably acceptable to Landlord), indemnify and hold harmless Landlord and the Landlord Indemnitees from and against any and all Claims arising from or related to any such breach of the foregoing certifications, representations, warranties and covenants.

(dd) CASp Disclosure. As of the Date of this Lease, the Building has not undergone inspection by a Certified Access Specialist (CASp).

(ee) Energy Disclosures. Tenant shall reasonably cooperate with Landlord in furnishing any information that may be required in connection with Landlord's obligations to furnish energy disclosures as may be required under applicable law, including, without limitation, providing any information that may be required in order to enroll in the US Environmental Protection Agency's Energy Star Portfolio Manager.

(ff) Building Exterior Signage. Provided that (x) Tenant is the Tenant originally named herein, (y) Tenant is leasing and actually occupies the entirety of the Premises initially demised under this Lease and the Suite 600 Space (either under the Tenant's Sublease or as a direct tenant hereunder), and (z) no event of default or event which but for the passage of time or the giving of notice, or both would constitute an event of default has occurred and is continuing (items (x) - (z) being the "Signage Conditions"), then, subject to all applicable laws, ordinances restrictions, rules and regulations, as well as all applicable covenants, restrictions or deed restrictions affecting the Project (collectively, the "Applicable Rules and Restrictions"), Tenant shall have the non-exclusive right throughout the Initial Term to install one sign on the fascia of the Building ("Fascia Sign") provided that Landlord, acting reasonably, approves the Fascia Sign (including all structural engineering and aesthetic aspects thereof) and the exact location where the same is to be installed. Landlord hereby pre-approves the location for the Tenant's Fascia sign shown in Exhibit J attached hereto; provided however in the event that the Applicable Rules and Restrictions and/or applicable laws codes or ordinances or applicable governmental authority do not permit the Fascia Sign to be installed in such location, then the Fascia Sign shall be installed in such other location on the fascia of the Building that is either approved by or designated by Landlord in writing. The engineering, manufacture, installation, maintenance and

removal of, and the procurement of all required approvals for, the Fascia Sign shall be at Tenant's sole cost and expense. The installation of the Fascia Sign shall be in compliance with all Applicable Rules and Restrictions. Prior to the manufacturing or installing the Fascia Sign, Tenant shall submit to Landlord, for Landlord's approval which shall not be unreasonably withheld delayed or, except as expressly provided here in, conditioned, (i) a report from a structural engineer reasonably acceptable to Landlord providing that (A) the Building can adequately support the installation of the Fascia Sign and (B) the Fascia Sign can and will be installed in a manner that will not damage, or otherwise affect or diminish the structural integrity of the Building, and (ii) a detailed drawing indicating the size, layout, design, configuration, lettering and/or graphics and color of the proposed Fascia Sign, together with the proposed location where the Fascia Sign is to be installed. In the event Landlord approves the structural report, the Fascia Sign and the location, Landlord shall evidence such approval in writing. Tenant shall install, repair maintain, and remove the Fascia Sign with contractors approved by Landlord. Any such contractors shall satisfy Landlord's insurance and indemnification requirements prior to performing any work. Tenant agrees that the installation, maintenance, repair and removal of the Fascia Sign shall be at Tenant's sole risk. Tenant agrees to maintain the Fascia Sign in good condition and repair and, prior to the expiration of the Lease Term or the earlier termination of this Lease or Tenant's right of possession under this Lease, Tenant shall remove the Fascia Sign and restore the Building to the condition immediately prior to the installation of the Fascia Sign, at Tenant's sole cost and expense. In the event Tenant fails to repair or remove the Fascia Sign Landlord shall have the right to repair or remove the Fascia Sign, as the case may be, and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee and upon any such removal Landlord shall have the right to dispose of the same in any manner Landlord so desires without any liability to Tenant therefor. TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL LIENS, CLAIMS, DEMANDS LIABILITIES AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) INCURRED OR SUFFERED BY LANDLORD AND EXISTING OUT OF OR IN ANY WAY RELATED TO THE INSTALLATION MAINTENANCE, REPAIR OR REMOVAL OF THE FASCIA SIGN EVEN IF THE SAME IS CAUSED IN PART (BUT NOT SOLELY) BY THE NEGLIGENCE OF LANDLORD, ITS EMPLOYEES AGENTS OR REPRESENTATIVES. Notwithstanding anything herein to the contrary Landlord shall have the right to terminate Tenant's rights under this Paragraph 19(ff) by providing written notice of termination to Tenant if, at any time Tenant (1) assigns this Lease, (2) subleases any portion of the Premises (including the Suite 600 Space), or (3) suffers an event of default of any term or condition of this Lease. In the event Landlord terminates Tenant's rights under this Paragraph 19(ff) as provided for in the immediately preceding sentence Tenant shall remove the Fascia Sign from the Building and repair any damage to the Building caused by the installation, maintenance and/or removal thereof within thirty (30) days following receipt of Landlord's written notice of termination, and, in the event Tenant fails to timely remove the Fascia Sign and/or repair such damage, Landlord shall have the right to do the same and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee (and Tenant shall be deemed to have abandoned the Fascia Sign and Landlord shall have the right to dispose of the Fascia Sign in any manner Landlord shall choose in its sole discretion without any liability whatsoever to Tenant with respect thereto). In no event does Landlord make any representation or warranty to Tenant that the Fascia Sign shall be permitted under the Applicable Rules and Restrictions and, to the extent the Fascia Sign is not permitted by the Applicable Rules and Restrictions, Tenant acknowledges and agrees that this Lease shall remain in full force and effect despite Tenant not being permitted to install such Fascia Sign. Tenant shall be responsible, at its cost and expense, to obtain any necessary approvals or permits from the applicable governmental authorities for the purposes of installing and maintaining such Fascia Sign (the "Fascia Sign Approvals"), provided, however, at Landlord's option it can apply for such Fascia Sign Approvals on Tenant's behalf, at Tenant's cost and expense. Promptly following obtaining such Fascia Sign Approvals (and in no event later than thirty (30) days following obtaining such Fascia Sign Approvals) Tenant shall install such Fascia Sign in accordance with the terms of this Paragraph 19(ff). In no event shall Landlord be required to remove any existing fascia sign or other signage present existing in order to accommodate any approvals required by the Applicable Rules and Restrictions affecting the Building for the Fascia Sign. The terms and provisions of this Paragraph 19(ff) shall survive the expiration or earlier termination of this Lease. As consideration for Tenant's right to install and maintain the Fascia Sign, commencing on the date that the Fascia Sign Approvals are obtained and the Fascia Sign has been installed and continuing thereafter for the remainder of the Lease Term, Tenant shall pay to Landlord \$5,500.00 per month (the "Fascia Sign Rent"), with such Fascia Sign Rent being payable in advance on the first day of the month in the same manner and time as Tenant is obligated to pay Basic Annual Rent (provided, however, any abatement of the Basic Annual Rent shall not apply with respect to the Fascia Sign Rent).

(gg) **Monument Sign.** Provided that the Signage Conditions are satisfied, but subject to the Applicable Rules and Restrictions, Tenant shall have the non-exclusive right to display its signage in a new monument sign (the "**New Monument Sign**") to be constructed by Tenant, at Tenant's sole cost and expense, in a location designated by Landlord in its sole and absolute discretion. Landlord may, at its option, elect to manage the construction of the New Monument Sign, in which case Tenant shall reimburse Landlord within thirty (30) days after receipt of an invoice for any and all costs incurred by Landlord in connection with the installation and construction of such New Monument Sign. All costs associated with the installation, fabrication, repair and maintenance of such New Monument Sign shall be paid for by Tenant. The style, type, color, size, design, engineering, precise location and the means and method of attachment of the New Monument Sign shall all be subject to Landlord's prior written approval, which approval shall be in Landlord's sole and absolute discretion; provided, however, such New Monument Sign shall comply with Landlord's signage guidelines and criteria (if any). The engineering, manufacture, installation, maintenance and removal of, and the procurement of all required approvals for, the New Monument Sign shall be at Tenant's sole cost and expense. The New Monument Sign shall be in compliance with all Applicable Rules and Restrictions. Tenant agrees to maintain the New Monument Sign in good condition and repair and, prior to the expiration of the Lease Term or the earlier termination of the Lease or Tenant's right of possession under the Lease, Tenant shall be required to remove the New Monument Sign and restore any damage arising from such removal, at Tenant's sole cost and expense. In the event Tenant fails to repair or remove the New Monument Sign, Landlord shall have the right to repair or remove the New Monument Sign, as the case may be, and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee, and upon any such removal Landlord shall have the right to dispose of the same in any manner Landlord so desires without any liability to Tenant therefor. Notwithstanding anything herein to the contrary, Landlord shall have the right to terminate Tenant's rights under this Paragraph 19(gg) by providing written notice of termination to Tenant if, at any time, Tenant (1) assigns this Lease, (2) subleases any portion of the Premises (including the Suite 600 Space), or (3) suffers an event of default of any term or condition of this Lease. In the event Landlord terminates Tenant's rights under this Paragraph 19(gg) as provided for in the immediately preceding sentence, Tenant shall remove the New Monument Sign, and repair any damage caused by the installation, maintenance and/or removal thereof within thirty (30) days following receipt of Landlord's written notice of termination, and, in the event Tenant fails to timely remove the New Monument Sign and/or repair such damage, Landlord shall have the right to do the same and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee (and Tenant shall be deemed to have abandoned the New Monument Sign and Landlord shall have the right to dispose of the New Monument Sign in any manner Landlord shall choose in its sole discretion without any liability whatsoever to Tenant with respect thereto). In no event does Landlord make any representation or warranty to Tenant that the New Monument Sign shall be permitted under the Applicable Rules and Restrictions and, to the extent the New Monument Sign is not permitted by the Applicable Rules and Restrictions, Tenant acknowledges and agrees that this Lease shall remain in full force and effect despite Tenant not being permitted to install such New Monument Sign. Tenant shall be responsible, at its cost and expense, to obtain any necessary approvals or permits from the applicable governmental authorities for the purposes of installing and maintaining such New Monument Sign (the "**New Monument Sign Approvals**"); provided, however, at Landlord's option it can apply for such New Monument Sign Approvals on Tenant's behalf, at Tenant's cost and expense. Promptly following obtaining such New Monument Sign Approvals (and in no event later than thirty (30) days following obtaining such New Monument Sign Approvals), Tenant shall install such New Monument Sign in accordance with the terms of this Paragraph 19(gg). In no event shall Landlord be required to remove any existing monument sign or other signage present existing in order to accommodate any approvals required by the Applicable Rules and Restrictions affecting the Building for the New Monument Sign. The terms and provisions of this Paragraph 19(gg) shall survive the expiration or earlier termination of this Lease. As consideration for Tenant's right to install and maintain the New Monument Sign, commencing on the date that the New Monument Sign Approvals are obtained and the New Monument Sign has been installed and continuing thereafter for the remainder of the Lease Term, Tenant shall pay to Landlord \$1,000.00 per month (the "**New Monument Sign Rent**"), with such New Monument Sign Rent being payable in advance on the first day of the month in the same manner and time as Tenant is obligated to pay Basic Annual Rent (provided, however, any abatement of the Basic Annual Rent shall not apply with respect to the New Monument Sign Rent).

[SIGNATURE PAGE TO FOLLOW]

SIGNATURE PAGE TO OFFICE LEASE
BY AND BETWEEN
KBSIII ALMADEN FINANCIAL PLAZA, LLC, AS LANDLORD, AND
ZOOM VIDEO COMMUNICATIONS, INC., AS TENANT

IN WITNESS WHEREOF, intended to be legally bound hereby, the parties hereto, by their duly authorized representatives, have executed and sealed this Lease with the intention that this Lease constitutes an instrument under seal, and that the parties have executed this Lease to be effective as of the Date of this Lease.

“LANDLORD”

**KBSIII ALMADEN FINANCIAL PLAZA, LLC,
a Delaware limited liability company**

**By: KBS Capital Advisors, LLC,
a Delaware limited liability company,
as its authorized agent**

By: /s/ Brent Carroll

**Name: Brent Carroll,
Senior Vice President
8/1/16**

“TENANT”

**ZOOM VIDEO COMMUNICATIONS, INC.,
a Delaware corporation**

By: /s/ Roy Benhorin

**Name: Roy Benhorin
Title: Head of Finance**

EXHIBIT A-1
FLOOR PLAN OF THE PREMISES

Suite 500:

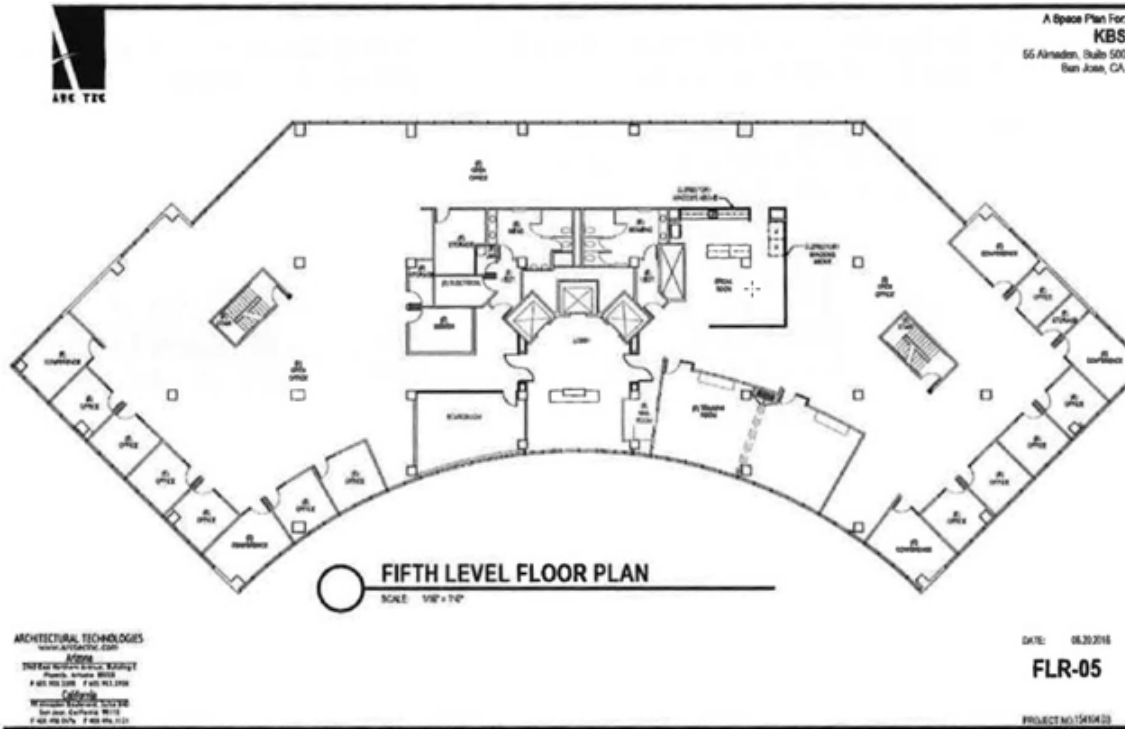


EXHIBIT A-2
LEGAL DESCRIPTION OF THE PROJECT

The land situated in the City of San Jose, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

ALL OF PARCEL 1 AS SHOWN ON PARCEL MAP FILED JULY 24, 1979 IN BOOK 446 OF MAPS, AT PAGE(S) 26 AND 27, SANTA CLARA COUNTY RECORDS.

PARCEL TWO:

ALL OF PARCEL 2 AS SHOWN ON PARCEL MAP FILED JULY 24, 1979 IN BOOK 446 OF MAPS, AT PAGE(S) 26 AND 27, SANTA CLARA COUNTY RECORDS.

PARCEL THREE:

ALL OF PARCEL 3 AS SHOWN ON PARCEL MAP FILED JULY 24, 1979 IN BOOK 446 OF MAPS, AT PAGES 26 AND 27, SANTA CLARA COUNTY RECORDS.

PARCEL THREE-A:

AN IRREVOCABLE PERPETUAL PARKING EASEMENT ON, OVER ABOVE, THROUGH AND WITHIN PARCEL 4, AS SHOWN ON PARCEL MAP FILED JULY 24, 1979 IN BOOK 446 OF MAPS, AT PAGES 26 AND 27, AND AN IRREVOCABLE PERPETUAL EASEMENT FOR VEHICULAR AND PEDESTRIAN INGRESS, EGRESS AND PASSAGE OVER AND UPON SAID PARCEL 4 AS MORE PARTICULARLY DESCRIBED IN THAT CERTAIN IRREVOCABLE PERPETUAL PARKING EASEMENT GRANTED BY W-S-D, A PARTNERSHIP AND WOLFF-SESNON DEVELOPMENT COMPANY, DATED AUGUST 28, 1979, AND RECORDED ON AUGUST 31, 1979 IN BOOK E763. PAGE 215, INSTRUMENT NO. 6486434 IN THE SANTA CLARA COUNTY OFFICIAL RECORDS.

PARCEL FOUR:

A PORTION OF PARCEL 4 AS SHOWN ON PARCEL MAP FILED JULY 24, 1979 IN BOOK 446 OF MAPS, AT PAGE S 26 AND 27, SANTA CLARA COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHERLY CORNER OF SAID PARCEL 4; THENCE ALONG THE EAST LINE OF SAID PARCEL. SOUTH 29° 54' 59" EAST 312.55 FEET TO A CORNER; THENCE SOUTH 60°07' 07" WEST 25.21 FEET; THENCE NORTH 29° 51' 11" WEST 275.88 FEET TO THE WEST LINE OF SAID PARCEL 4 ON THE GUADALUPE PARKWAY; THENCE ALONG SAID WEST LINE NORTH 07° 47' 35" WEST 39.57 FEET TO THE NORTHWEST LINE OF SAID PARCEL; THENCE ALONG SAID PARCEL LINE NORTH 60° 06' 24" EAST 10 FEET TO THE POINT OF BEGINNING.

PARCEL FIVE:

ALL OF PARCEL 5 AS SHOWN ON PARCEL MAP FILED JULY 24, 1979 IN BOOK 446 OF MAPS, AT PAGES 26 AND 27, SANTA CLARA COUNTY RECORDS.

PARCEL FIVE-A:

A NONEXCLUSIVE EASEMENT FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS AS GRANTED IN THAT CERTAIN DOCUMENT ENTITLED "AMENDED AND RESTATED RECIPROCAL EASEMENT AGREEMENT" RECORDED DECEMBER 9, 2014 AS INSTRUMENT NO. 2-795060. OFFICIAL RECORDS.

APN: 259-39-113 (Affects Parcel One)
259-39-114 (Affects Parcel Two)
259-39-115 (Affects Parcel Three)
259-39-119 (Affects Parcel Four) and
259-39-112 (Affects Parcel Five)

EXHIBIT A-3
RENTABLE AREA

The term "Rentable Area" as used in the Lease shall mean:

(a) As to each floor of the Building on which the entire space rentable to tenants is or will be leased to one tenant (hereinafter referred to as "Single Tenant Floor"), Rentable Area shall be the entire area bounded by the inside surface of the four exterior glass walls (or the inside surface of the permanent exterior wall where there is no glass) on such floor, including (i) all areas used for elevator lobbies, corridors, or special stairways, restrooms, mechanical rooms, electrical rooms and telephone closets, without deduction for columns, and other structural portions of the Building or vertical penetrations that are included for the special use of Tenant and (ii) if the Building has more than one floor, a pro rata portion (calculated on the basis of the entire Rentable Area of the Building) of the area of the mailroom premises and entry lobby located on the first floor of the Building (as bounded by the inside surface of the walls thereof, but excluding the area contained within the exterior walls of the Building stairs, fire towers, vertical ducts, elevator shafts, flues, vents, stacks and pipe shafts).

(b) As to each floor of the Building on which space is or will be leased to more than one tenant (hereinafter referred to as "Multi-Tenant Floor"), Rentable Area attributable to each such lease shall be the total of (i) the entire area included within the Premises covered by such lease, being the area bounded by the inside surface of any exterior glass walls (or the inside surface of the permanent exterior wall where there is no glass) of the Building bounding such Premises, the exterior of all walls separating such Premises from public corridors or other public areas on such floor, and the centerline of all walls separating such Premises from other areas leased or to be leased to other tenants on such floor, (ii) a pro rata portion (calculated on the basis of the Rentable Area of the floor) of the area covered by the elevator lobbies, corridors, restrooms, mechanical rooms, electrical rooms and telephone closets situated on such floor and (iii) if the Building has more than one floor, a pro rata portion (calculated on the basis of the entire Rentable Area of the Building) of the area of the mailroom premises and entry lobby located on the main entry floor of the Building (as bounded by the inside surface of the walls thereof).

(c) As to any storage space leased to a tenant, the Rentable Area shall be the entire area included within the storage space covered by such lease, being the area bounded by the inside surface of any permanent exterior wall of the Building bounding such storage space, the exterior of all walls separating such storage space from public corridors or other public areas on such floor, and the centerline of all walls separating such storage space from other areas leased or to be leased to other tenants on such floor. The Rentable Area of storage space shall not be included within the Premises for purposes of determining Tenant's Proportionate Share of Operating Costs.

EXHIBIT B
WORK LETTER

THIS WORK LETTER is attached as Exhibit B to the Office Lease between KBSIII Almaden Financial Plaza, LLC, a Delaware limited liability company, as Landlord, and Zoom Video Communications, Inc., a Delaware corporation, as Tenant, and constitutes the further agreement between Landlord and Tenant as follows:

(a) Landlord agrees to furnish or perform, at Landlord's sole cost and expense up to the maximum amount of \$352,780.00 (being \$20.00 per square foot of the initial Premises (i.e., being Suite 500 only) being leased hereunder) (the "Landlord Amount"), those items of construction and those improvements (the "Tenant Improvements") as set forth on the plans mutually approved by Landlord and Tenant as shown on Exhibit B-1 attached hereto and incorporated herein for all purposes, using building standard materials and methods of construction. For the avoidance of doubt, the Tenant Improvements shall only be performed on the initial Premises (i.e., being Suite 500 only) being leased hereunder and in no event shall Landlord have any obligation whatsoever to perform any Tenant Improvements with respect to the Suite 600 Space. Notwithstanding anything to the contrary in this Lease, in the event that the total cost of the Tenant Improvements (the "Cost of the Work") exceeds the Landlord Amount (the "Excess"), then prior to commencement of construction of the Tenant Improvements, Tenant shall forward to Landlord any such Excess. For purposes of determining the Cost of the Work, a construction management fee payable to Landlord equal to three percent (3%) of the hard and soft costs of the Tenant Improvements shall be factored into the Cost of the Work. Landlord shall obtain a written non-binding itemized estimate of the costs of all Tenant Improvements shown in Exhibit B-1 as prepared by a general contractor selected by Landlord. Tenant acknowledges that any cost estimates are prepared by the general contractor and Landlord shall not be liable to Tenant for any inaccuracy in any such estimate. Within five (5) business days after receipt of the written non-binding cost estimate prepared by the general contractor, Tenant shall either (A) give its written approval thereof and authorization to proceed with construction or (B) immediately request the Landlord's space planner to modify or revise the scope of the Tenant Improvements in any manner desired by Tenant to decrease the cost of the Tenant Improvements. If Tenant is silent during such five (5) business day period, then Tenant shall be deemed to have approved such non-binding cost estimate as set forth in Clause (A) above. If the scope of the Tenant Improvements are revised pursuant to Clause (B) above, then Landlord shall request that the general contractor provide a revised cost estimate to Tenant based upon the revisions to the scope of the Tenant Improvements. Such modifications and revisions shall be subject to Landlord's reasonable approval. Within ten (10) business days after receipt of the general contractor's original written cost estimate and the description, if any, of any Tenant Delay, Tenant shall give its final approval of the general contractor bid to Landlord which shall constitute authorization to commence the construction of the Tenant Improvements in accordance with Exhibit B-1, as modified or revised. Subject to the terms and provisions of this Work Letter, Landlord shall pay the cost of the Tenant Improvements, no later than the due dates reflected in the contractor invoices, up to the amount of the Landlord Amount and notwithstanding anything herein to the contrary, in no event shall Landlord be required to spend any monies in excess of the Landlord Amount in connection with completion of the Tenant Improvements. If the amount of the lowest qualified bid to perform the Tenant Improvements exceeds the Landlord Amount, Tenant shall bear the cost of such excess and shall pay the estimated cost of such excess to Landlord prior to commencement of construction of such Tenant Improvements and a final adjusting payment based upon the actual costs of the Tenant Improvements shall be made when the Tenant Improvements are completed. If the Cost of the Work is less than the Landlord Amount, then, subject to Paragraph (f) below, Tenant shall not receive any credit whatsoever for the difference between the actual Cost of the Work and the Landlord Amount. All remaining amounts due to Landlord shall be paid upon the earlier of Substantial Completion of the Tenant Improvements or presentation of a written statement of the sums due, which statement may be an estimate of the cost of any component of the Tenant Improvements.

(b) If Tenant shall desire any changes in the Tenant Improvements, Tenant shall so advise Landlord in writing and Landlord shall determine whether such changes can be made in a reasonable and feasible manner. Any and all costs of reviewing any requested changes, and any and all costs of making any changes to the Tenant Improvements (including a coordination fee payable to Landlord in the amount of three percent (3%) of the cost of such changes) which Tenant may request and which Landlord may agree to shall be at Tenant's sole cost and expense and shall be paid to Landlord upon demand and before execution of the change order (provided, however, to the extent any portion of the Landlord's Amount is then unused and available, Tenant may apply such unused amounts of the Landlord's Amount towards such change orders). Any such change orders requested by Tenant to the scope of the Tenant Improvements shall be subject to Landlord's prior written approval. Landlord hereby agrees that such change

orders (which are at Tenant's cost and expense but subject to application of any unused portion of the Landlord's Amount) may include a request by Tenant to repair or upgrade the air conditioning system in Suite 600 or to upgrade the access control system for the Premises; provided, however, such change orders shall be subject to Landlord's review and reasonable approval.

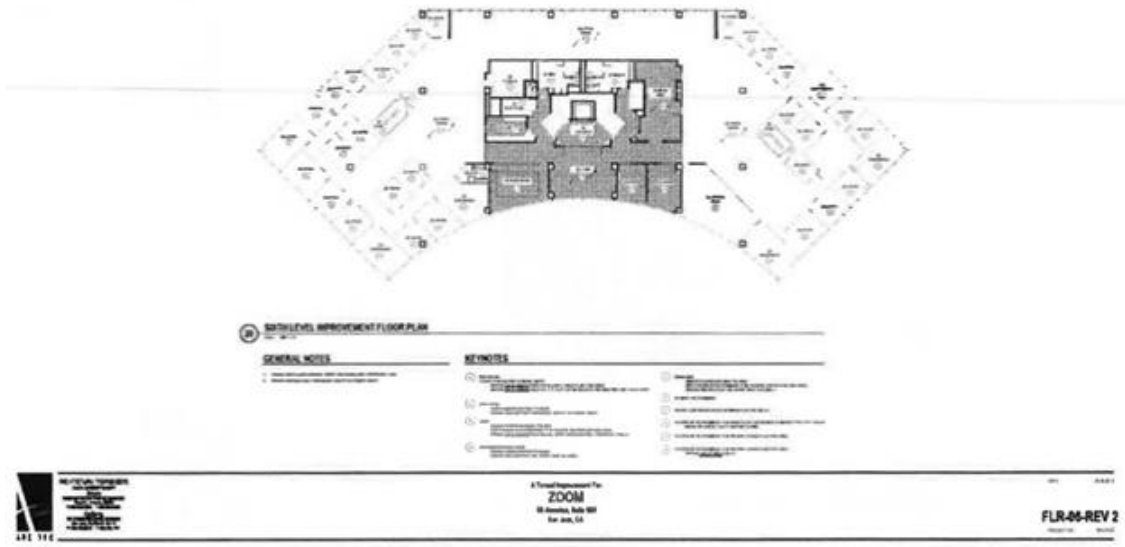
(c) Landlord shall proceed with and complete the construction of the Tenant Improvements. As soon as such improvements have been Substantially Completed, Landlord shall notify Tenant in writing of the date that the Tenant Improvements were Substantially Completed. The Tenant Improvements shall be deemed substantially completed ("Substantially Completed") when, in the opinion of the Landlord's architect (whether an employee or agent of Landlord or a third party architect) ("Architect"), the initial Premises (i.e., the Suite 500 portion) being leased by Tenant are substantially completed except for punch list items which do not prevent in any material way the use of such Premises for the purposes for which they were intended. In the event Tenant, its employees, agents, or contractors cause construction of such Tenant Improvements to be delayed, the date of Substantial Completion shall be deemed to be the date that, in the opinion of the Architect, Substantial Completion would have occurred if such delays had not taken place. Without limiting the foregoing, Tenant shall be solely responsible for delays caused by Tenant's request for any changes in the plans, Tenant's request for long lead items or Tenant's interference with the construction of the Tenant Improvements (each of the foregoing, a "Tenant Delay"), and such Tenant Delays shall not cause a deferral of the Commencement Date beyond what it otherwise would have been. After the Commencement Date Tenant shall, upon demand, execute and deliver to Landlord a letter of acceptance of delivery of the Premises. In the event of any dispute as to the Tenant Improvements, including the Commencement Date, the certificate of the Architect shall be conclusive absent manifest error.

(d) The failure of Tenant to take possession of or to occupy the Premises shall not serve to relieve Tenant of obligations arising on the Commencement Date or delay the payment of Rent by Tenant. Delay in putting Tenant in possession of the Premises shall not serve to extend the Lease Term of this Lease or to make Landlord liable for any damages arising therefrom.

(e) Except for incomplete punch list items, Tenant upon the Commencement Date shall have and hold the Premises as the same shall then be without any liability or obligation on the part of Landlord for making any further alterations or improvements of any kind in or about the Premises.

(f) Under Budget Amounts. Notwithstanding anything herein to the contrary, if the total Cost of the Work is less than the Landlord Amount (the difference between the Cost of the Work and the Landlord Amount being referred to herein as the "Under Budget Amount"), then Landlord agrees that, upon Tenant's written request and subject to the further terms of this Paragraph (f), Tenant shall have the right to have up to (but not to exceed) \$88,195.00 out of such Under Budget Amount disbursed to Tenant as a reimbursement of the actual out-of-pocket expenses paid by Tenant to third parties in connection with Tenant's move to the Premises, including space planning and design, built-in and movable furniture and the installation of Tenant's wiring and cabling in the Premises (the "Moving Reimbursement"); provided, however, in no event shall (x) the total amount advanced by Landlord to Tenant for the Moving Reimbursement exceed the lesser of the amount of the Under Budget Amount or \$88,195.00, and (y) the amount advanced by Landlord for the Cost of the Work and/or the Moving Reimbursement exceed the Landlord Amount. In the event Tenant desires any such reimbursement, Tenant shall notify Landlord of the amounts that Tenant wants reimbursed (which such request shall include actual copies of paid invoices reflecting amounts Tenant desires to have reimbursed) within sixty (60) days following the Commencement Date, and, notwithstanding anything herein to the contrary, if Tenant fails to so notify Landlord in writing of such amounts Tenant desires to have reimbursed within said sixty (60) day period, Tenant shall not be entitled to any such reimbursement and all such Under Budget Amount shall belong to Landlord and Tenant shall have no rights thereto.

EXHIBIT B-1
Description of Tenant Improvements



B-1-1



FFTH LEVEL DEMOTION FLOOR PLAN



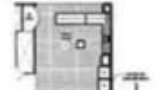
FFTH LEVEL DEMOTION FLOOR PLAN (AS-BUILT)

GENERAL NOTES

1. See General Notes to the Contract Documents.
2. See General Notes to the Contract Documents.
3. See General Notes to the Contract Documents.
4. See General Notes to the Contract Documents.
5. See General Notes to the Contract Documents.

REVISIONS

NO.	DATE	DESCRIPTION
1	08/11/11	ISSUED FOR PERMIT
2	08/11/11	ISSUED FOR PERMIT
3	08/11/11	ISSUED FOR PERMIT
4	08/11/11	ISSUED FOR PERMIT
5	08/11/11	ISSUED FOR PERMIT
6	08/11/11	ISSUED FOR PERMIT
7	08/11/11	ISSUED FOR PERMIT
8	08/11/11	ISSUED FOR PERMIT
9	08/11/11	ISSUED FOR PERMIT
10	08/11/11	ISSUED FOR PERMIT



FFTH LEVEL DEMOTION LAYOUT OPTION 2

ARCHITECT
ENGINEER
PLUMBER
ELECTRICIAN
Mechanical

As Issued Supplement For
ZOOM
 60000000, 60000000
 60000000, 60000000

FLR-06-REV2
 08/11/11

EXHIBIT C
STANDARDS FOR UTILITIES AND SERVICES

The following are the Project Standards for Utilities and Services. Landlord reserves the right to adopt such reasonable, nondiscriminatory modifications and additions hereto as it deems appropriate.

1. As long as Tenant is not in default under any of the terms, covenants, conditions, provisions or agreements of this Lease, Landlord shall, subject to the limitations and provisions hereinafter set forth in this Exhibit C:

(a) Provide automatic elevator facilities on Monday through Friday from 8:00 A.M. to 7:00 P.M., excepting state and federal holidays (hereinafter referred to as "Business Hours"), and provide one (1) automatic elevator at all other times.

(b) Provide to the Premises, during Business Hours (and at other times for an additional charge to be fixed by Landlord), heating, ventilation, and air conditioning (HVAC), when and to the extent, in the judgment of Landlord, any of such services may be required for the comfortable occupancy of the Premises for general office purposes. Landlord shall not be responsible for room temperatures and conditions in the Premises if the lighting and receptacle load for Tenant's equipment and fixtures exceed those listed in Paragraph (c) hereof, if the Premises are used for other than general office purposes or if the Building standard blinds or curtains in the Premises are not closed so as to screen the sun's rays.

(c) Furnish to the Premises, during Business Hours, electric current for routine lighting and the operation of general office machines such as typewriters, dictating equipment, desk model adding machines, and the like, which use 110 volt electric power, not to exceed the reasonable capacity of Building standard office lighting and receptacles, and not in excess of limits imposed or recommended by governmental authority.

(d) Provide janitorial services to the Premises Monday through Friday (except state and federal holidays), provided the same are used exclusively for the uses permitted under the foregoing Lease, and are kept reasonably in order by Tenant. Tenant shall pay to Landlord the cost of removal of any of Tenant's refuse and rubbish, to the extent that the same exceeds the refuse and rubbish which generally would be produced by the use of the Premises for general office purposes.

2. No data processing equipment, other special electrical equipment (excluding personal computers utilizing 110 volt electric power), air conditioning or heating units, or plumbing additions shall be installed, nor shall any changes to the Building HVAC, electrical or plumbing systems be made without the prior written consent of Landlord, which consent shall be subject to Landlord's sole and absolute discretion. In the case of any such change, Landlord reserves the right to designate and/or approve the contractor to be used. Any permitted installations shall be made under Landlord's supervision.

3. Landlord shall not provide reception outlets or television or radio antennas for television or radio broadcast reception, and Tenant shall not install any such equipment without prior written approval from Landlord.

4. Tenant will not, without the prior written consent of Landlord, use any apparatus, machine or device in the Premises, including, without limitation, duplicating machines, electronic data processing machines, punch card machines and machines using current in excess of 110 volts, which will in any way increase the amount of electricity or water usually furnished or supplied for use of the Premises as general office space, nor connect with electric current, except through existing electrical outlets in the Premises, any apparatus or device for the purpose of using electric current in excess of that usually furnished or supplied for use of the Premises as general office space.

5. Tenant agrees to cooperate fully at all times with Landlord, and to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of the Building HVAC, electrical, plumbing and other systems. Tenant shall comply with all laws, statutes, ordinances and governmental rules and regulations now in force or which may hereafter be enacted or promulgated in connection with Building services furnished to the Premises, including, without limitation, any governmental rule or regulation relating to the heating and cooling of the Building.

EXHIBIT D
BUILDING RULES AND REGULATIONS

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways and corridors of halls shall not be obstructed or used for any purpose other than ingress and egress. The halls, passages, entrances, elevators, stairways, balconies and roof are not for the use of the general public, and the Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence, in the judgment of the Landlord, shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom the Tenant normally deals only for the purpose of conducting its business in the Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are engaged in illegal activities. No tenant and no employees of any tenant shall go upon the roof of the Building without the written consent of Landlord.
2. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard window coverings. All electrical ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent, of a quality, type, design and bulb color approved by Landlord. Neither the interior nor the exterior of any windows shall be coated or otherwise sunscreensed without the written consent of Landlord.
3. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by any tenant on, about or from any part of the Premises, the Building or the Project without the prior written consent of the Landlord. If the Landlord shall have given such consent at the time, whether before or after the execution of this Lease, such consent shall in no way operate as a waiver or release of any of the provisions hereof or of this Lease, and shall be deemed to relate only to the particular sign, advertisement or notice so consented to by the Landlord and shall not be construed as dispensing with the necessity of obtaining the specific written consent of the Landlord with respect to each and every such sign, advertisement or notice other than the particular sign, advertisement or notice, as the case may be, so consented to by the Landlord. In the event of the violation of the foregoing by any tenant, Landlord may remove or stop same without any liability, and may charge the expense incurred in such removal or stopping to such tenant. Interior signs on doors and the directory tablet shall be inscribed, painted or affixed for each tenant by the Landlord at the expense of such tenant, and shall be of a size, color and style acceptable to the Landlord. The directory tablet will be provided exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names therefrom. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering.
4. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into halls, passageways or other public places in the Building shall not be covered or obstructed by any tenant, nor shall any bottles, parcels or other articles be placed on the window sills. Tenant shall see that the windows, transoms and doors of the Premises are closed and securely locked before leaving the Building and must observe strict care not to leave windows open when it rains. Tenant shall exercise extraordinary care and caution that all water faucets or water apparatus are entirely shut off before Tenant or Tenant's employees leave the Building, and that all electricity, gas or air shall likewise be carefully shut off, so as to prevent waste or damage. Tenant shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system by closing window coverings when the sun's rays fall directly on the windows of the Premises. Tenant shall not tamper with or change the setting of any thermostats or temperature control valves.
5. The toilet rooms, water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they were considered, and no sweepings, rubbish, rags or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by the tenant who, or whose subtenants, assignees or any of their servants, employees, agents, visitors or licensees shall have caused the same.
6. No tenant shall mark, paint, drill into, or in any way deface any part of the Premises, the Building or the Project. No boring, cutting or stringing of wires or laying of linoleum or other similar floor coverings shall be permitted, except with the prior written consent of the Landlord and as the Landlord may direct.

7. No bicycles, vehicles, birds or animals of any kind shall be brought into or kept in or about the Premises, and no cooking shall be done or permitted by any tenant on the Premises, except that the preparation of coffee, tea, hot chocolate and similar items (including those suitable for microwave heating) for tenants and their employees shall be permitted, provided that the power required therefor shall not exceed that amount which can be provided by a 30 amp circuit. No tenant shall cause or permit any unusual or objectionable odors to be produced or permeate the Premises. Smoking or carrying lighted cigars, cigarettes or pipes in the Building is prohibited.

8. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the permitted use of the Premises. No tenant shall occupy or permit any portion of the Premises to be occupied as an office for a public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco (except by a cigarette vending machine for use by Tenant's employees) in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau, without the express written consent of Landlord. No tenant shall engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.

9. No tenant shall make, or permit to be made any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, phonograph, unusual noise, or in any other way. No tenant shall throw anything out of doors, windows or skylights or down the passageways.

10. No tenant, subtenant or assignee nor any of their servants, employees, agents, visitors or licensees shall at any time bring or keep upon the Premises any flammable, combustible or explosive fluid, chemical or substance.

11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in existing locks or the mechanisms thereof. Each tenant must, upon the termination of his tenancy, restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, such tenant and in the event of the loss of keys so furnished, such tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

12. All removals, or the carrying in or out of any safes, freight, furniture, or bulky matter of any description must take place during the hours which Landlord shall determine from time to time, without the express written consent of Landlord. The moving of safes or other fixtures or bulky matter of any kind must be done upon previous notice to the Project Management Office and under its supervision, and the persons employed by any tenant for such work must be acceptable to the Landlord, Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky articles which violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part. Landlord reserves the right to prescribe the weight and position of all safes, which must be placed upon supports approved by Landlord to distribute the weight.

13. No tenant shall purchase spring water, ice, towel, janitorial maintenance or other similar services from any person or persons not approved by Landlord.

14. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's opinion, tends to impair the reputation of the Building or the Project or its desirability as an office location, and upon written notice from Landlord, any tenant shall refrain from or discontinue such advertising.

15. Landlord reserves the right to exclude from the Building between the hours of 6:00 P.M. and 7:00 A.M. and at all hours on Saturday, Sunday and legal holidays all persons who do not present a pass or card key to the Building approved by the Landlord. Each tenant shall be responsible for all persons who enter the Building with or at the invitation of such tenant and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of an invasion, mob riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right, without abatement of Rent, to require all persons to vacate the Building and to prevent access to the Building during the continuance of the same for the safety of the tenants, the protection of the Building, and the property in the Building.

16. Any persons employed by any tenant to do janitorial work shall, while in the Building and outside of the Premises, be subject to and under the control and direction of the Project Management Office (but not as an agent or servant of said Office or of the Landlord), and such tenant shall be responsible for all acts of such persons.
17. All doors opening onto public corridors shall be kept closed, except when in use for ingress and egress.
18. The requirements of Tenant will be attended to only upon application to the Project Management Office.
19. Canvassing, soliciting and peddling in the Building are prohibited and each tenant shall report and otherwise cooperate to prevent the same.
20. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise or annoyance.
21. No air conditioning unit or other similar apparatus shall be installed or used by any tenant without the written consent of Landlord.
22. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks, except those equipped with rubber tires and rubber side guards.
23. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of Landlord.
24. The scheduling of tenant move-ins shall be subject to the reasonable discretion of Landlord.
25. If the Tenant desires telephone or telegraph connections, the Landlord will direct electricians as to where and how the wires are to be introduced. No boring or cutting for wires or otherwise shall be made without direction from the Landlord.
26. The term "personal goods or services vendors" as used herein means persons who periodically enter the Building of which the Premises are a part for the purpose of selling goods or services to a tenant, other than goods or services which are used by the Tenant only for the purpose of conducting its business in the Premises. "Personal goods or services" include, but are not limited to, drinking water and other beverages, food, barbering services and shoe shining services. Landlord reserves the right to prohibit personal goods and services vendors from access to the Building except upon Landlord's prior written consent and upon such reasonable terms and conditions, including, but not limited to, the payment of a reasonable fee and provision for insurance coverage, as are related to the safety, care and cleanliness of the Building, the preservation of good order thereon, and the relief of any financial or other burden on Landlord or other tenants occasioned by the presence of such vendors or the sale by them of personal goods or services to the Tenant or its employees. If necessary for the accomplishment of these purposes, Landlord may exclude a particular vendor entirely or limit the number of vendors who may be present at any one time in the Building.
27. The Building is a non-smoking building. Smoking is prohibited at all times within the entire Building, including all leased premises, as well as all public/common areas and parking areas for the Building, including any attached parking garage structure. This prohibition applies during business and non-business hours to restrooms, elevators, elevator lobbies, first floor lobby, stairwells, common hallways, the lunch room and any other public/common area, as well as to all areas within the Leased Premises by Tenants. Smoking is only permitted in the designated smoking area outside the Building and away from the entrances to the Building.

28. The Building and Project is a weapons free environment. No tenant, owner of a tenant, officer or employee of a tenant, visitor of tenant, contractor or subcontractor of tenant, or any other party shall carry weapons (concealed or not) of any kind in the building, or parking areas. This prohibition applies to all public areas, including without limitation, restrooms, elevators, elevator lobbies, first floor lobby, stairwells, common hallways, all areas within the leased premises of tenants, all surface parking areas and the surrounding land related to the building.

EXHIBIT E
FORM ESTOPPEL CERTIFICATE

The undersigned, _____, a _____ (“**Tenant**”), the tenant under that certain Office Lease dated _____, between Tenant and _____, a _____, as landlord (“**Landlord**”) hereby certifies as follows:

1. The Premises (the “**Premises**”) under the Lease is Suite _____, _____.
2. The Lease is in full force and effect and has not been modified or amended in any respect except by amendments dated _____ (copies of which are attached).
3. The Lease has not been assigned, encumbered, subleased or transferred in any manner other than: _____

_____.
4. The Commencement Date of the Lease is _____ and the expiration date of the Lease is _____. There are no options to extend the Lease Term beyond such expiration date other than _____.
5. The present monthly rental under the Lease is \$_____. The sum of \$_____, representing ___ month’s Rent has been paid in advance.
6. The security deposit held by Landlord under the Lease is \$_____.
7. Rent under the Lease has been paid through the month of _____. Tenant’s estimated share of Operating Costs payments have been paid through _____.
8. The Premises are presently occupied by Tenant.
9. Tenant has accepted the Premises without condition or qualification under the Lease and Landlord has completed and complied with all conditions of such acceptance.
10. To the best knowledge of Tenant, neither it nor the Landlord is in default (or will be in default following the delivery of notice, the passage of time, or both) or claims a default by the other under the Lease, or has any claims, defenses, or rights of offset against payment of Rent under the Lease, except as follows:
11. Tenant acknowledges that Landlord has the right to assign the Lease and the Rent thereunder and to sell, assign, transfer, mortgage or otherwise encumber the Project without the consent of Tenant.
12. Tenant makes this statement for the benefit and protection of _____ with the understanding that _____ intends to rely on this statement in connection with _____.

IN WITNESS WHEREOF, this certificate has been executed and delivered by the authorized officers or representatives of the undersigned as of

_____.

“TENANT”

_____,
a _____

By: _____

Name: _____

Title: _____

EXHIBIT F
TENANT COMMENCEMENT CERTIFICATE

To: _____ (“Landlord”)

From: _____ (“Tenant”)

Date: _____, 20__

RE: Property Address: _____

The undersigned, as an authorized representative of the Tenant under that certain Lease (the “Lease”) dated _____, 20__, as modified (if applicable) by amendment(s) dated _____, 20__, hereby certified that:

1. Tenant has accepted possession and entered into occupancy of the Premises described in the Lease as of _____, 20__.
2. The Commencement Date of the Lease [or the commencement of the term for the expansion of the Premises] was/is: _____, 20__.
3. The Termination Date of the Lease is: _____, 20__.
4. The Lease is in full force and effect.

Very truly yours,

TENANT

_____,
a _____

By: _____
Name: _____
Title: _____

EXHIBIT G

AMERICANS WITH DISABILITIES ACT

Tenant agrees to comply with all requirements of the Americans With Disabilities Act of 1990 (Public Law 101-336 {July 26, 1990}), and any other applicable or related law, code or ordinance applicable to the Premises and the Project, as the same are amended from time to time (collectively, the "Disability Acts"), to accommodate its employees, invitees and customers. Tenant acknowledges that it shall be wholly responsible for any accommodations or alterations which need to be made to the Premises to cause the same to comply with the Disability Acts. No provision in this Lease should be construed in any manner as permitting, consenting to or authorizing Tenant to violate requirements under any of the Disability Acts and any provision to the Lease which could arguably be construed as authorizing a violation of any of the Disability Acts shall be interpreted in a manner which permits compliance with such Disability Acts.

EXHIBIT H

FORM OF LETTER OF CREDIT

[BANK]

BENEFICIARY:

KBSIII Almaden Financial Plaza, LLC

APPLICANT:

Zoom Video Communications, Inc., a Delaware corporation

AMOUNT: USD \$250,473.80 (TWO HUNDRED FIFTY THOUSAND FOUR HUNDRED SEVENTY-THREE AND 80/100 DOLLARS)

Ladies and Gentlemen:

We hereby issue this Irrevocable Standby Letter of Credit No. _____ (“Letter of Credit”) in your favor for the account of Zoom Video Communications, Inc., a Delaware corporation (“Tenant”) for a sum not to exceed an aggregate amount of \$250,473.80 effective immediately and expiring at our office at on (“Expiry Date”). Notwithstanding anything herein to the contrary, this Letter of Credit shall automatically renew on a year-to-year basis, the first such renewal commencing on the day immediately following the Expiry Date unless we notify you (Beneficiary) in writing at least thirty (30) days prior to the Expiry Date (or the applicable subsequent Expiry Date, following any such renewal) that we will not renew this Letter of Credit. Partial Drawings are permitted hereunder, and each drawing under this Letter of Credit shall permanently reduce the face amount of this Letter of Credit by the amount of such drawing.

We undertake that drawings under this Letter of Credit will be duly honored upon presentation to us at our office indicated above on any Business Day (as defined below) on or before the Expiry Date of your sight draft(s) drawn on us, bearing the clause: “Drawn under _____ Irrevocable Standby Letter of Credit No. _____”, together with a statement in the form of Annex A (as stated below) purportedly executed by your authorized officer and regardless of whether Tenant disputes the content of such statement. Payment will be made hereunder not later than 1:00 p.m. Pacific Standard time on the third Business Day (as defined below) following the date such demand for payment is presented as aforesaid. Payment of any amount drawn under this Letter of Credit will be made in immediately available funds by wire transfer to such account as you shall specify or in such other manner as you specify in the sight draft presented to us with respect to such payment. For purposes of this Letter of Credit, the term “Business Day” shall mean a day upon which banks in San Francisco, California are open for commercial business.

This Letter of Credit is transferable or assignable, with notice to, but without permission or approval of _____ Bank, in full and not in part.

This Letter of Credit sets forth in full the terms of our undertaking and such undertaking shall not in any way be modified, amended or amplified by reference to any document or instrument referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates and any such reference shall not be deemed to incorporate herein by reference to any document or instrument.

Except as stated herein, this undertaking is not subject to any condition or qualification. Our obligations under this Letter of Credit shall be the individual obligation of _____ Bank, in no way contingent upon reimbursement with respect thereto.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No. 500 ("ISP 98") and, to the extent not inconsistent with the ISP 98, the laws of the State of California.

ANNEX A

CERTIFICATE RELATING TO _____ BANK
IRREVOCABLE LETTER OF CREDIT NO. _____

KBSIII ALMADEN FINANCIAL PLAZA, LLC, a Delaware limited liability company ("Landlord") hereby requests payment of _____ United States Dollars (U.S. \$____) pursuant to Letter of Credit No. _____ ("Letter of Credit") dated _____.

In connection with such request, the Landlord hereby certifies that either (i) Tenant has not complied with the terms and conditions of that certain Lease dated _____, 2016, entered into by and between KBSIII ALMADEN FINANCIAL PLAZA, LLC, as landlord, and Zoom Video Communications, Inc., a Delaware corporation, as tenant, or (ii) Landlord has received written notice that the Letter of Credit will not be renewed.

"LANDLORD"

**KBSIII ALMADEN FINANCIAL PLAZA, LLC,
a Delaware limited liability company**

**By: KBS Capital Advisors, LLC,
a Delaware limited liability company,
as its authorized agent**

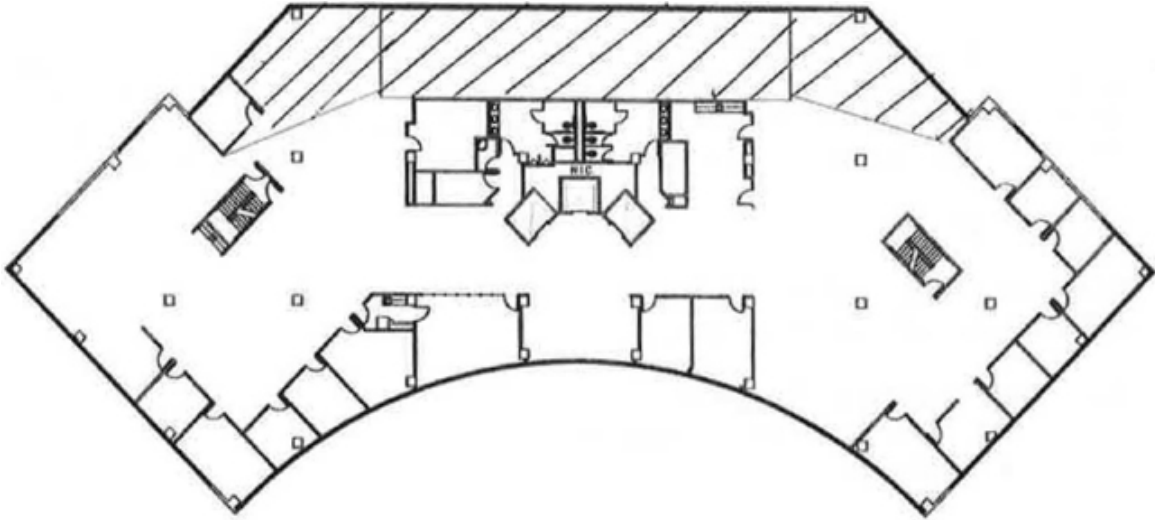
By: _____

Name: _____

Title: _____

Dated: _____, 20__

EXHIBIT I
LOCATION OF ADDITIONAL SUITE 600 VAV BOXES




I-1

EXHIBIT J
PRE-APPROVED LOCATION OF SIGNAGE

48" high face illuminated channel letters (overall length 17.5') **zoom**
 (photo did not depict a lot of the building on the right- added extra "building" for view only)



	PLEASE REVIEW CAREFULLY. This layout is exactly what your sign will look like. This proof may not represent the true color of your sign. Please confirm with your salesperson on picking colors prior to confirming. BY YOUR SIGNATURE, YOU ARE APPROVING CONTENT, COLORS, SPELLING, SIZE, ETC...	COMPANY:	DESIGNER:
			APPROVED: X
			DATE:

15330 LOS GATOS BOULEVARD LOS GATOS, CALIFORNIA 95032 | VC: 408.358.1218 | FX: 408.358.1565 | www.prosigns.com

ADDENDUM ONE

TWO RENEWAL OPTIONS AT MARKET
ATTACHED TO AND A PART OF THE LEASE AGREEMENT

BY AND BETWEEN

KBSIII ALMADEN FINANCIAL PLAZA, LLC

and

ZOOM VIDEO COMMUNICATIONS, INC.

(a) Provided that as of the time of the giving of the First Extension Notice and the Commencement Date of the First Extension Term, (i) Tenant is the Tenant originally named herein, (ii) Tenant actually occupies all of the Premises initially demised under this Lease and any space added to the Premises (including the Suite 600 Space), and (iii) no event of default exists or would exist but for the passage of time or the giving of notice, or both; then Tenant shall have the right to extend the Lease Term for the entirety of the Premises for an additional term of five (5) years (such additional term is hereinafter called the "First Extension Term") commencing on the day following the expiration of the Lease Term (hereinafter referred to as the "Commencement Date of the First Extension Term"). Tenant must give Landlord notice (hereinafter called the "First Extension Notice") of its election to extend the term of the Lease Term at least six (6) months, but not more than nine (9) months, prior to the scheduled expiration date of the Lease Term.

(b) Provided that as of the time of the giving of the Second Extension Notice and the Commencement Date of the Second Extension Term, (i) Tenant is the Tenant originally named herein, (ii) Tenant actually occupies all of the Premises initially demised under this Lease and any space added to the Premises (including the Suite 600 Space), and (iii) no event of default exists or would exist but for the passage of time or the giving of notice, or both and provided Tenant has exercised its option for the First Extension Term; then Tenant shall have the right to extend the Lease Term for the entirety of the Premises for an additional term of five (5) years (such additional term is hereinafter called the "Second Extension Term") commencing on the day following the expiration of the First Extension Term (hereinafter referred to as the "Commencement Date of the Second Extension Term"). Tenant must give Landlord notice (hereinafter called the "Second Extension Notice") of its election to extend the term of the Lease Term at least six (6) months, but not more than nine (9) months, prior to the scheduled expiration date of the First Extension Term.

(c) The Basic Annual Rent payable by Tenant to Landlord during the First Extension Term shall be the then prevailing market rate for comparable space in the Project and comparable buildings in the Downtown San Jose area, taking into account the size of the Lease, the length of the renewal term, market escalations and the credit of Tenant. The Basic Annual Rent shall not be reduced by reason of any costs or expenses saved by Landlord by reason of Landlord's not having to find a new tenant for such premises (including, without limitation, brokerage commissions, costs of improvements, rent concessions or lost rental income during any vacancy period). In the event Landlord and Tenant fail to reach an agreement on such rental rate and execute the Amendment (defined below) at least five (5) months prior to the expiration of the Lease, then Tenant's exercise of the renewal option shall be deemed withdrawn and the Lease shall terminate on its original expiration date.

(d) The Basic Annual Rent payable by Tenant to Landlord during the Second Extension Term shall be the then prevailing market rate for comparable space in the Project and comparable buildings in the Downtown San Jose area, taking into account the size of the Lease, the length of the renewal term, market escalations and the credit of Tenant. The Basic Annual Rent shall not be reduced by reason of any costs or expenses saved by Landlord by reason of Landlord's not having to find a new tenant for such premises (including, without limitation, brokerage commissions, costs of improvements, rent concessions or lost rental income during any vacancy period). In the event Landlord and Tenant fail to reach an agreement on such rental rate and execute the Amendment (defined below) at least five (5) months prior to the expiration date of the First Extension Term, then Tenant's exercise of the renewal option shall be deemed withdrawn and the Lease shall terminate at the end of the First Extension Term.

(e) The determination of Basic Annual Rent does not reduce the Tenant's obligation to pay or reimburse Landlord for Operating Costs and other reimbursable items as set forth in the Lease, and Tenant shall reimburse and pay Landlord as set forth in the Lease with respect to such Operating Costs and other items with respect to the Premises during the First Extension Term and/or the Second Extension Term without regard to any cap on such costs and/or expenses set forth in the Lease.

(f) Except for the Basic Annual Rent during the First Extension Term as determined above, Tenant's occupancy of the Premises during the First Extension Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the initial Lease Term; provided, however, Tenant shall have no further right to any allowances, credits or abatements or any options to expand, contract, terminate, renew or extend the Lease. Except for the Basic Annual Rent during the Second Extension Term as determined above, Tenant's occupancy of the Premises during the Second Extension Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the First Extension Term; provided, however, Tenant shall have no further right to any allowances, credits or abatements or any options to expand, contract, terminate, renew or extend the Lease.

(g) If Tenant does not give the First Extension Notice within the period set forth in Paragraph (a) above, Tenant's right to extend the Lease Term for the First Extension Term and the Second Extension Term shall automatically terminate. If Tenant does not give the Second Extension Notice within the period set forth in Paragraph (b) above, Tenant's right to extend the Lease Term for the Second Extension Term shall automatically terminate. Time is of the essence as to the giving of the First Extension Notice and the Second Extension Notice.

(h) Landlord shall have no obligation to refurbish or otherwise improve the Premises for the First Extension Term and/or the Second Extension Term. The Premises shall be tendered on the Commencement Date of the First Extension Term and the Commencement Date of the Second Extension Term in "as-is", "where-is", and "with all faults" condition.

(i) If the Lease is extended for either the First Extension Term or the Second Extension Term, then Landlord shall prepare and Tenant shall execute an amendment to the Lease confirming the extension of the Lease Term and the other provisions applicable thereto (the "Amendment").

(j) If Tenant exercises its right to extend the term of the Lease for the First Extension Term or the Second Extension Term pursuant to this Addendum One, the term "Lease Term" as used in the Lease, shall be construed to include, when practicable, the First Extension Term or the Second Extension Term, as applicable, except as provided in Paragraph (f) above.

Addendum One-2

ADDENDUM TWO

ONE-TIME RIGHT OF FIRST OFFER
ATTACHED TO AND A PART OF THE LEASE AGREEMENT

BY AND BETWEEN

KBSIII ALMADEN FINANCIAL PLAZA, LLC

and

ZOOM VIDEO COMMUNICATIONS, INC.

(a) “Offered Space” shall mean a minimum of one (1) full floor of leasable area in the Building, which is not already included in the Premises. For the avoidance of doubt, this one-time right of first offer shall not be triggered unless at least one (1) full floor in the Building is available (i.e., meaning if less than a full floor is available then Landlord shall be permitted to lease such partial floor without triggering Tenant’s right of first offer hereunder); provided, however, as set forth below in Paragraph (d), if Landlord desires to lease more than just the Offered Space to one tenant, Landlord may offer to Tenant pursuant to the terms hereof all such space which Landlord desires to lease, and Tenant must exercise its rights hereunder with respect to all such space and may not insist on receiving an offer for just the Offered Space. This is a one-time right and Landlord shall only be required to provide one (1) First Offer Notice to Tenant, irrespective if Tenant ultimately elects to exercise its right of first offer in response to such First Offer Notice or waive its rights under this Addendum Two in response to this First Offer Notice.

(b) Provided that as of the date of the giving of the First Offer Notice, (i) Tenant is the Tenant originally named herein, (ii) Tenant actually occupies all of the Premises originally demised under this Lease and any premises added to the Premises, and (iii) no event of default or event which but for the passage of time or the giving of notice, or both, would constitute an event of default has occurred and is continuing, if at any time during the Lease Term any portion of the Offered Space is vacant and unencumbered by any rights of any third party, then Landlord, before offering such Offered Space to anyone, other than the tenant then occupying such space (or its affiliates), shall offer to Tenant the right to include the Offered Space within the Premises on the same terms and conditions upon which Landlord intends to offer the Offered Space for lease. Notwithstanding anything to the contrary in the Lease, the right of first offer granted to Tenant under this Addendum Two shall be subject and subordinate to (i) the rights of all tenants at the Project under existing leases, and (ii) the herein reserved right of Landlord to renew or extend the term of any lease with the tenant then occupying such space (or any of its affiliates), whether pursuant to a renewal or extension option in such lease or otherwise.

(c) Such offer shall be made by Landlord to Tenant in a written notice (hereinafter called the “First Offer Notice”) which offer shall designate the space being offered and shall specify the terms which Landlord intends to offer with respect to any such Offered Space. Tenant may accept the offer set forth in the First Offer Notice by delivering to Landlord an unconditional acceptance (hereinafter called “Tenant’s Notice”) of such offer within five (5) business days after delivery by Landlord of the First Offer Notice to Tenant. Time shall be of the essence with respect to the giving of Tenant’s Notice. If Tenant does not accept (or fails to timely accept) an offer made by Landlord pursuant to the provisions of this Addendum Two with respect to the Offered Space designated in the First Offer Notice and execute the Amendment (defined below) within thirty (30) days after the delivery of the First Offer Notice, then Landlord shall be under no further obligation with respect to this Addendum Two. In addition, if Tenant does timely deliver a Tenant’s Notice in response to a First Offer Notice and thereafter timely executes an Amendment, this Addendum Two shall similarly be deemed deleted and of no further force or effect since this right of first offer is only a one-time right.

(d) Tenant must accept all Offered Space offered by Landlord at any one time if it desires to accept any of such Offered Space and may not exercise its right with respect to only part of such space. In addition, if Landlord desires to lease more than just the Offered Space to one tenant, Landlord may offer to Tenant pursuant to the terms hereof all such space which Landlord desires to lease, and Tenant must exercise its rights hereunder with respect to all such space and may not insist on receiving an offer for just the Offered Space.

Addendum Two-1

(e) If Tenant at any time declines any Offered Space offered by Landlord, Tenant shall be deemed to have irrevocably waived all further rights under this Addendum Two, and Landlord shall be free to lease the Offered Space to third parties including on terms which may be less favorable to Landlord than those offered to Tenant.

(f) In the event that Tenant exercises its rights to any Offered Space pursuant to this Addendum Two, then Landlord shall prepare, and Tenant shall execute, an amendment to the Lease which confirms such expansion of the Premises and the other provisions applicable thereto (the "Amendment").

Addendum Two-2

ADDENDUM THREE

CANCELLATION OPTION
ATTACHED TO AND A PART OF THE LEASE AGREEMENT

BY AND BETWEEN

KBSIII ALMADEN FINANCIAL PLAZA, LLC

and

ZOOM VIDEO COMMUNICATIONS, INC.

Provided no event of default shall then exist under the Lease and no condition shall then exist which with the passage of time or giving of notice, or both, would constitute an event of default under the Lease, Tenant shall have the right at any time on or before the last day of the thirtieth (30th) full calendar month following the Commencement Date to send Landlord irrevocable written notice (the "Termination Notice") that Tenant has elected to terminate this Lease, effective on the last day of the thirty-sixth (36th) full calendar month following the Commencement Date ("Termination Date").

If Tenant elects to terminate this Lease pursuant to the immediately preceding sentence, the effectiveness of such termination shall be conditioned upon Tenant paying to Landlord, simultaneously with Tenant's delivery of the Termination Notice to Landlord, a termination fee equal to the sum of \$321,753.64 (collectively the "Termination Fee"). Such Termination Fee is consideration for Tenant's option to terminate and shall not be applied to Rent or any other obligation of Tenant. Except as otherwise expressly set forth in this Lease, Landlord and Tenant shall be relieved of all obligations accruing under this Lease after the Termination Date, but not any obligations accruing under the Lease prior to the effective date of such termination. Both Landlord and Tenant acknowledge and agree that it would be impracticable or extremely difficult to affix damages if Tenant terminates this Lease and that the Termination Fee set forth above represents a reasonable estimate of Landlord's damages in the event Tenant terminates this Lease under this Addendum. If Tenant does not timely deliver the Termination Notice or Termination Fee to Landlord, then this termination option shall become null and void and the Lease shall continue in full force and effect.

Addendum Three-1

LEASE OF PREMISES	2
BASIC LEASE PROVISIONS	2
STANDARD LEASE PROVISIONS	6
1. TERM	6
2. BASIC ANNUAL RENT AND SECURITY DEPOSIT	7
3. ADDITIONAL RENT	8
4. IMPROVEMENTS AND ALTERATIONS	13
5. REPAIRS	14
6. USE OF PREMISES	15
7. UTILITIES AND SERVICES	17
8. NON-LIABILITY AND INDEMNIFICATION OF LANDLORD; INSURANCE	18
9. FIRE OR CASUALTY	20
10. EMINENT DOMAIN	21
11. ASSIGNMENT AND SUBLETTING	22
12. DEFAULT	24
13. ACCESS; CONSTRUCTION	26
14. BANKRUPTCY	27
15. SUBSTITUTION OF PREMISES	27
16. SUBORDINATION; ATTORNMENT; ESTOPPEL CERTIFICATES	28
17. SALE BY LANDLORD; TENANT’S REMEDIES; NONRECOURSE LIABILITY	29
18. PARKING; COMMON AREAS	30
19. MISCELLANEOUS	31

LIST OF EXHIBITS

Exhibit A-1	Floor Plan(s)
Exhibit A-2	Legal Description of the Project
Exhibit A-3	Rentable Area
Exhibit B	Work Letter
Exhibit B-1	Description of Tenant Improvements
Exhibit C	Utilities and Services
Exhibit D	Building Rules and Regulations
Exhibit E	Form Estoppel Certificate
Exhibit F	Tenant Commencement Certificate
Exhibit G	ADA
Exhibit H	Form of Letter of Credit
Exhibit I	Location of Suite 600 VAV Boxes
Exhibit J	Pre-Approved Location of Signage

Addendum One Two Renewal Options at Market
Addendum Two One-Time Right of First Offer
Addendum Three Cancellation Option

FIRST AMENDMENT TO OFFICE LEASE

This First Amendment to Office Lease (this "First Amendment") is entered into by and between **KBSIII ALMADEN FINANCIAL PLAZA, LLC**, a Delaware limited liability company ("Landlord"), and **ZOOM VIDEO COMMUNICATIONS, INC.**, a Delaware corporation ("Tenant"), and shall be effective on the date that Landlord executes this First Amendment (the "Effective Date").

WITNESSETH

WHEREAS, Landlord and Tenant entered into that certain Office Lease (the "Lease"), pursuant to which Tenant leases from Landlord certain premises containing 35,153 square feet of Rentable Area, designated as Suites 500 and 600, in the building located at 55 Almaden Boulevard, San Jose, California (the "Building"); and

WHEREAS, Tenant desires an increased allowance with respect to the Moving Reimbursement, and Landlord has agreed to permit the same in accordance with the terms of this First Amendment.

NOW, THEREFORE, pursuant to the foregoing, and for valuable consideration and in consideration of the mutual agreements contained herein and in the Lease, the receipt and sufficiency of which are hereby acknowledged, the Lease is hereby amended as follows:

- (a) Defined Terms: Lease. Capitalized terms used herein shall have the same meaning as defined in the Lease, unless otherwise defined in this First Amendment, and the recitals above are agreed to be true.
- (b) Moving Reimbursement. Landlord and Tenant agree that Tenant's maximum reimbursement, as originally set forth in Paragraph (f) of Exhibit B to the Lease, from the Under Budget Amount shall be increased from \$88,195.00 to \$132,292.50. For the avoidance of doubt, the Landlord Amount shall remain at \$352,780.00. In addition, (i) the phrase "within sixty (60) days following the Commencement Date" as set forth in the last sentence of Paragraph (f) of Exhibit B to the Lease shall be revised to be "by July 31, 2017" and (ii) the phrase "within said sixty (60) day period" as set forth in the last sentence of Paragraph (f) of Exhibit B to the Lease shall be revised to be "by July 31, 2017."
- (c) Landlord Amount Allocation. Subject to Tenant, at Tenant's sole cost and expense, obtaining written consent satisfactory to Landlord from Armanino LLP, which consent confirms that Landlord may construct a portion of the Tenant Improvements in the Suite 600 Space in accordance with the terms of Exhibit B, Landlord shall allow up to \$100,000.00 of the Landlord Amount to be used toward the Cost of the Work in connection with the Suite 600 Space. Landlord may require Armanino LLP to enter into a side-letter agreement with Landlord to confirm Armanino LLP's consent prior to constructing any Tenant Improvements in the Suite 600 Space. In the event Tenant is unable to obtain satisfactory evidence of Armanino LLP's consent to Landlord constructing a portion of the Tenant Improvements in the Suite 600 Space, then Landlord shall have no obligation to perform any work in the Suite 600 Space and this Paragraph (c) shall be rendered null and void.
- (d) Miscellaneous. With the exception of those terms and conditions specifically modified and amended herein, the herein referenced Lease shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this First Amendment and the terms and provisions of the Lease, the terms and provisions of this First Amendment shall supersede and control.
- (e) Counterparts/Facsimiles. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this First Amendment, the parties may execute and exchange telefaxed or e-mailed counterparts of the signature pages and such counterparts shall serve as originals.

[Signature Page Follows]

LANDLORD:

KBSIII ALMADEN FINANCIAL PLAZA, LLC,
a Delaware limited liability company

By: KBS Capital Advisors, LLC
a Delaware limited liability company

By: /s/ Brent Carroll
Brent Carroll, Senior Vice President

Date: 10/31/16

TENANT:

ZOOM VIDEO COMMUNICATIONS, INC.,
a Delaware corporation

By: /s/ Roy Benhorin
Name: Roy Benhorin
Title: Head of Finance
Date: 10/26/16

SECOND AMENDMENT TO OFFICE LEASE

This Second Amendment to Office Lease (this "Second Amendment") is made and entered into by and between **KBSIII ALMADEN FINANCIAL PLAZA, LLC**, a Delaware limited liability company ("Landlord"), and **ZOOM VIDEO COMMUNICATIONS, INC.**, a Delaware corporation ("Tenant"), and shall be effective for all purposes as of the date that Landlord executes this Second Amendment as reflected in the signature page below (the "Effective Date").

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Office Lease dated August 1, 2016 (the "Original Lease"), as amended by that certain First Amendment to Office Lease dated October 31, 2016 (the "First Amendment," the Original Lease, as so amended, being the "Lease"), pursuant to which Tenant is currently leasing from Landlord certain premises containing a total of 17,639 square feet of Rentable Area designated as Suite 500 (the "Suite 500 Space") in the building known as 55 Almaden Boulevard San Jose, California (the "Building");

WHEREAS, pursuant to the terms of the Lease, on November 1, 2018 (the "Suite 600 Commencement Date"), Tenant will commence to lease from Landlord on a direct basis that certain 17,514 square feet of Rentable Area designated as Suite 600 (the "Suite 600 Space") in the Building;

WHEREAS, Tenant desires to further expand the "Premises" under the Lease;

WHEREAS, Landlord and Tenant desire to expand the Premises and further amend the Lease as more particularly described hereinbelow;

NOW, THEREFORE, pursuant to the foregoing, and in consideration of the mutual covenants and agreements contained herein and in the Lease, the receipt and sufficiency of which are hereby acknowledged, the Lease is hereby amended as follows:

1. Defined Terms. All capitalized terms used herein shall have the same meaning as defined in the Lease, unless otherwise defined in this Second Amendment.
2. Expansion of Premises.
 - (a) Suite 400 Space. Landlord is currently leasing certain space containing approximately 17,576 square feet of Rentable Area designated as Suite 400 (the "Suite 400 Space") to Western Alliance Bank ("Western Bank") pursuant to a lease agreement (the "Western Bank Lease") scheduled to expire at a future date. Tenant is leasing the Suite 400 Space from Western Bank pursuant to a sublease agreement (the "Tenant's Sublease"), which is scheduled to expire on August 31, 2019. Concurrently herewith, Landlord is amending the Western Bank Lease in order to reduce the premises leased by Western Bank under the Western Bank Lease by the Suite 400 Space and as of the Effective Date hereof the Premises under the Lease is hereby deemed expanded by the Suite 400 Space (such date shall be known as the "Suite 400 Commencement Date"). The Suite 400 Space is more particularly shown in Exhibit A attached hereto and incorporated herein for all purposes.
 - (b) Suite 900 Space in One Almaden Boulevard. Effective as of January 1, 2019 (the "Suite 900 Commencement Date"), the Premises shall be expanded to include that certain 13,291 square foot of Rentable Area (the "Suite 900 Space") in that certain office building located in the Project having an address of One Almaden, San Jose, California (the "One Almaden Building"), for a term that is coterminous with the Lease Term, as extended pursuant to

Paragraph 3 below. The Suite 900 Space is more particularly shown in Exhibit A-1 attached hereto and incorporated herein for all purposes. Landlord shall relocate an existing tenant that is currently occupying a portion of the Suite 900 Space. Upon completing such relocation, then Landlord shall deliver possession of the Suite 900 Space to Tenant in order for Tenant to construct the Tenant Improvements pursuant to the work letter attached hereto as Exhibit B. In no event shall Landlord be liable to Tenant, nor shall Landlord be in default under this Lease in the event there is any delay in delivery of the Suite 900 Space to Tenant as a result of any holding over by any tenant currently occupying the Suite 900 Space. Notwithstanding the foregoing, if Landlord has not delivered possession of the Suite 900 Space to Tenant in the condition required herein on or before the date that is sixty (60) days following full execution of this Second Amendment, then, as Tenant's sole and exclusive remedy, for each day thereafter that Landlord has failed to deliver possession of the Suite 900 Space to Tenant, the Suite 900 Commencement Date shall be extended for one (1) day. With respect to the references to "Building" in the Lease, such references shall mean and refer to the One Almaden Building as the context requires with respect to the Suite 900 Space.

3. Lease Term. The Lease Term, which is currently scheduled to expire on August 31, 2021 (the "Existing Expiration Date"), is hereby extended for an additional period of time, commencing on September 1, 2021 (the "Extension Term Commencement Date") and continuing through and expiring on February 28, 2027 (the "Extension Term").
4. Confirmation of the Premises. For the time period from the Effective Date through the day immediately preceding the Suite 600 Commencement Date, the "Premises" under the Lease shall be deemed to contain a total of 35,215 square feet of Rentable Area consisting of the Suite 400 Space and the Suite 500 Space. Thereafter, commencing on the Suite 600 Space Commencement Date and continuing thereafter through the day immediately preceding the Suite 900 Commencement Date, the "Premises" shall contain a total of 52,729 square feet of Rentable Area consisting of the Suite 400 Space, Suite 500 Space and Suite 600 Space. Thereafter, commencing on the Suite 900 Space Commencement Date and continuing thereafter through the remainder of the Extension Term, the "Premises" shall contain a total of 66,020 square feet of Rentable Area, consisting of the Suite 400 Space, Suite 500 Space, Suite 600 Space and Suite 900 Space.
5. Basic Annual Rent.
 - (a) Suite 500 Space. Tenant shall continue to pay Basic Annual Rent with respect to the Suite 500 Space in accordance with the terms and conditions of the Lease through the Existing Expiration Date. Notwithstanding the foregoing to the contrary, in the event that Tenant elects the disbursement of the Landlord's Construction Allowance (as defined in Paragraph 6 below) allocable to the Suite 500 Space prior to the Existing Expiration Date, then, effective as of the date that Landlord disburses any portion of the Landlord's Construction Allowance attributable to the Suite 500 Space through the Existing Expiration Date, the Basic Annual Rent payable by Tenant with respect to the Suite 500 Space shall be equal to the following: (i) if such disbursement occurs prior to September 30, 2019, then from the date of the disbursement through September 30, 2019, Tenant shall pay Basic Annual Rent for the Suite 500 Space in an amount equal to \$73,201.85 (which is equal to \$4.15 per square foot of Rentable Area per month), (ii) if the disbursement has occurred, then, for the time period from October 1, 2019 through September 30, 2020, Tenant shall pay Basic Annual Rent for the Suite 500 Space in an amount equal to \$75,397.91 per month (which is equal to approximately \$4.27 per square foot of Rentable Area per month), and (iii) if the disbursement has occurred, then, for the time period from October 1, 2020 through the Existing Expiration Date, Tenant shall pay Basic Annual Rent for the Suite 500 Space in an amount equal to \$77,659.84 per month (which is equal to approximately \$4.40 per

square foot of Rentable Area per month). Any partial month shall be prorated on a per diem basis. In the event Landlord disburses any portion of the Landlord's Construction Allowance attributable to the Suite 500 Space prior to the Existing Expiration Date resulting in an adjustment of the Basic Annual Rent payable prior to the Existing Expiration Date as more particularly set forth above, then Landlord and Tenant shall execute a mutually agreeable rent confirmation letter agreement to document the date of such disbursement and the Basic Annual Rent payable for the Suite 500 Space prior to the Existing Expiration Date. Thereafter, commencing on the Extension Term Commencement Date and continuing thereafter through the Extension Term, the Basic Annual Rent payable with respect to the Suite 500 Space shall be as follows

<u>Period</u>	<u>Rate/rsf/month</u>	<u>Monthly Installment</u>
09/01/2021 – 12/31/2022	Approx. \$ 4.40	\$ 77,659.84
01/01/2023 – 12/31/2023	Approx. \$ 4.53	\$ 79,989.64
01/01/2024 – 12/31/2024	Approx. \$ 4.67	\$ 82,389.33
01/01/2025 – 12/31/2025	Approx. \$ 4.81	\$ 84,861.01
01/01/2026 – 12/31/2026	Approx. \$ 4.96	\$ 87,406.84
01/01/2027 – 02/28/2027	Approx. \$ 5.10	\$ 90,029.04

- (b) Suite 400 Space. The parties hereby agree that the intent is for the Tenant to continue to pay for the Suite 400 Space at the same rate that Tenant would have been obligated to pay under the Tenant's Sublease for the Suite 400 Space through August 31, 2019 (i.e., being the date that the Tenant's Sublease would have naturally expired upon its terms), which the parties stipulate and agree is equal to: (i) for the time period from the Effective Date through December 31, 2018, Tenant shall pay Basic Annual Rent for the Suite 400 Space in an amount equal to \$67,843.36 per month (which is equal to \$3.86 per square foot of Rentable Area per month), and (ii) for the time period from January 1, 2019 through August 31, 2019, Tenant shall pay Basic Annual Rent for the Suite 400 Space in an amount equal to \$69,952.48 per month (which is equal to \$3.98 per square foot of Rentable Area per month). Notwithstanding the foregoing to the contrary, in the event that Tenant elects the disbursement of the Landlord's Construction Allowance (as defined in Paragraph 7 below) allocable to the Suite 400 Space prior to September 1, 2019, then, effective as of the date that Landlord disburses any portion of the Landlord's Construction Allowance attributable to the Suite 400 Space through August 31, 2019, the Basic Annual Rent payable by Tenant with respect to the Suite 400 Space shall be equal to \$72,940.40 per month (which is equal to \$4.15 per square foot of Rentable Area per month). In the event Landlord disburses any portion of the Landlord's Construction Allowance attributable to the Suite 400 Space prior September 1, 2019 resulting in an adjustment of the Basic Annual Rent payable prior to such date as more particularly set forth above, then Landlord and Tenant shall execute a mutually agreeable rent confirmation letter agreement to document the date of such disbursement and the Basic Annual Rent payable for the Suite 400 Space prior to September 1, 2019. Thereafter, commencing on September 1, 2019 and continuing thereafter through the Extension Term, the Basic Annual Rent payable with respect to the Suite 400 Space shall be as follows:

<u>Period</u>	<u>Rate/rsf/month</u>	<u>Monthly Installment</u>
09/01/2019 – 12/31/2020	\$ 4.15	\$ 72,940.40
01/01/2021 – 12/31/2021	Approx. \$ 4.27	\$ 75,128.61
01/01/2022 – 12/31/2022	Approx. \$ 4.40	\$ 77,382.47
01/01/2023 – 12/31/2023	Approx. \$ 4.53	\$ 79,703.94
01/01/2024 – 12/31/2024	Approx. \$ 4.67	\$ 82,095.06
01/01/2025 – 12/31/2025	Approx. \$ 4.81	\$ 84,557.91
01/01/2026 – 12/31/2026	Approx. \$ 4.96	\$ 87,094.65
01/01/2027 – 02/28/2027	Approx. \$ 5.10	\$ 89,707.49

- (c) Suite 600 Space. Effective as of the Suite 600 Commencement Date and continuing thereafter through December 31, 2018, Tenant shall pay Basic Annual Rent for the Suite 600 Commencement Date in accordance with the terms and conditions of the Lease. Thereafter, commencing on January 1, 2019 (the "Rent Change Date") and continuing thereafter through the Extension Term, the Basic Annual Rent payable with respect to the Suite 600 Space shall be amended so that Tenant shall also pay Basic Annual Rent with respect to the Suite 600 Space as follows:

<u>Period</u>	<u>Monthly Installment</u>
01/01/2019 – 12/31/2019	\$ 98,423.10*
01/01/2020 – 12/31/2020	\$ 100,603.59
01/01/2021 – 12/31/2021	\$ 102,849.50
01/01/2022 – 12/31/2022	\$ 105,162.79
01/01/2023 – 12/31/2023	\$ 107,545.47
01/01/2024 – 12/31/2024	\$ 109,999.63
01/01/2025 – 12/31/2025	\$ 112,527.42
01/01/2026 – 12/31/2026	\$ 115,131.05
01/01/2027 – 02/28/2027	\$ 117,812.78

- * Provided that Tenant is not in default under the Lease past applicable notice and cure periods, then Landlord hereby agrees to partially abate the Basic Annual Rent with respect to the Suite 600 Space for the full three (3) month period from January 1, 2019 through March 31, 2019 so that during this partial abatement period the Basic Annual Rent payable by Tenant for the Suite 600 Space shall equal \$25,740.00 per month. Notwithstanding anything herein to the contrary, prior to the occurrence of the scheduled abatement of the Basic Annual Rent, Landlord may pay to Tenant the sum scheduled to be abated, in which case the abatement of Basic Annual Rent shall not occur and Tenant shall pay Basic Annual Rent in the amount required in the Basic Annual Rent schedule above.

- (d) Suite 900 Space. Effective as of the Suite 900 Commencement Date and continuing thereafter through the Extension Term, Tenant shall also pay Basic Annual Rent with respect to the Suite 900 Space as follows:

<u>Period</u>	<u>Monthly Installment</u>
01/01/2019 – 12/31/2019	\$ 63,737.65*
01/01/2020 – 12/31/2020	\$ 65,392.38
01/01/2021 – 12/31/2021	\$ 67,096.75
01/01/2022 – 12/31/2022	\$ 68,852.25
01/01/2023 – 12/31/2023	\$ 70,660.42
01/01/2024 – 12/31/2024	\$ 72,522.83
01/01/2025 – 12/31/2025	\$ 74,441.12
01/01/2026 – 12/31/2026	\$ 76,416.95
01/01/2027 – 02/28/2027	\$ 78,452.06

- * Provided that Tenant is not in default under this Lease past applicable notice and cure periods, then Landlord hereby agrees to partially abate the Basic Annual Rent with respect to the Suite 900 Space for full four (4) month period commencing on the first day of the

second (2nd) full calendar month following the Suite 900 Commencement Date and continuing through the last day of the fifth (5th) full calendar month following the Suite 900 Commencement Date so that during this partial abatement period, the Basic Annual Rent payable by Tenant for the Suite 900 Space shall equal \$8,580.00 per month. Notwithstanding anything herein to the contrary, prior to the occurrence of the scheduled abatement of the Basic Annual Rent, Landlord may pay to Tenant the sum scheduled to be abated, in which case the abatement of Basic Annual Rent shall not occur and Tenant shall pay Basic Annual Rent in the amount required in the Basic Annual Rent schedule above.

6. Additional Rent.

- (a) Suite 600 Space. For the time period commencing the Suite 600 Commencement Date through the day immediately preceding the Rent Change Date, Tenant shall pay Additional Rent with respect to the Suite 600 Space in accordance with the terms of the Lease. Thereafter, commencing on the Rent Change Date and continuing thereafter through the Extension Term, Tenant shall pay, as Additional Rent, the Tenant's Proportionate Share of Operating Costs attributable to the Suite 600 Space in excess of those Operating Costs incurred in the Base Year and for purposes of performing such calculations: (i) the Tenant's Proportionate Share of the Building with respect to the Suite 600 Space shall be deemed to equal 12.4904% (17,514 rsf / 140,220 rsf), (ii) the Tenant's Proportionate Share of the Project with respect to the Suite 600 Space shall be deemed to equal 4.2088% (17,514 rsf / 416,126 rsf), and (iii) the Base Year with respect to the Suite 600 Space shall be deemed to be the calendar year 2019. The cap on Controllable Operating Costs set forth in Paragraph 3(l) of the Lease shall apply with respect to the Suite 600 Space, however, for purposes of calculating such cap, the phrase "first calendar year" as set forth in the third line of Paragraph 3(l) shall be amended to be "2019 calendar year".
- (b) Suite 500 Space. Tenant shall continue to pay Additional Rent with respect to the Suite 500 Space in accordance with the terms and provisions of the Lease through the Existing Expiration Date. Commencing on the Extension Term Commencement Date and continuing thereafter through the remainder of the Extension Term, for the purposes of calculating the Additional Rent payable with respect to the Suite 500 Space, the Base Year shall be amended to be the calendar year 2022. Notwithstanding the foregoing to the contrary, in the event that the Tenant requests the disbursement of the Landlord's Construction Allowance allocable to the Suite 500 Space prior to the Existing Expiration Date, then, effective as of the date that Landlord disburses any portion of the Landlord's Construction Allowance with respect to the Suite 500 Space, the Base Year shall be amended to be the calendar year in which Landlord disburses such portion of Landlord's Construction Allowance with respect to the Suite 500 Space; provided, however, if such disbursement occurs after September 30th, the Base Year shall be amended to be the calendar year subsequent the year Landlord disburses the Landlord's Construction Allowance for purposes of calculating the Additional Rent for the Suite 500 Space. The cap on Controllable Operating Costs set forth in Paragraph 3(l) of the Lease shall continue to apply with respect to the calculation of the Additional Rent payable for the Suite 500 Space; provided, however, effective as of the date that the Base Year is reset for the Suite 500 Space, the phrase "first calendar year" as set forth in the third line of Paragraph 3(l) shall be amended to be the applicable calendar year as calculated above.
- (c) Suite 400 Space. With respect to the Suite 400 Space, commencing on the Suite 400 Commencement Date and continuing through the Extension Term, Tenant shall be obligated to pay, as Additional Rent, Tenant's Proportionate Share of Operating Costs in excess of those Operating Costs allocable to Base Year. For purposes of making such

calculations: (i) the Tenant's Proportionate Share of the Building with respect to the Suite 400 Space shall be deemed to equal 12.5346% (17,576 rsf / 140,220 rsf) and (ii) the Tenant's Proportionate Share of the Project with respect to the Suite 400 Space shall be deemed to equal 4.2237% (17,576 rsf / 416,126 rsf). Unless earlier triggered as set forth below, the Base Year for the Suite 400 Space for the time period from the Suite 400 Commencement Date through August 31, 2019 shall be deemed to be the calendar year 2014. Effective as of September 1, 2019 and continuing thereafter for the remainder of the Extension Term, for the purposes of calculating the Additional Rent allocable to the Suite 400 Space, the Base Year shall be amended to be the calendar year 2020 and the cap on Controllable Operating Costs set forth in Paragraph 3(l) of the Lease shall apply with respect to the Suite 400 Space, however, for purposes of calculating such cap, the phrase "first calendar year" as set forth in the third line of Paragraph 3(l) shall be amended to be "2020 calendar year". Notwithstanding the foregoing to the contrary, in the event that the Tenant requests the disbursement of the Landlord's Construction Allowance allocable to the Suite 400 Space prior to September 1, 2019, then, effective as of the date that Landlord disburses any portion of the Landlord's Construction Allowance with respect to the Suite 400 Space, the Base Year shall be amended to be the calendar year in which Landlord disburses such portion of Landlord's Construction Allowance with respect to the Suite 400 Space; provided, however, if such disbursement occurs after September 30th, the Base Year shall be amended to be the calendar year subsequent the year Landlord disburses the Landlord's Construction Allowance for purposes of calculating the Additional Rent for the Suite 400 Space.

- (d) Suite 900 Space. With respect to the Suite 900 Space, commencing on the Suite 900 Commencement Date and continuing thereafter through the Extension Term, Tenant shall pay, as Additional Rent, the Tenant's Proportionate Share of Operating Costs attributable to the Suite 900 Space in excess of those Operating Costs incurred in the Base Year and for purposes of performing such calculations: (i) the Tenant's Proportionate Share of the One Almaden Building with respect to the Suite 900 Space shall be deemed to equal 8.4985% (13,291 rsf / 156,392 rsf), (ii) the Tenant's Proportionate Share of the Project with respect to the Suite 900 Space shall be deemed to equal 3.1940% (13,291 rsf / 416,126 rsf), (iii) the Base Year with respect to the Suite 900 Space shall be deemed to be the calendar year 2019, and (iv) any references to the "Building" in the Lease shall mean and refer to the One Almaden Building. The cap on Controllable Operating Costs set forth in Paragraph 3(l) of the Lease shall apply with respect to the Suite 900 Space, however, for purposes of calculating such cap, the phrase "first calendar year" as set forth in the third line of Paragraph 3(l) shall be amended to be "2019 calendar year".
 - (e) Earthquake Insurance Deductibles. In the event there is any earthquake insurance deductible payable by Landlord during the Lease Term, such earthquake insurance deductible shall be included in Operating Costs, however, it shall be amortized over a ten (10) year period for purposes of calculating the Additional Rent payable by Tenant under the Lease (as herein amended).
7. Condition of Premises. Notwithstanding anything in the Lease to the contrary, Tenant is currently in possession of the entirety of the Suite 400 Space (other than the portion of the Suite 400 Space currently occupied by Western Bank, which Landlord shall deliver to Tenant following Western Bank's surrender of the same), Suite 500 Space and Suite 600 Space and agrees to accept the entirety of the Premises (inclusive of the Suite 900 Space) from Landlord, in their existing "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition, and, except as provided in the Lease, Landlord shall have no obligation whatsoever to refurbish or otherwise improve any portion of the Premises at any time during the Lease Term; provided, however, Landlord hereby agrees to provide to Tenant an allowance equal to \$5,147,765.00 (which is equal to (i) \$125.00 per square foot of

Rentable Area for the Suite 600 Space, plus (ii) \$75.00 per square foot of Rentable Area for the Suite 500 Space, plus (iii) \$25.00 per square foot of Rentable Area for the Suite 400 Space, plus (iv) \$90.00 per square foot of Rentable Area for the Suite 900 Space) (collectively, the “Landlord’s Construction Allowance”), which shall be utilized for the construction of certain improvements to the Premises in accordance with the terms and conditions of the work letter attached hereto as Exhibit B. In no event shall the Landlord’s Construction Allowance allocable to the Suite 500 Space be available prior to the Existing Expiration Date unless Tenant requests disbursement of the same prior to such date, in which case, effective as of the date Landlord disburses any portion of the Landlord’s Construction Allowance allocable to the Suite 500 Space, the Basic Annual Rent and Base Year with respect to the Suite 500 Space shall be adjusted as set forth in Sections 5(a) and 6(b) above. In addition, in no event shall the Landlord’s Construction Allowance allocable to the Suite 400 Space be available prior to September 1, 2019 unless Tenant requests disbursement of the same prior to such date, in which case, effective as of the date that Landlord disburses any portion of the Landlord’s Construction Allowance allocable to the Suite 400 Space, the Basic Annual Rent and Base Year with respect to the Suite 400 Space shall be adjusted as set forth in Sections 5(a) and 6(c) above. Tenant acknowledges and agrees that any obligations of Landlord originally existing in the Lease to complete leasehold improvements and/or furnish allowance with respect to the Suite 500 Space, if any, have been completed and/or satisfied in their entirety, and any provisions in the Lease providing for such obligations are hereby null and void and of no further force or effect. With respect to the Suite 900 Space, Landlord agrees that upon delivery of the same to Tenant, such space shall be clean and the base Building systems serving the Suite 900 Space shall be in good working order based on the then existing condition and configuration of the Suite 900 Space.

8. Permitted Transfers. Provided no event of default has occurred and is continuing under this Lease, upon ten (10) days prior written notice to Landlord (provided however, if Tenant is prohibited by applicable law or a confidentiality agreement to give such prior notice, then Tenant shall give such notice within ten (10) days following such transfer), Tenant may, without Landlord’s prior written consent, assign the Lease to an entity into which Tenant is merged or consolidated or assign this Lease or sublease the Premises to an entity to which substantially all of Tenant’s assets are transferred or to an entity controlled by or is commonly controlled with Tenant (such sublease or assignment being a “Permitted Transfer”), provided (i) such merger, consolidation, or transfer of assets is for a good faith business purpose and not principally for the purpose of transferring Tenant’s leasehold estate, and (ii) the assignee or successor entity has a tangible net worth, calculated in accordance with generally accepted accounting principles (and evidenced by financial statements in accordance with generally accepted accounting principles) at least equal to the tangible net worth of Tenant immediately prior to such merger, consolidation, or transfer. The term “controlled by” or “commonly controlled with” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such controlled person or entity; 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, at least fifty-one percent (51 %) of the voting interest in, any person or entity shall be presumed to constitute such control. Landlord’s recapture rights or rights to participate in any sublease proceeds shall not apply with respect to Permitted Transfers.
9. Parking. Notwithstanding anything to the contrary in the Lease, Tenant’s parking rights shall be governed by the terms of the Lease, except that in lieu of the ratio set forth in the Lease, Tenant shall receive a parking ratio of four (4) unreserved parking spaces per 1,000 square feet of Rentable Area in the Premises then being leased by Tenant. Thereafter, commencing on January 1, 2019 and continuing for the remainder of the Lease Term, Tenant’s parking rights shall be as set forth below:
 - (a) Standard Parking Allocation. Tenant shall receive a total of four (4) unreserved parking spaces per 1,000 rentable square feet (the “Standard Parking Allocation”) at no charge for

the term of the Lease; provided, however, if Landlord's prevailing rate for parking increases above the rate in effect as of the Effective Date hereof, Tenant shall be responsible for any increase above such rate (plus any applicable taxes on such amounts) for all of the parking spaces in the Standard Parking Allocation, and Tenant shall be invoiced accordingly.

- (b) Month to Month Parking Spaces. Subject to availability as reasonably determined by Landlord (provided Tenant shall have the priority to any available spaces over any third parties who are not tenants or occupants of the Project, other than Adobe or employees or invitees of the SAP Center) Tenant shall be permitted to lease Month to Month Parking Spaces (i.e. over Tenant's Standard Parking Allocation) on a month to month basis at the then prevailing rate charged for such unreserved parking spaces plus any applicable taxes. The current rate for said Month to Month Parking Spaces is \$130.00 per space per month (plus any applicable taxes). Parking rates are subject to increase (not more than once annually) at the prevailing market rate. Tenant shall be invoiced for any increase in the parking rate.
10. Additional Security Deposit. Landlord and Tenant hereby agree that the Security Deposit (as set forth in *Item 7* of the Basic Lease Provisions) is hereby amended and increased to be \$1,144,180.41 (the "New Security Deposit Amount"). Tenant has heretofore delivered to Landlord a Letter of Credit in the sum of \$175,000.00 (the "Existing Letter of Credit"), and Tenant shall, concurrently with the execution of this Second Amendment, deliver to Landlord either (i) an amendment to the Existing Letter of Credit (such amendment being in a form acceptable to Landlord and otherwise consistent with the terms of Paragraph 2(c) of the Lease) increasing the amount of such Existing Letter of Credit to equal the New Security Deposit Amount or (ii) deliver to Landlord a new Letter of Credit in the total amount of the New Security Deposit Amount (such new Letter of Credit being in a form acceptable to Landlord and otherwise consistent with the terms of Paragraph 2(c) of the Lease). In the event Tenant delivers a replacement Letter of Credit in accordance with clause (ii) of the preceding sentence, then Landlord agrees to surrender the Existing Letter of Credit to Tenant within five (5) business days after receipt of such replacement Letter of Credit.
11. Density. The fourth (4th) sentence of Paragraph 6(e) of the Original Lease is hereby amended and restated in its entirety as follows:
- "Tenant shall not create within the Premises a working environment with a density of greater than the lesser of (i) seven (7) persons per 1,000 square feet of Rentable Area, or (ii) the maximum permitted by applicable laws, codes and ordinances; however, Tenant acknowledges that the Building HVAC system is not designed to properly cool working environments that exceed a density of five (5) persons per 1,000 square feet of Rentable Area and, to the extent the working environment within the Premises exceeds such density, except as noted below with respect to the FANWALL system, Landlord shall be responsible for the installation and cost of any modifications to the base Building HVAC that is required in order to be able to furnish the Premises with HVAC service consistent with the HVAC service provided at other Class A office buildings in the downtown San Jose area. Notwithstanding the foregoing to the contrary, to the extent that Tenant's density in the Premises exceeds five (5) persons per 1,000 square feet of Rentable Area and either (i) the use of the third floor of the Building changes from its current usage as of the Effective Date or (ii) Landlord is required to modify the base Building HVAC system pursuant to the preceding sentence, then Tenant shall be responsible for the cost to install a FANWALL system, which Landlord shall design and install and invoice Tenant for the cost thereof. It is hereby agreed that Landlord may design (and Tenant shall pay) for such FANWALL system to be a supply plug fan

array, capable of delivering 150,000 CFM at 7.0" W.G> (Static pressure) complete with a new filter bank with 12-inch cartridge filters (min. Merv 14) and 2 inch pleated pre-filters (min Merv 7), in v-shape form if needed to limit air velocity at below 500 FPM (feet per minute). In no event shall Landlord be responsible for any costs required to install supplemental HVAC units or capacity with respect to any server room of Tenant in the Premises. In addition, Tenant shall be responsible for all reasonable costs associated with such above-standard density, including, without limitation, any additional services required to be provided by Landlord (e.g., extra janitorial services), any modifications or alterations to the Premises or Common Areas to the extent required by applicable law, and any additional electricity or other utilities that may be used by Tenant. Landlord, at its option, may elect to cause the Premises to be separately metered for electricity and, in such case, Tenant shall pay for all electricity utilized by Tenant in the Premises as invoiced by Landlord from time to time. The costs to install, repair, maintain and replace any such separate meters or submeters shall be Tenants' responsibility."

12. Signage.

- (a) Monument Signage. The parties hereby agree that Paragraph 19(gg) of the Original Lease is hereby deleted in its entirety and of no further force and effect and Tenant shall no longer have any rights to install the New Monument Sign.
- (b) Existing Fascia Sign/55 Almaden Building. Pursuant to Paragraph 19(ff) of the Original Lease, Tenant has installed a fascia sign on the Building (the "Existing Fascia Sign"). Subject to (i) prior written approval of Landlord as to the exact location, specifications, size, color, design and method of attachment, which approval shall not be unreasonably withheld, delayed or conditioned, (ii) Tenant obtaining all approvals from the applicable governmental and quasi-governmental authorities and otherwise complying with all Applicable Rules and Restrictions (as defined below), and (iii) otherwise subject to the terms and conditions of Paragraph 19(ff), because the parties anticipate that the adjacent property owner will be constructing a building in the future that may affect the visibility of Tenant's Existing Fascia Sign, Tenant, at its sole cost and expense, shall be permitted to relocate the Existing Fascia Sign to another location on the fascia of the Building. Tenant shall pay for all costs associated with the relocation of the Existing Fascia Sign as well as the restoration of the Building to the condition existing prior to the installation of the Existing Fascia Sign, reasonable wear and tear excepted, upon the removal of the Existing Fascia Sign at its current location following such relocation. Tenant shall continue to be obligated to pay the Fascia Sign Rent in accordance with the terms of Paragraph 19(ff) of the Original Lease; provided, however, following any such relocation, in the event Tenant believes that the market rental rate for the Existing Fascia Sign has diminished as a result of its decreased visibility, then Tenant may provide written notice to Landlord (a "Sign Rent Adjustment Notice"). Within thirty (30) days after receipt of the Sign Rent Adjustment Notice, Landlord may either (i) elect to negotiate a different Fascia Sign Rent rate with Tenant if Landlord agrees that the market rate for the Existing Fascia Sign has decreased and if the parties are unable to reach agreement within such thirty (30) day period, then submit the determination to the arbitration process noted below or (ii) elect to market to third parties (including any tenant or occupant of the Project) the right to install a fascia sign in the then current location of the Existing Fascia Sign. If Landlord selects the option described in clause (ii) of the preceding sentence, then Landlord shall have a six (6) month period to market the right to install a fascia sign to third parties (including any existing tenants of the Project). If Landlord and a third party come to terms for the right for such third party to install a fascia sign in the then existing space of the Existing Fascia Sign, then Landlord shall provide written notice (the "Sign Offer Notice") to Tenant outlining

the rental rate proposed to be paid by such third party. Tenant shall have a period of ten (10) business days following receipt of such Sign Offer Notice in which to elect in writing to either match the terms set forth in the Sign Offer Notice or terminate its rights to such Existing Fascia Sign. If Tenant fails to respond within such ten (10) business day period, then Tenant shall be deemed to have terminated its rights to such Existing Fascia Sign. If Tenant terminates (or is deemed to have terminated) the rights to such Existing Fascia Sign, then Tenant shall be required to remove the Existing Fascia Sign within thirty (30) days after deliver of its written notice terminating its Existing Fascia Sign rights (or, in the event of a deemed termination, within thirty (30) days after expiration of such ten (10) business day period). If, within the six (6) period following Landlord's receipt of the Sign Rent Adjustment Notice, Landlord is unable to locate a third party that is willing to lease the right to install a fascia sign in the then existing location of the Existing Fascia Sign, then Landlord and Tenant shall each appoint an independent real estate broker with at least ten (10) years experience negotiating leases in Class A office buildings in downtown San Jose, who has not represented either Landlord or Tenant in the preceding five (5) year period. The two designated brokers shall meet and confer for a period of ten (10) business days in order to determine the then prevailing market rate for the right to install a fascia sign in the then existing location of the Existing Fascia Sign. If the two (2) brokers are unable to arrive at a decision, then they shall mutually appoint a third broker meeting the foregoing qualifications. Thereafter, the initial two (2) broker shall each submit to the third broker their respective determinations of the fair market rent for such fascia sign and the third broker shall select the rental rate that he/she believes is closest to the prevailing rental rate for such signage location. After such determination has been made, then the parties shall enter into an amendment in order to document the adjustment to the rental rate for the Existing Fascia Sign. Tenant shall only be permitted to deliver one Sign Rent Adjustment Notice and Tenant shall continue to pay the existing Fascia Sign Rent set forth in Paragraph 19(ff) until the date that the arbitrators reach their decision on a different rental rate for the Existing Fascia Sign.

- (c) Additional Fascia Sign/55 Almaden Building. Provided that (x) Tenant is the Tenant originally named herein or an assignee pursuant to a Permitted Transfer, (y) Tenant is leasing and actually occupies at least seventy-five percent (75%) of the Premises initially demised under this Second Amendment (i.e., the Suite 400 Space, Suite 500 Space and Suite 600 Space), and (z) no event of default has occurred and is continuing beyond applicable notice and cure periods (items (x) – (z) being the “Signage Conditions”), then, subject to all applicable laws, ordinances, restrictions, rules and regulations, as well as all applicable covenants, restrictions or deed restrictions affecting the Project (collectively, the “Applicable Rules and Restrictions”), Tenant shall have the non-exclusive right throughout the Lease Term to install one sign on the Almaden-facing fascia of the Building (“Additional Fascia Sign”) provided that Landlord, acting reasonably, approves the Additional Fascia Sign (including all structural engineering and aesthetic aspects thereof) and the exact location where the same is to be installed. Tenant hereby acknowledges and understands that in no event is Landlord representing or guarantying that any such Additional Fascia Sign is permitted under Applicable Rules and Restrictions and, in the event the Applicable Rules and Restrictions do not permit any such Additional Fascia Sign, then this Second Amendment shall continue in full force and effect except that this Paragraph 12(c) shall be deemed null and void. Landlord hereby approves the location generally shown in Exhibit E attached hereto and the size, type and design set forth in Exhibit E attached hereto. The engineering, manufacture, installation, maintenance and removal of, and the procurement of all required approvals for, the Additional Fascia Sign shall be at Tenant's sole cost and expense. The installation of the Additional Fascia Sign shall be in compliance with all Applicable Rules and Restrictions. Prior to the

manufacturing or installing the Additional Fascia Sign, Tenant shall submit to Landlord, for Landlord's approval which shall not be unreasonably withheld, delayed or, except as expressly provided herein, conditioned, (i) a report from a structural engineer reasonably acceptable to Landlord providing that (A) the Building can adequately support the installation of the Additional Fascia Sign, and (B) the Additional Fascia Sign can and will be installed in a manner that will not damage, or otherwise affect or diminish the structural integrity of, the Building, and (ii) a detailed drawing indicating the size, layout, design, configuration, lettering and/or graphics and color of the proposed Additional Fascia Sign, together with the proposed location where the Additional Fascia Sign is to be installed. In the event Landlord approves the structural report, the Additional Fascia Sign and the location, Landlord shall evidence such approval in writing. Tenant shall install, repair, maintain, and remove the Additional Fascia Sign with contractors reasonably approved by Landlord. Any such contractors shall satisfy Landlord's insurance and indemnification requirements prior to performing any work. Tenant agrees that the installation, maintenance, repair and removal of the Additional Fascia Sign shall be at Tenant's sole risk. Tenant agrees to maintain the Additional Fascia Sign in good condition and repair and, prior to the expiration of the Lease Term or the earlier termination of this Lease or Tenant's right of possession under this Lease, Tenant shall remove the Additional Fascia Sign and restore the Building to the condition immediately prior to the installation of the Additional Fascia Sign, at Tenant's sole cost and expense. In the event Tenant fails to repair or remove the Additional Fascia Sign, Landlord shall have the right to repair or remove the Additional Fascia Sign, as the case may be, and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee, and upon any such removal Landlord shall have the right to dispose of the same in any manner Landlord so desires without any liability to Tenant therefor. TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL LIENS, CLAIMS, DEMANDS, LIABILITIES, AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) INCURRED OR SUFFERED BY LANDLORD AND EXISTING OUT OF OR IN ANY WAY RELATED TO THE INSTALLATION, MAINTENANCE, REPAIR OR REMOVAL OF THE ADDITIONAL FASCIA SIGN, except to the extent caused by the gross negligence or willful misconduct of Landlord. Notwithstanding anything herein to the contrary, Landlord shall have the right to terminate Tenant's rights under this Paragraph 12(c) by providing written notice of termination to Tenant if, at any time, Tenant (1) assigns this Lease other than in connection with a Permitted Transfer, (2) subleases more than forty-nine percent (49%) of the Premises other than in connection with a Permitted Transfer, or (3) suffers an event of default of any term or condition of this Lease beyond applicable notice and cure periods. In the event Landlord terminates Tenant's rights under this Paragraph 12(c) as provided for in the immediately preceding sentence, Tenant shall remove the Additional Fascia Sign from the Building and repair any damage to the Building caused by the installation, maintenance and/or removal thereof within thirty (30) days following receipt of Landlord's written notice of termination, and, in the event Tenant fails to timely remove the Additional Fascia Sign and/or repair such damage, Landlord shall have the right to do the same and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee (and Tenant shall be deemed to have abandoned the Additional Fascia Sign and Landlord shall have the right to dispose of the Additional Fascia Sign in any manner Landlord shall choose in its sole discretion without any liability whatsoever to Tenant with respect thereto). In no event does Landlord make any representation or warranty to Tenant that the Additional Fascia Sign shall be permitted under the Applicable Rules and Restrictions and, to the extent the Additional Fascia Sign

is not permitted by the Applicable Rules and Restrictions, Tenant acknowledges and agrees that this Second Amendment shall remain in full force and effect despite Tenant not being permitted to install such Additional Fascia Sign. Tenant shall be responsible, at its cost and expense, to obtain any necessary approvals or permits from the applicable governmental authorities for the purposes of installing and maintaining such Additional Fascia Sign (the "Additional Fascia Sign Approvals"); provided, however, at Landlord's option it can apply for such Additional Fascia Sign Approvals on Tenant's behalf, at Tenant's cost and expense. Promptly following obtaining such Additional Fascia Sign Approvals (and in no event later than one hundred eighty (180) days following obtaining such Additional Fascia Sign Approvals), Tenant shall install such Additional Fascia Sign in accordance with the terms of this Paragraph 12(c). In no event shall Landlord be required to remove any existing fascia sign or other signage present existing in order to accommodate any approvals required by the Applicable Rules and Restrictions affecting the Building for the Additional Fascia Sign. The terms and provisions of this Paragraph 12(c) shall survive the expiration or earlier termination of this Lease. As consideration for Tenant's right to install and maintain the Additional Fascia Sign, commencing on the date that the Additional Fascia Sign Approvals are obtained and the Additional Fascia Sign has been installed and continuing thereafter for the remainder of the Lease Term, Tenant shall pay to Landlord \$6,500.00 per month (the "Additional Fascia Sign Rent"), with such Additional Fascia Sign Rent being payable in advance on the first day of the month in the same manner and time as Tenant is obligated to pay Basic Annual Rent (provided, however, any abatement of the Basic Annual Rent shall not apply with respect to the Additional Fascia Sign Rent). The Additional Fascia Sign Rent is in addition to the Fascia Sign Rent payable under Paragraph 19(ff) of the Original Lease.

- (d) One Almaden Fascia Sign. Provided that all Signage Conditions are satisfied, then, subject to all Applicable Rules and Restrictions, Tenant shall have the non-exclusive right throughout the Lease Term to install one sign on the fascia of the One Almaden Building ("One Almaden Sign") provided that Landlord, acting reasonably, approves the One Almaden Sign (including all structural engineering and aesthetic aspects thereof) and the exact location where the same is to be installed. Tenant hereby acknowledges and understands that in no event is Landlord representing or guarantying that any such One Almaden Sign is permitted under Applicable Rules and Restrictions and, in the event the Applicable Rules and Restrictions do not permit any such One Almaden Sign, then this Second Amendment shall continue in full force and effect except that this Paragraph 12(d) shall be deemed null and void. The engineering, manufacture, installation, maintenance and removal of, and the procurement of all required approvals for, the One Almaden Sign shall be at Tenant's sole cost and expense. Landlord hereby approves the location of the One Almaden Sign shown in Exhibit E attached hereto and the size, type and design of the One Almaden Sign shown on Exhibit E attached hereto. The installation of the One Almaden Sign shall be in compliance with all Applicable Rules and Restrictions. Prior to the manufacturing or installing the One Almaden Sign, Tenant shall submit to Landlord, for Landlord's approval which shall not be unreasonably withheld, delayed or, except as expressly provided herein, conditioned, (i) a report from a structural engineer reasonably acceptable to Landlord providing that (A) the One Almaden Building can adequately support the installation of the One Almaden Sign, and (B) the One Almaden Sign can and will be installed in a manner that will not damage, or otherwise affect or diminish the structural integrity of, the One Almaden Building, and (ii) a detailed drawing indicating the size, layout, design, configuration, lettering and/or graphics and color of the proposed One Almaden Sign, together with the proposed location where the One Almaden Sign is to be installed. In the event Landlord approves the structural report, the One Almaden Sign and the location, Landlord shall evidence such approval in writing. Tenant shall install,

repair, maintain, and remove the One Almaden Sign with contractors reasonably approved by Landlord. Any such contractors shall satisfy Landlord's insurance and indemnification requirements prior to performing any work. Tenant agrees that the installation, maintenance, repair and removal of the One Almaden Sign shall be at Tenant's sole risk. Tenant agrees to maintain the One Almaden Sign in good condition and repair and, prior to the expiration of the Lease Term or the earlier termination of this Lease or Tenant's right of possession under this Lease, Tenant shall remove the One Almaden Sign and restore the One Almaden Building to the condition immediately prior to the installation of the One Almaden Sign, at Tenant's sole cost and expense. In the event Tenant fails to repair or remove the One Almaden Sign, Landlord shall have the right to repair or remove the One Almaden Sign, as the case may be, and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee, and upon any such removal Landlord shall have the right to dispose of the same in any manner Landlord so desires without any liability to Tenant therefor. **TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL LIENS, CLAIMS, DEMANDS, LIABILITIES, AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) INCURRED OR SUFFERED BY LANDLORD AND EXISTING OUT OF OR IN ANY WAY RELATED TO THE INSTALLATION, MAINTENANCE, REPAIR OR REMOVAL OF THE ONE ALMADEN SIGN**, except to the extent caused by the gross negligence or willful misconduct of Landlord. Notwithstanding anything herein to the contrary, Landlord shall have the right to terminate Tenant's rights under this Paragraph 12(d) by providing written notice of termination to Tenant if, at any time, Tenant (1) assigns this Lease other than in connection with a Permitted Transfer, (2) subleases more than forty-nine percent (49%) of the Premises other than in connection with a Permitted Transfer, or (3) suffers an event of default of any term or condition of this Lease beyond applicable notice and cure periods. In the event Landlord terminates Tenant's rights under this Paragraph 12(d) as provided for in the immediately preceding sentence, Tenant shall remove the One Almaden Sign from the One Almaden Building and repair any damage to the One Almaden Building caused by the installation, maintenance and/or removal thereof within thirty (30) days following receipt of Landlord's written notice of termination, and, in the event Tenant fails to timely remove the One Almaden Sign and/or repair such damage, Landlord shall have the right to do the same and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee (and Tenant shall be deemed to have abandoned the One Almaden Sign and Landlord shall have the right to dispose of the One Almaden Sign in any manner Landlord shall choose in its sole discretion without any liability whatsoever to Tenant with respect thereto). In no event does Landlord make any representation or warranty to Tenant that the One Almaden Sign shall be permitted under the Applicable Rules and Restrictions and, to the extent the One Almaden Sign is not permitted by the Applicable Rules and Restrictions, Tenant acknowledges and agrees that this Second Amendment shall remain in full force and effect despite Tenant not being permitted to install such One Almaden Sign. Tenant shall be responsible, at its cost and expense, to obtain any necessary approvals or permits from the applicable governmental authorities for the purposes of installing and maintaining such One Almaden Sign (the "One Almaden Sign Approvals"); provided, however, at Landlord's option it can apply for such One Almaden Sign Approvals on Tenant's behalf, at Tenant's cost and expense. Promptly following obtaining such One Almaden Sign Approvals (and in no event later than one hundred eighty (180) days following obtaining such One Almaden Sign Approvals), Tenant shall install such One Almaden Sign in accordance with the terms of this Paragraph 12(d). In no event shall Landlord be required to remove any existing fascia sign or other signage

present existing in order to accommodate any approvals required by the Applicable Rules and Restrictions affecting the Building for the One Almaden Sign. The terms and provisions of this Paragraph 12(d) shall survive the expiration or earlier termination of this Lease. As consideration for Tenant's right to install and maintain the One Almaden Sign, commencing on the date that the One Almaden Sign Approvals are obtained and the One Almaden Sign has been installed and continuing thereafter for the remainder of the Lease Term, Tenant shall pay to Landlord \$6,500.00 per month (the "One Almaden Sign Rent"), with such One Almaden Sign Rent being payable in advance on the first day of the month in the same manner and time as Tenant is obligated to pay Basic Annual Rent (provided, however, any abatement of the Basic Annual Rent shall not apply with respect to the One Almaden Sign Rent).

- (e) Right of First Offer to Western Bank Fascia Signage Location. In the event that Western Bank ever relinquishes and removes its signage rights on the fascia of the Building and thereafter Landlord intends to offer to another third party tenant or occupant the right to install fascia signage in the location previously surrendered by Western Bank, then, so long as Tenant is leasing and occupying at least seventy-five percent (75%) of the Rentable Area of the Suite 400 Space, Suite 500 Space and Suite 600 Space and provided further that all other Signage Conditions (as defined in Paragraph 19(ff) of the Original Lease) are satisfied, then Landlord shall first offer to Tenant the right to install fascia signage in the location where Western Bank previously had its fascia sign (the "Fascia Sign Offer"). The Fascia Sign Offer shall be upon the terms and conditions that Landlord intends to offer to third parties the right to install such replacement fascia sign (which may include the payment of signage rent and/or the requirement to lease certain space in the Building or Project). Tenant shall be required to accept any such Fascia Sign Offer on the terms set forth therein by providing a written acceptance to Landlord no later than ten (10) business days following receipt of the Fascia Sign Offer. Tenant's failure to provide a timely acceptance to the Fascia Sign Offer shall forfeit Tenant's rights to install any fascia signage and shall entitle Landlord to offer any such fascia sign rights to any third party, including on terms that may be less favorable to Landlord than those set forth in the Fascia Sign Offer. Landlord shall only be required to provide Tenant with one Fascia Sign Offer (it being agreed that if Western Bank had more than one sign, that Tenant is only receiving a right of first offer with respect to the first sign that Western Bank surrenders that Landlord intends to replace with the signage of another tenant or occupant). Unless otherwise set forth in the Fascia Sign Offer, any fascia signage of Tenant shall be subject to all Applicable Rules and Restrictions and otherwise subject to all of the terms and conditions of Paragraph 12(c) of this Second Amendment (including, subject to Landlord's prior written approval as to the aesthetics, locations, size, color and method of attachment of such signage, which approval shall not be unreasonably withheld, conditioned or delayed). In the event of a conflict between the terms of the Fascia Sign Offer and the terms of Paragraph 12(c), the terms of the Fascia Sign Offer shall prevail.
- (f) Elevator Button Signage. Subject to Landlord's prior written approval as to the aesthetics, size, color, and specifications, which approval shall not be unreasonably withheld, conditioned or delayed, Tenant may install elevator button signage on any full floor that Tenant leases. Upon Tenant failing to lease and occupy any particular full floor, Tenant shall remove any previously installed elevator button signage for such floor and pay for the cost to reinstall any replacement elevator buttons required by Landlord.
13. Riser Management Company. Notwithstanding anything herein to the contrary, Landlord may require that Tenant utilize Landlord's building riser management company in connection with any access to or installation of cabling and wiring in the vertical risers for the Building. Tenant shall pay any actual and reasonable costs charged by the riser management company in connection with the installation of Tenant's cabling and wiring. Landlord, at its option, may reasonably restrict access to the telephone closets of the Project and may exclude Tenant and its contractors from such telephone closets.

14. **Renewal Option.** Landlord hereby grants to Tenant one (1) option to further extend the Lease Term for an additional period of five (5) years in accordance with the terms and conditions of Exhibit C attached hereto and incorporated herein for all purposes. In the event that tenant elects to exercise the renewal option, it shall be required to exercise it for the entirety of the Premises then being leased by Tenant (i.e., it cannot exercise the renewal option for only a portion of the Premises being leased).
15. **Right of First Offer.** Landlord hereby grants to Tenant a right of first offer to certain space in the Project as more particularly described in Exhibit D attached hereto and incorporated herein for all purposes.
16. **No Preferential Rights or Options.** Except for (i) the renewal option set forth in Paragraph 14 and Exhibit C of this Second Amendment and (ii) the right of first offer set forth in Paragraph 15 and Exhibit D of this Second Amendment, notwithstanding anything contained in the Lease to the contrary, Landlord and Tenant stipulate and agree that Tenant has no preferential rights or options under the Lease, as herein amended, such as any rights of renewal, expansion, reduction, refusal, offer, purchase, termination, relocation or any other such preferential rights or options, such rights originally set forth in the Lease, including, without limitation, (A) the two renewal options set forth in Addendum One of the Original Lease, (B) the right of first offer set forth in Addendum Two of the Original Lease, and (C) the cancellation option set forth in Addendum Three of the Original Lease, being hereby null and void in their entirety and of no further force or effect.
17. **Relocation.** The parties hereby agree that Paragraph 15 of the Original Lease is hereby deleted in its entirety and of no further force or effect.
18. **Subordination.** During the thirty (30) day period following the Effective Date of this Second Amendment, Landlord agrees to use commercially reasonable efforts to obtain and provide to Tenant a Subordination, Non-Disturbance and Attornment Agreement (“SNDA”) in substantially the form of the agreement used by the lender holding the existing mortgage encumbering the Building (the “Lender”); provided, however, in no event shall Landlord be in default under the Lease (as amended by this Second Amendment), and in no event shall Tenant be entitled to terminate the Lease or this Second Amendment, if Landlord is unable to provide Tenant with such SNDA. Tenant shall reimburse Landlord upon demand for any actual and reasonable costs, including attorneys fees, that Landlord incurs in seeking to obtain an SNDA for Tenant.
19. **Alterations and Improvements.** Notwithstanding anything in the Lease to the contrary, any alterations or improvements existing in the Premises as of the Effective Date do not have to be removed and restored at the expiration or earlier termination of the Lease; provided, however, Tenant shall be required to remove any telephone/data cabling and wiring installed in the Premises and repair any damage arising from such removal. With respect to the Tenant Improvements being constructed pursuant to Exhibit B attached hereto, at the time that Landlord approves the Final Plans in accordance with the procedures set forth in Exhibit B, Landlord shall advise Tenant which, if any, portions of such Tenant Improvements Tenant shall be required to remove and restore at the expiration of the Lease Term; provided, however, in all cases Tenant shall be required to remove any telephone/data cabling and wiring installed in the Premises and repair any damage arising from such removal. Notwithstanding the foregoing to the contrary, upon the expiration or earlier termination of the Lease, in no event shall Tenant be required to restore any multi-tenant corridors existing in the Suite 900 Space as of the Effective Date hereof.

20. **Brokers.** Landlord and Tenant each warrant that it has had no dealings with any broker or agent other than CBRE, Inc., representing Tenant, and Cushman & Wakefield U.S., Inc., representing Landlord (collectively, the “**Broker**”) in connection with the negotiation or execution of this Second Amendment, and Landlord and Tenant each agree to indemnify the other and hold the other harmless from and against any and all costs, expenses, or liability for commissions or other compensations or charges claimed by any broker or agent, other than the Broker, who claim to have represented the indemnifying party with respect to this Second Amendment or otherwise claim a commission with respect to this Second Amendment due to their dealings with the indemnifying party.
21. **OFAC.** Tenant certifies, represents, warrants and covenants that: (i) it is not acting and will not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, “Specially Designated National and Blocked Person”, or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and (ii) it is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Tenant hereby agrees to defend (with counsel reasonably acceptable to Landlord), indemnify and hold harmless Landlord and its designated property management company, and their respective partners, members, affiliates and subsidiaries, and all of their respective officers, directors, shareholders, employees, servants, partners, representatives, insurers and agents from and against any and all claims or damages arising from or related to any such breach of the foregoing certifications, representations, warranties and covenants.
22. **CASp Disclosure.** In accordance with California Civil Code Section 1938, Landlord makes the following disclosure to Tenant:

As of the Effective Date, neither the Building nor the Premises has undergone inspection by a Certified Access Specialist (CASp). A CASp can inspect the Premises and determine whether the 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 Premises, Landlord may not prohibit Tenant from obtaining a CASp inspection of the Premises for the occupancy of Tenant, if requested by 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.

Except as otherwise expressly agreed upon in writing by Landlord, neither Landlord nor any Landlord Affiliate shall have any obligation for the payment of the CASp fee or the cost of making repairs pursuant thereto, nor shall Landlord or any Landlord Affiliate have any liability to Tenant arising out of or related to the fact that neither the Building nor the Premises has been inspected by a CASp, and Tenant waives all such liability and acknowledges that Tenant shall have no recourse against Landlord or the Project as a result of or in connection therewith.

23. **Miscellaneous.** With the exception of those terms and conditions specifically modified and amended herein, the herein referenced Lease shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this Second Amendment and the terms and provisions of the Lease, the terms and provisions of this Second Amendment shall supersede and control.

24. Counterparts/Facsimiles. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this Second Amendment, the parties may execute and exchange telefaxed or e-mailed counterparts of the signature pages and such counterparts shall serve as originals.

[remainder of page intentionally left blank]

SIGNATURE PAGE TO SECOND AMENDMENT TO OFFICE LEASE AGREEMENT
BY AND BETWEEN KBSIII ALMADEN FINANCIAL PLAZA, LLC, AS LANDLORD,
AND ZOOM VIDEO COMMUNICATIONS, INC., AS TENANT

IN WITNESS WHEREOF, Landlord and Tenant, acting herein by duly authorized individuals, have caused these presents to be executed, effective as of the Effective Date set forth herein.

LANDLORD:

KBSIII ALMADEND FINANCIAL PLAZA, LLC,
a Delaware limited liability company

By: KBS Capital Advisors, LLC,
a Delaware limited liability company, as agent

By: /s/ Brent Carroll
Brent Carroll,
Senior Vice President

Date: August 8, 2018

TENANT:

ZOOM VIDEO COMMUNICATIONS, INC.,
a Delaware corporation

By: /s/ Kelly Steckelberg
Name: Kelly Steckelberg
Title: CFO

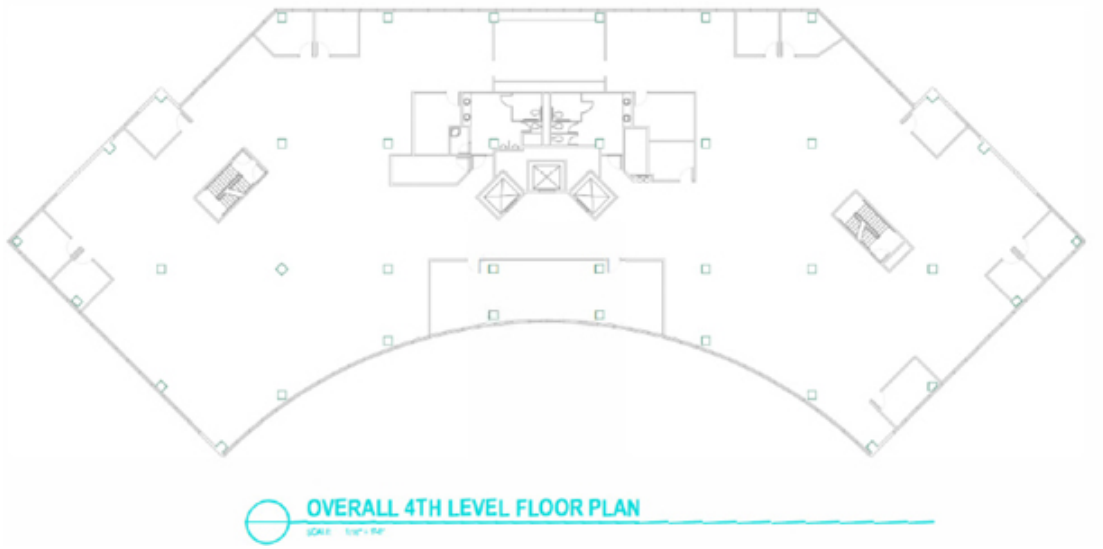
Date: August 6, 2018

[S-1]

EXHIBIT A

SUITE 400 SPACE

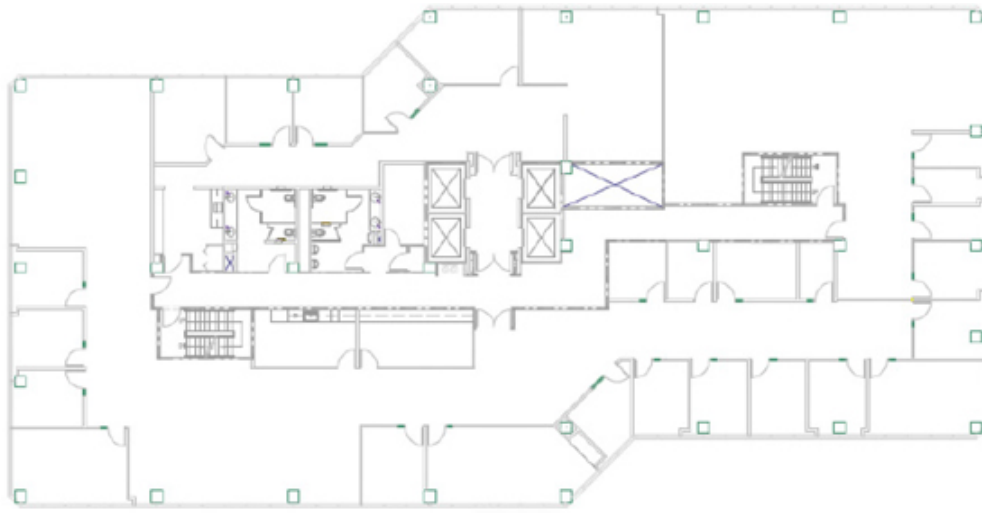
55 ALMADEN
4th Floor



A-1

EXHIBIT A-1

SUITE 900 SPACE



 **OVERALL 9TH LEVEL FLOOR PLAN**
SCALE: 1/8"=1'-0"

A-1-1

EXHIBIT B
Work Letter

THIS WORK LETTER is attached as Exhibit B to the Second Amendment to Office Lease between **KBSIII ALMADEN FINANCIAL PLAZA, LLC**, a Delaware limited liability company, as Landlord, and **ZOOM VIDEO COMMUNICATIONS, INC.**, a Delaware corporation, as Tenant, and constitutes the further agreement between Landlord and Tenant as follows:

(a) Tenant Improvements; Landlord's Construction Allowance. The leasehold improvements to be constructed by Tenant (the "Tenant Improvements"), at Tenant's sole cost and expense (except for the Landlord's Construction Allowance, as specified in Paragraph 7 of this Second Amendment), shall be constructed in accordance with the Final Plans to be submitted by Tenant and reviewed and approved by Landlord in accordance with the provisions of Paragraph (b) of this Exhibit B.

Landlord shall have no obligation to construct or to pay for the construction of the Tenant Improvements. However, Landlord agrees to contribute toward the cost of construction of the Tenant Improvements the cash sum of up to the Landlord's Construction Allowance (as defined in Paragraph 7 of this Second Amendment). Notwithstanding anything in this Second Amendment or in this Work Letter to the contrary, except as provided in the last sentence of Paragraph 7, Landlord's Construction Allowance shall be used only for the construction of the Tenant Improvements, and if construction of the Tenant Improvements is not completed by the applicable Construction Termination Date (as defined below), then Landlord's obligation to provide the unused portion of the Landlord's Construction Allowance allocable to the applicable Construction Termination Date shall terminate and become null and void, and Tenant shall be deemed to have waived its rights in and to said unused portion of the Landlord's Construction Allowance. The "Construction Termination Dates" shall be as follows: (i) with respect to the portion of the Landlord's Construction Allowance attributable to the Suite 400 Space, the Construction Termination Date shall be deemed to be February 28, 2021, (ii) with respect to the portion of the Landlord's Construction Allowance attributable to the Suite 500 Space, the Construction Termination Date shall be deemed to be February 28, 2023, (iii) with respect to the portion of the Landlord's Construction Allowance attributable to the Suite 600 Space, the Construction Termination Date shall be deemed to be July 31, 2020, and (iv) with respect to the portion of the Landlord's Construction Allowance attributable to the Suite 900 Space, the Construction Termination Date shall be deemed to be December 31, 2019. The Landlord's Construction Allowance may be used to pay any reasonable out-of-pocket costs incurred by Landlord in connection with the construction of the Tenant Improvements and any work related to the construction of the Tenant Improvements in the Premises. The construction costs that may be reimbursed from the Landlord's Construction Allowance shall include the following: "hard costs" of the Tenant Improvements including costs of labor, equipment, supplies and materials furnished for construction of the Tenant Improvements; governmental fees and charges for required permits, plan checks, and inspections for the Tenant Improvements; Tenant's project management costs, charges of Tenant's design professionals; and charges of Landlord's design professionals for review of plans and monitoring of construction or installation of the Tenant Improvements. Except as otherwise provided herein, no other costs, fees or expenses of the Tenant Improvements shall be reimbursable out of the Landlord's Construction Allowance.

Landlord's payment of the Landlord's Construction Allowance, or such portion thereof as Tenant may be entitled to, shall be made within thirty (30) days after each and all of the following conditions shall have been satisfied (it being agreed that the disbursement shall be made in phases based on Substantial Completion of each of the particular suites): (i) the Tenant Improvements shall have been Substantially Completed in accordance with the Final Plans (as hereinafter defined); (ii) Tenant shall have delivered to Landlord satisfactory evidence that all mechanics' lien rights of all contractors, suppliers, subcontractors, or materialmen furnishing labor, supplies or materials in the construction or installation of the Tenant Improvements have been unconditionally waived, released, or extinguished; (iii) Tenant shall have delivered to Landlord paid receipts or other written evidence reasonably satisfactorily substantiating the actual amount of the construction costs of the Tenant Improvements; (iv) Tenant shall have delivered to

Landlord a final certificate of occupancy, if required, for the Premises; and (v) Tenant shall not then be in default of any of the provisions of the Lease beyond any applicable notice and cure period (in which event all such disbursements shall be suspended until such default is fully cured). The Landlord's Construction Allowance shall be disbursed as each of the phases of the Tenant Improvements are Substantially Completed (e.g., the Landlord's Construction Allowance with respect to the Suite 600 Space shall be disbursed following Substantial Completion of the Tenant Improvements to the Suite 600 Space and satisfaction of the disbursement requirements above). If the actual cost of the Tenant Improvements is less than the Landlord's Construction Allowance, then, except as set forth in Paragraph (g) below, Tenant shall not receive any credit whatsoever for the difference between the actual cost of the Tenant Improvements and Landlord's Construction Allowance. In the event any portion of the Landlord's Construction Allowance remains outstanding and has not otherwise lapsed or expired and Landlord sells the Project to an unaffiliated third party entity, then, as of the closing of any such sale, Landlord shall either (i) enter into a mutually agreeable amendment to the Lease in order to provide Tenant with an offset right to the extent Landlord thereafter fails to disburse any such remaining portion of the Landlord's Construction Allowance following Tenant's satisfaction of all of the disbursement conditions or (ii) agree to escrow the then remaining balance of the Landlord's Construction Allowance with a title or escrow company reasonably selected by Landlord pursuant to an escrow agreement that is consistent with the terms and conditions of this Work Letter and Second Amendment (i.e., relating to disbursement conditions and expiration of the Landlord's Construction Allowance as of the respective Construction Termination Date, except as set forth in Paragraph (g) below).

(b) Preparation and Review of Plans for Tenant Improvements. Tenant has retained a space planner (the "Space Planner"), and the Space Planner has prepared (or will prepare) certain plans, drawings and specifications (the "Temporary Plans") for the construction of the Tenant Improvements in the Premises to be installed in the Premises by a general contractor selected by Tenant pursuant to this Work Letter. Tenant shall deliver to Space Planner within thirty (30) days after the execution of this Second Amendment, all necessary information required by the Space Planner to complete the Temporary Plans with respect to the Suite 600 Space. Tenant understands that the Tenant Improvements are to be completed in phases with respect to the Suite 400 Space, Suite 500 Space, Suite 600 Space and Suite 900 Space. Except with respect to the Movable Amounts (as defined below), Tenant shall only be permitted to apply the Landlord's Construction Allowance allocable to each floor of the Premises so to such floor (i.e., Tenant cannot take a portion of the allowance allocable to the Suite 600 Space and apply it to improvements for the Suite 400 Space). As used herein, the term "Movable Amounts" means (i) up to \$875,700.00 out of the Landlord's Construction Allowance allocable to the Suite 600 Space can be allocated to other suites of the Premises and (ii) up to \$199,365.00 out of the Landlord's Construction Allowance allocable to the Suite 500 Space can be allocated to other suites of the Premises. The plan approval process set forth in this Paragraph (b) shall be applicable with respect to each phase of construction in each of the suites of the Premises. Landlord shall have ten (10) business days after Landlord's receipt of the proposed Temporary Plans to review the same and notify Tenant in writing of any comments or required changes, or to otherwise give its approval or disapproval of such proposed Temporary Plans. If Landlord fails to give written comments to or approve the Temporary Plans within such ten (10) business day period, then Landlord shall be deemed to have rejected the Temporary Plans as submitted. Tenant shall have ten (10) business days following its receipt of Landlord's comments and objections to redraw the proposed Temporary Plans in compliance with Landlord's request and to resubmit the same for Landlord's final review and approval or comment within ten (10) business days of Landlord's receipt of such revised plans. Such process shall be repeated twice and if at such time final approval by Landlord of the proposed Temporary Plans has not been obtained, then Landlord shall complete such Temporary Plans, at Tenant's sole cost and expense, to reflect Landlord's objections or comments. Once Landlord has approved the Temporary Plans, the approved Temporary Plans shall be thereafter known as the "Final Plans". The Final Plans shall include the complete and final layout, plans and specifications for the Premises showing all doors, light fixtures, electrical outlets, telephone outlets, wall coverings, plumbing improvements (if any), data systems wiring, floor coverings, wall coverings, painting, any other improvements to the Premises beyond the shell and core improvements

provided by Landlord and any demolition of existing improvements in the Premises. The improvements shown in the Final Plans shall (i) utilize Landlord's building standard materials and methods of construction unless otherwise expressly set forth in the Final Plans, (ii) be compatible with the shell and core improvements and the design, construction and equipment of the Premises, and (iii) comply with all applicable laws, rules, regulations, codes and ordinances. Tenant, using the Space Planner, shall prepare or cause to be prepared and submitted the Final Plans, concurrently, and in each case by receipted courier or delivery service, to Landlord's construction representative ("Landlord's Construction Representative"), and Landlord's offices for Landlord's review and approval, which shall be consistent with the description of the Tenant Improvements set forth in the Temporary Plans.

Each set of proposed Final Plans furnished by Tenant shall include at least two (2) sets of prints. The Final Plans shall be compatible with the design, construction, and equipment of the Building, and shall be capable of logical measurement and construction. Unless Landlord shall otherwise agree in writing, the Final Plans shall be signed/stamped by the Space Planner, and shall include (to the extent relevant or applicable) such additional plans reasonably requested by Landlord related to the Tenant Improvements, including, without limitation, any and all additional plans related to Tenant's specific use of the Premises, or as may be required by local city ordinance or building code.

Tenant shall submit all Final Plans concurrently to Landlord's construction representative and offices, as designated above, for Landlord's review and approval. Landlord shall have ten (10) business days after Landlord's receipt of the proposed Final Plans to review the same and notify Tenant in writing of any comments or required changes, or to otherwise give its approval or disapproval of such proposed Final Plans. If Landlord fails to give written comments to or approve the Final Plans within such ten (10) business day period, then Landlord shall be deemed to have rejected the Final Plans as submitted. Tenant shall have ten (10) business days following its receipt of Landlord's comments and objections to redraw the proposed Final Plans in compliance with Landlord's request and to resubmit the same for Landlord's final review and approval or comment within ten (10) business days of Landlord's receipt of such revised plans. Such process shall be repeated as necessary until final approval by Landlord of the proposed Final Plans has been obtained. Landlord may at any time by written notice given in accordance with the notice provisions of the Lease change the name and/or address of the designated Landlord's construction representative to receive plans delivered by Tenant to Landlord. In the event that Tenant disagrees with any of the changes to the proposed Final Plans required by Landlord, then Landlord and Tenant shall consult with respect thereto and each party shall use all reasonable efforts to promptly resolve any disputed elements of such proposed Final Plans. If such Final Plans are not resolved by Landlord and Tenant, then Tenant shall accept Landlord's final changes to the proposed Final Plans. For purposes hereof, "business days" shall be all calendar days except Saturdays and Sundays and holidays observed by national banks in the State in which the Premises are situated.

Notwithstanding the preceding provisions of this Paragraph (b), under no circumstances whatsoever shall (i) any combustible materials be utilized above finished ceiling or in any concealed space, (ii) any structural load, temporary or permanent, be placed or exerted on any part of the Building without the prior written approval of Landlord, or (iii) any holes be cut or drilled in any part of the roof or other portion of the Building shell without the prior written approval of Landlord.

In the event that Tenant proposes any changes to the Final Plans (or any portion thereof) after the same have been approved by Landlord, Landlord shall not unreasonably withhold its consent to any such changes, provided the changes do not, in Landlord's reasonable opinion, adversely affect the Building structure, systems, or equipment, or the external appearance of the Premises.

As soon as the Final Plans (or a portion thereof sufficient to permit commencement of construction or installation of the Tenant Improvements, if Tenant elects to proceed with a "fast track" construction) are mutually agreed upon, Tenant shall use diligent efforts to obtain all required permits, authorizations, and licenses from appropriate governmental authorities for construction of the Tenant Improvements (or such portion thereof, as applicable). Tenant shall be solely responsible for obtaining any business or other license or permit required for the conduct of its business at the Premises.

(c) Construction of the Tenant Improvements. Construction or installation of the Tenant Improvements shall be performed by a licensed general contractor or contractors selected by Tenant and approved by Landlord, such approval not to be unreasonably withheld or delayed (the "Tenant's Contractor," whether one or more), pursuant to a written construction contract negotiated and entered into by and between the Tenant's Contractor and Tenant and approved by Landlord. Each such contract shall (i) obligate Tenant's Contractor to comply with all reasonable rules and regulations of Landlord relating to construction activities in the Building, (ii) name Landlord as an additional indemnitee under the provisions of the contract whereby the Tenant's Contractor holds Tenant harmless from and against any and all claims, damages, losses, liabilities and expenses arising out of or resulting from the performance of such work, (iii) name Landlord as a beneficiary of (and a party entitled to enforce) all of the warranties of the Tenant's Contractor with respect to the work performed thereunder and the obligation of the Tenant's Contractor to replace defective materials and correct defective workmanship for a period of not less than one (1) year following final completion of the work under such contract, (iv) evidence the agreement of the Tenant's Contractor that the provisions of the Lease shall control over the provisions of the contract with respect to distribution or use of insurance proceeds, in the event of a casualty during construction, and (v) evidence the waiver and release by the Tenant's Contractor of any lien or right to assert a lien on all or any portion of the fee estate of Landlord in and to the Building as a result of the work performed or to be performed thereunder (and obligating the Tenant's Contractor to include a substantially similar release and waiver provision in all subcontracts and purchase orders entered under or pursuant to the contract). Notwithstanding anything to the contrary, union labor shall not be required to be used for construction of the Tenant Improvements; provided, however, Landlord shall be permitted to withhold its consent to a contractor proposed to be utilized by Tenant to the extent such contractor would create a labor dispute at the Building or Project that could impair or affect the Landlord's ability to operate the Building or otherwise provide the services it is required to provide to its tenants. In the event there is any labor dispute as a result of Tenant's contractor and such labor dispute is impairing or affecting Landlord's ability to operate the Building or otherwise provide the services it is required to provide to its tenants, then Tenant shall immediately take such actions as may be required in order to cause such labor dispute to cease. Tenant and its contractors shall be required to comply with the constructions rules and regulations set forth Exhibit B-1 attached hereto (and the Tenant Improvement shall be required to incorporate all design elements set forth in such Exhibit B-1).

Tenant acknowledges and understands that all roof penetrations involved in the construction of the Tenant Improvements must be performed by the Landlord's Building roofing contractor. All costs, fees and expenses incurred with such contractor in performing such work shall be a cost of the Tenant Improvements (which such cost may be payable out of the Landlord's Construction Allowance), in accordance with the provisions of this Exhibit B. Tenant or Tenant's Contractor shall be responsible for all water, gas, electricity, sewer or other utilities used or consumed at the Premises during the construction of the Tenant Improvements.

Tenant specifically agrees to carry, or cause the Tenant's Contractor to carry, during all such times as the Tenant's work is being performed, (a) builder's risk completed value insurance on the Tenant Improvements, in an amount not less than the full replacement cost of the Tenant Improvements, (b) a policy of insurance covering commercial general liability, in an amount not less than One Million Dollars (\$1,000,000.00), combined single limit for bodily injury and property damage per occurrence (and combined single limit coverage of \$2,000,000.00 in the aggregate), and automobile liability coverage (including owned, non-owned and hired vehicles) in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit (each person, each accident), and endorsed to show Landlord as an additional insured, and (c) workers' compensation insurance as required by law, endorsed to show a waiver of subrogation by the insurer to any claim the Tenant's Contractor may have against Landlord. Tenant shall not commence construction of the Tenant Improvements until Landlord has issued to Tenant a written authorization to proceed with construction after Tenant has delivered to Landlord's construction

representative (i) certificates of the insurance policies described above, (ii) copies of all permits required for construction of the Tenant Improvements and a copy of the permitted Final Plans as approved by the appropriate governmental agency, and (iii) a copy of each signed construction contract for the Tenant Improvements (a copy of each subsequently signed contract shall be forwarded to Landlord's construction representative without request or demand, promptly after execution thereof and prior to the performance of any work thereunder). All of the construction work shall be the responsibility of and supervised by Tenant.

(d) Requirements for Tenant's Work. All of Tenant's construction with respect to the Premises shall be performed in substantial compliance with this Exhibit B and the Final Plans therefor previously approved in writing by Landlord (and any changes thereto approved by Landlord as herein provided), and in a good and workmanlike manner, utilizing only new materials. All such work shall be performed by Tenant in strict compliance with all applicable building codes, regulations and all other legal requirements. All materials utilized in the construction of Tenant's work must be confined to within the Premises. All trash and construction debris not located wholly within the Premises must be removed each day from the Project at the sole cost and expense of Tenant. Landlord shall have the right at all times to monitor the work for compliance with the requirements of this Exhibit B. If Landlord reasonably determines that any such requirements are not being strictly complied with, Landlord may immediately require the cessation of all work being performed in or around the Premises or the Project until such time as Landlord is reasonably satisfied that the applicable requirements will be observed. Any approval given by Landlord with respect to Tenant's construction or the Temporary Plans or Final Plans therefor, and/or any monitoring of Tenant's work by Landlord, shall not make Landlord liable or responsible in any way for the condition, quality or function of such matters or constitute any undertaking, warranty or representation by Landlord with respect to any of such matters.

(e) No Liens; Indemnification. Tenant shall have no authority to place any lien upon the Premises, or the Building, or any portion thereof or interest therein, nor shall Tenant have any authority in any way to bind Landlord, and any attempt to do so shall be void and of no effect. If, because of any act or omission of Tenant, or Tenant's Contractor, or any subcontractors or materialmen, any lien, affidavit, charge or order for the payment of money shall be filed against Landlord, the Premises, the Building, or any portion thereof or interest therein, whether or not such lien, affidavit, charge or order is valid or enforceable, Tenant shall, at its sole cost and expense, cause the same to be discharged of record by payment, bonding or otherwise no later than fifteen (15) days after notice to Tenant of the filing thereof, but in any event prior to the foreclosure thereof. With respect to the contract for labor or materials for construction of the Tenant Improvements, Tenant acts as principal and not as the agent of Landlord. Landlord expressly disclaims liability for the cost of labor performed for or supplies or materials furnished to Tenant. Landlord may post one or more "notices of non-responsibility" for Tenant's work on the Building. No contractor of Tenant is intended to be a third-party beneficiary with respect to the Landlord's Construction Allowance, or the agreement of Landlord to make such Landlord's Construction Allowance available for payment of or reimbursement for the costs of construction of the Tenant Improvements. Tenant agrees to indemnify, defend and hold Landlord, the Premises and the Project, harmless from all claims (including all reasonable costs and expenses of defending against such claims) arising from any act or omission of Tenant or Tenant's agents, employees, contractor, subcontractors, suppliers, materialmen, architects, designers, surveyors, engineers, consultants, laborers, or invitees, or arising from any bodily injury or property damage occurring incident to any of the work to be performed by Tenant or its contractors or subcontractors with respect to the Premises, except to the extent caused by the negligence or willful misconduct of Landlord. Any Default by Tenant under this Exhibit B shall constitute a default by Tenant under the Lease for all purposes. Additionally, any approval given by Landlord with respect to the Tenant Improvements or the Final Plans and/or any monitoring of the construction of the Tenant Improvements by Landlord shall not make Landlord liable or responsible in any way for the condition, quality or function of such matters or constitute any undertaking, warranty or representation by Landlord with respect to any such matters.

(f) Substantial Completion. “Substantial Completion” (or any grammatical variant thereof) of construction of the Tenant Improvements shall be defined as the later of (i) the date upon which Landlord’s Construction Representative (or other consultant engaged by Landlord) determines that the Tenant Improvements have been substantially completed in accordance with the Final Plans, and (ii) the date upon which a temporary certificate of occupancy (or its equivalent) is issued for the Premises by the appropriate governmental authority. After the completion of the Tenant Improvements, Tenant shall, within ten (10) business days of demand, execute and deliver to Landlord a letter of acceptance of improvements performed on the Premises. The failure of Tenant to take possession of or to occupy the Premises shall not serve to relieve Tenant of obligations arising on the Commencement Date or delay the payment of Rent by Tenant.

(g) Excess Allowance.

(i) Suite 500 Space. Notwithstanding anything herein to the contrary, if the total cost of the Tenant Improvements with respect to the Suite 500 Space are less than the total amount of the Landlord’s Construction Allowance allocable to such Suite 500 Space (the difference between the cost of the Tenant Improvements to the Suite 500 Space and the cost of the Landlord’s Construction Allowance allocable to the Suite 500 Space being referred to herein as the “Excess Suite 500 Allowance”), then Landlord agrees that, upon Tenant’s written request and subject to the further terms of this Paragraph (g)(i), Tenant shall have the right to have up to (but not to exceed) \$264,585.00 out of such Excess Suite 500 Allowance disbursed to Tenant as a reimbursement of the actual out-of-pocket expenses paid by Tenant to third parties in connection with Tenant’s move to the Premises, including space planning and design, built-in and movable furniture, signage costs and the installation of Tenant’s wiring and cabling in the Suite 500 Space and Suite 600 Space (the “Moving Reimbursement”); provided, however, in no event shall the total amount advanced by Landlord to Tenant for the Moving Reimbursement exceed the lesser of the amount of the Excess Suite 500 Allowance or \$264,585.00. In the event Tenant desires any such reimbursement, Tenant shall notify Landlord of the amounts that Tenant wants reimbursed (and such request shall include actual copies of paid invoices reflecting amounts Tenant desires to have reimbursed) by the Construction Termination Date applicable to the Suite 500 Space, and, notwithstanding anything herein to the contrary, if Tenant fails to so notify Landlord in writing of such amounts Tenant desires to have reimbursed by the Construction Termination Date applicable to the Suite 500 Space, Tenant shall not be entitled to any such reimbursement and all such Excess Suite 500 Allowance shall belong to Landlord and Tenant shall have no rights thereto other than apply such Excess Suite 500 Allowance amounts to the installation of the FANWALL system as contemplated in Paragraph 11 (i.e., if there is any Excess Suite 500 Allowance that has not been utilized as of the Construction Termination Date allocable to the Suite 500 Space, then Tenant can only access such Excess Suite 500 Allowance in order to pay for any costs related to the FANWALL system being installed pursuant to the terms of Paragraph 11).

(ii) Suite 600 Space. Notwithstanding anything herein to the contrary, if the total cost of the Tenant Improvements with respect to the Suite 600 Space are less than the total amount of the Landlord’s Construction Allowance allocable to such Suite 600 Space (the difference between the cost of the Tenant Improvements to the Suite 600 Space and the cost of the Landlord’s Construction Allowance allocable to the Suite 600 Space being referred to herein as the “Excess Suite 600 Allowance”), then Landlord agrees that, upon Tenant’s written request and subject to the further terms of this Paragraph (g)(ii), Tenant shall have the right to have up to (but not to exceed) \$262,710.00 out of such Excess Suite 600 Allowance disbursed to Tenant as a reimbursement of the actual out-of-pocket expenses paid by Tenant to third parties in connection with Tenant’s move to the Premises, including space planning and design, built-in and movable furniture, signage costs and the installation of Tenant’s wiring and cabling in the Suite 500 Space and Suite 600 Space (the “Moving Reimbursement”); provided, however, in no event shall the total amount advanced by Landlord to Tenant for the Moving Reimbursement exceed the lesser of the amount of the Excess Suite 600 Allowance or \$262,710.00. In the event Tenant desires any such reimbursement, Tenant

shall notify Landlord of the amounts that Tenant wants reimbursed (and such request shall include actual copies of paid invoices reflecting amounts Tenant desires to have reimbursed) by the Construction Termination Date applicable to the Suite 600 Space, and, notwithstanding anything herein to the contrary, if Tenant fails to so notify Landlord in writing of such amounts Tenant desires to have reimbursed by the Construction Termination Date applicable to the Suite 600 Space, Tenant shall not be entitled to any such reimbursement and all such Excess Suite 600 Allowance shall belong to Landlord and Tenant shall have no rights thereto other than apply such Excess Suite 600 Allowance amounts to the installation of the FANWALL system as contemplated in Paragraph 11 (i.e., if there is any Excess Suite 600 Allowance that has not been utilized as of the Construction Termination Date allocable to the Suite 600 Space, then Tenant can only access such Excess Suite 600 Allowance in order to pay for any costs related to the FANWALL system being installed pursuant to the terms of Paragraph 11).

EXHIBIT B-1

One Renewal Option at Market

Construction Rules and Regulations

To: All Tenants and Contractors

From: KBSIII ALMADEN FINANCIAL PLAZA,
LLC

Date: 5/15/2018

Re: KBS Construction Rules and Regulations as provided for construction projects at

The Almaden - 1, 55 & 99 Almaden Blvd., San Jose, CA. 95113

The following rules and regulations shall apply for projects at **The Almaden**:

Tenant Construction Release:

A **Construction Release** form signed by the Property Manager is required before construction begins. This is a check-off form to ensure that all required documentation has been provided.

Display of Building Permits

Tenant and/or General Contractor must post all building permits on a wall of the construction site prior to commencement of work. Permit shall remain posted until final inspections are completed.

Project Directory List

Provide numbered list of contractors and subcontractors to be involved with the project, with the contact names and telephone numbers of key personnel. Contractor will also be required to provide a numbered badge to all personnel on the project, showing Contractor's Logo and worker's name and trade. These must be worn at all times while working in the building - no exceptions.

Landlord Drawing Approval

No work shall start until Contractor/Tenant has submitted proper drawings and received written approval from KBS project manager and or property manager.

Pre-Construction Building Inspection

Prior to commencement of work Contractor/Tenant shall inspect building conditions outside of work area (paths of travel, elevators, electrical/mechanical rooms, etc.) to verify existing building conditions. When final inspections are completed Tenant shall notify the Property Management Office and a post-construction walk thru will be conducted and any construction related damages to existing building areas/finishes will be determined at that time

Hours of Operation:

The building is typically staffed with engineers between 7:00 AM and 5:00 PM, Monday through Friday. No engineers are specifically on duty at the building on Weekends and Holidays. Overtime charge for KBS to provide an engineer during Contractor's after-hours work will be billed accordingly to union rates.

Work requiring the disabling of fire alarm systems must be finished before 2:00 PM. This is to allow sufficient time to restore the systems to normal operation, and to resume monitoring by the offsite security contractor before key engineering personnel leave for the day.

All planned sprinkler work will be conducted only as arranged with the Building Engineer on duty. No sprinkler valves are to be closed or opened until the OK is given by the Building Engineer. From time to time there may also be limits on the times during which sprinkler work may be performed. Provide a minimum of two business days advance notice for any planned sprinkler work.

Contractor Parking

Landlord shall designate contractor parking areas, if available. Parking may be limited. Contractor parking is prohibited in and around the loading dock area.

Roof Penetrations

Landlord must approve all roof top equipment installations. All penetrations must be cut, flashed and sealed by the roof warranty holder or other vendor approved by property manager. Cost of such work shall be the sole responsibility of the Tenant/General Contractor

Structural Slab or Wall Penetrations:

Some projects may require independent review by the Owner's preferred Structural Consultant, who maintains a record set of drawings. Typical projects requiring structural review would include slab penetrations or installations where weight/slab loading may be an issue. Costs associated with such special review requirements may be billed to the tenant. Add extra time for any additional reviews required.

Nishkian Menninger Structural
1200 Folsom Street
San Francisco, CA 94103

The Contractor shall use whatever means necessary to avoid damaging electrical conduit buried in walls or slabs. Non-destructive GPR (ground penetrating radar) technology is now available to scan concrete structures. Any and all damages to buried conduit are to be repaired quickly, and at the Contractor's expense. **Life Safety Systems shall be restored by the building's approved Life Safety Contractor.**

Roof work is to be completed by Prospect Waterproofing Company. Contact:

GoGreen Roofing Corp.
3315 Woodward Ave.
Santa Clara, CA 95054

Openings and/or damaged areas shall be patched with non-shrink grout. In areas subject to moisture such as toilet rooms, kitchens, etc., the opening shall be filled with expanding grout, which will completely seal the opening from moisture penetration, and a liquid-tight approved Fire Stop Compound shall be applied as per the manufacturer's standard detail.

Public Facilities:

Please use the restrooms designated by the Property Management Office. The General Contractor shall be responsible for cleaning and maintaining restroom designated by Property Management.

Contractor and its employees shall not litter or abuse the restrooms. If it is determined by the Property Manager that the Contractor is not utilizing the building restrooms in the manner intended, or that the restrooms are being abused, the Contractor will be required to provide outdoor portable toilet facilities in a location determined by the Property Manager, and maintain same at the Contractor's sole expense.

Contractor and its employees are not to congregate or eat in public lobbies, corridors or at the front entrance of the building. No eating or open containers are allowed in the elevators, public hallways or in any carpeted area in the building. No alcohol is permitted on the premises at any time. Radios are allowed only with in the construction area but must be kept at a reasonable level or at landlord's sole discretion may be prohibited from the job site.

Deliveries:

All deliveries must be coordinated with the Property Management Office. Deliveries must occur afterhours, before 7AM and after 6PM Monday through Friday, or on weekends. If the scope requires an engineer to be present for the delivery, Contractors will be subject to an engineering charge.

No Smoking:

Smoking is not permitted anywhere within the building. Contractor smoking outdoors shall be limited to those areas designated by the Property Management Office.

Safety:

Wooden ladders are not allowed on construction projects. Only OSHA - approved fiberglass ladders are permitted. The building does not lend ladders to Contractors due to insurance regulations. The Owner will not be responsible for injuries or damages that may occur due to the Contractor's unauthorized use of ladders.

Contractor must maintain a copy of all product MSDS sheets used on the project on site, per OSHA HazCom Standards.

All areas of fire egress must be maintained at all times. Under no circumstances should any equipment or materials be stored in a fire egress path. This includes stairwells and fire exit corridors.

No combustible materials shall be stored in any mechanical, electrical, or telephone rooms. A staging area must be set up on site for all equipment and material storage and agreed upon by Property Management and Tenant.

All trash or foreign objects must be removed from above the ceiling prior to ceiling close-in for the safety of building personnel working above the ceiling. Superintendent shall verify the ceiling is "clean" prior to closing out the job.

All lighting fixtures, electrical wiring, piping, data cabling, and any other equipment installed above the ceiling must be properly supported per building codes. Under no circumstances shall anything but ceiling panels be supported solely by the ceiling grid or any wiring or cabling lay resting on the grid. Superintendent shall verify the ceiling is "clean" prior to closing out the job.

Any electrical switch or circuit breaker turned off for the purposes of working on a downstream circuit must be locked and tagged according to OSHA guidelines. Any live exposed electrical component/s shall be clearly marked with a warning sign, such as "Danger, Exposed Live Electrical Components. Authorized Personnel Only", and proper protection shall be put up to protect personnel from entering proximity of electrical hazard. Under no circumstances shall an electrical closet be left propped in the open position while unattended unless the entire floor is under renovation and approved by Property Management, no other exceptions! Superintendent on site will be responsible for enforcing this policy with electrical contractors.

All "Hot Work" must first be approved by Building Engineer and "Hot Work" procedures must be followed per Building Engineer and FM Global standards.

Protection:

Protection shall pertain to, but not be limited to, the following concerns: noise, fumes, odors, dust, moisture, vibration, static electricity around integrated circuits, and other potentially harmful elements and actions.

All window blinds and tint are to be checked, and any damage or operational problems brought to the attention of the Project Manager or Senior Property Manager, before the project commences. All window glass is to be inspected prior to work commencement, and any broken glass shall be brought to the attention of the KBS Project Manager and the Property Manager. Any broken glass which occurs after project commencement is the responsibility of the Contractor, and shall be replaced promptly and at the expense of the Contractor. Public areas and corridors are to be protected by non-slip runners and walk off mats from the elevator (or entrance) to the entrance door of the suite under construction and in all areas of work.

A designated freight elevator shall be used for all deliveries to the building and must be properly protected including floors, walls, ceilings, side frames, and common area floors and walls with plywood or Masonite. Protection must be approved by the on-site Building Engineer prior to beginning work. Contractor/Tenant will be held liable for any damages to the building resulting from improper protection.

Return air ducts and return air shaft openings shall be covered with filter material throughout the construction period, and the filters are to be checked and changed on a regular basis as required to maintain return air flow from the space and avoid space pressurization. The Mechanical Contractor shall reduce flow on the supply air systems to the extent necessary to create a slightly negative pressure within the construction area, to prevent the migration of dust.

Temporary partitions and polyethylene plastic curtains are to be installed as necessary. The Mechanical Contractor shall reduce flow on the supply air systems to the extent necessary to create a slightly negative pressure within the construction area, to prevent the migration of dust.

All existing carpeting to remain will be protected with matting, drop cloths, or similar covering.

All fire alarm devices and wiring shall be identified, bagged and protected prior to any demolition work so as to prevent damage and false alarms.

All pneumatic thermostats and related temperature controls shall be covered with plastic bags and tied up with their respective lines to the ceiling, taking care not to create leaks - notify the Building Engineer immediately if a leak occurs.

Fire Alarm System Protection:

The Contractor shall be fully responsible for the payment of any fines levied by Santa Clara County Fire Marshal, and any and all other such monetary damages which may result from the failure of the Contractor's employees and/or subcontractors to properly guard the fire alarm system from accidental alarm activation. It should be noted that the local Authority having jurisdiction could determine that such fines are directly attributable to an individual or responsible person, who in the Authority's judgment could have or should have prevented the alarm. In no instance will the Owner be responsible for the payment of fines/damages that result from the Contractor's negligence in this regard.

Deactivation of the fire alarm system must be arranged by written request from the Contractor to Building Management 24 hours in advance. **Work requiring disabling of fire alarm systems must be finished before 2:00 p.m.** This is to allow sufficient time to restore systems to normal operation, and to resume off-site monitoring by Red-Hawk before key engineering personnel leave for the day.

Hazardous Materials:

No paints or chemicals shall be left behind after project completion. Should the Tenant request touch-up samples, provide the appropriate Material Safety Data Sheets, in soft plastic covers, affixed to the respective containers. **No application of VOC or odor-producing products is permitted before 6:30 p.m. or after 7:30 a.m.**

Project Close Out:

Once construction has been completed, whether new or remodeling, previous revisions and/or notes shall be removed from as-built drawings so that they properly reflect existing conditions.

Prior to closing the ceiling, while building HVAC systems are off, disable and cover all plenum smoke detectors, then remove filter media at all return air openings.

On all projects where changes to mechanical systems have occurred, after the ceiling is closed, all HVAC systems serving the newly constructed area and any adjacent areas in the same control zone shall be air balanced by third party. Contractor must notify property manager 48 hours prior to the start of air balancing work. Landlord's operating personnel may witness balancing effort, if they so desire. A completed air balancing report shall be submitted to the mechanical engineer of record & Building Owner within thirty days after the completion of the project.

Provide 100% CAD drawings on disc, saved in both ".dwg" and ".dwf" formats.

Emergencies:

To reach the building engineer in an emergency, after normal hours of operation, call the Security, (408) 768- 4547. Officers are on duty at The Almaden 24/7. They maintain an up-to-date calling list for all engineers, so they will be able to notify someone to help you with your problem.

Security Access & Keying:

To protect our tenants and the integrity of our key system, it is our policy to have the contractor sign for any keys received for the project. A receipt is provided at project completion for the PM and Contractor's records, showing that all keys have been returned. It is recommended that the Tenant arrange to have suite entry doors re-keyed on or before move-in day. All locks must be keyed to the Master, Floor Master, and change key. The base building key system is Sargent LB key way.

Key work is to be completed by:

Silicon Valley Locksmith
1444 South Main Street
Milpitas, CA 95035

Close Out Documentation:

Provide 100% CAD drawings on disc, saved in both “.dwg” and “.dwf” formats. Provide 100% As-Built Drawings, hard copies, full set.

Sprinkler System:

Due to demonstrated unreliability, the building Owner does not permit “plain end”, “slip type” or “torque type” fittings that rely upon a break-off fastener or bite screw to connect the fitting to the pipe.

All fire sprinkler heads shall be Tyco series RFII 5.6 K-Factor “Royal Flush” concealed pendent sprinklers. Centered in tile.

General Demolition and Construction:

No utilities (electricity, water, gas, plumbing) or services to Tenants are to be cut off or interrupted without first having requested the permission of the Property Manager in writing at least 48 hours in advance.

Any work that results in noise which can be heard outside of the Tenant’s leased premises is considered to be disturbing or inconvenient. All core drilling, hammer drilling, duct installation or other loud work must be completed prior to 7:30 a.m. or after 6:30 p.m. Monday-Friday.

Most demolition and some construction work will require the fire sprinkler valves on that floor to be closed to protect against major property damage in the event a sprinkler head is accidentally bumped and discharged during the process. It will be the Chief Building Engineer’s decision or any other designated on-site Building Engineer to determine when the valves will need to be secured. Designated Construction Superintendent for the project must review (with the on-site Building Engineer) the planned work for the day prior to beginning any work day. The Engineer will make a determination based on this information whether to close the valves. The Contractor may be required to provide an individual assigned as Fire Watch during all times any part of the fire alarm system is disabled, and shall be equipped with a fire extinguisher and a working telephone. The building engineer/property management will make that determination.

All activities which create excessive dust or smoke (e.g. burning or welding) must be coordinated with Building Management and the Building Engineer with 24 hours written notice, and shall be performed prior to 7:30 AM unless otherwise instructed. The Contractor must provide an individual assigned as Fire Watch during all hot work, equipped with a fire extinguisher and a working telephone. A Hot Work Permit, issued by the Building, is required. The Contractor shall arrange with the Building Engineer to protect smoke detectors during such work. Protection shall be removed at the conclusion of every workday. In that the work is being performed in an occupied building, the Contractor is responsible for providing a means of local exhaust are necessary to remove smoke, fumes and odors from the building.

Contractor or subcontractor signage may not be displayed in the building common areas or any of the window glass without prior Building Management approval.

Access to suite immediately below and adjacent to construction area must be coordinated at least 48 hours prior to actual work with the Property Manager through written request.

If sprinkler system or HVAC must be temporarily out of service, the Property Manager must be notified in writing and approval given 48 hours prior to drain down.

Contractors are not to use Tenant's telephone, fax machines, photocopiers or other office equipment. Premises must be secured and doors to the work area, mechanical and electrical room and stairwells closed and lights turned off at the end of each day.

Cleaning of spackling knives, painting equipment, tools and buckets shall only be permitted in the janitor's closet slop sink. The contractor is responsible for protecting and cleaning the slop sinks and the walls at the closet. Painting the walls within the janitor's closet may be required at project completion as determined by the Project Manager or Property Manager. The contractor is responsible for any plumbing blockages that occur in the janitor's closet slop sink or at floor drains utilized by the Contractor over the course of the project. If the Building is required to call a plumber in the event the Contractor fails to address blockages in a timely manner, all charges will be billed back to the Contractor.

The Contractor will not be permitted to use the Building Management's maintenance tools, vacuum cleaners, ladders or materials.

No materials may be stored or stocked in main lobbies at any time.

Only the Landlord designated elevator shall be used to ferry material and workers to the construction areas. Construction personnel are prohibited from using normal passenger elevators at any time except during an emergency.

Mechanical & HVAC:

All new HVAC installations which pull ventilation air from the outdoors, independent of the base- building central fans, shall have spring-operated/normally-closed motorized dampers on all ductwork, fitted and installed in such a manner as to prevent the infiltration of outside air when the unit is commanded OFF. The control circuit(s) for all system START/STOP functions shall be interrupted by a control circuit relay tied into the BAS/EMS One-Point Shutdown EMERGENCY OFF Switch. Operation of the EMERGENCY OFF switch shall result in the immediate shutdown of all system fans, and closing of all system dampers, regardless of HOA switch position, in the event of terrorist attack or other event requiring immediate H V A C system shutdown or isolation. Coordinate with Environmental Services Inc., the building EMS vendor.

Environmental Systems Inc.
3353 De La Cruz Blvd.
Santa Clara, CA 95054
Contact: T.J. Kay

Any exception to this rule must be approved by the Project Manager or Property Manager.

VAV units shall be upgraded to Titus with integral heat as needed to meet design. All VAV shall have Delta DDC controls. All boxes will fail open for fire life safety. Any exceptions must be approved by the Building Owner.

Tenant installed self-contained units are to be complete with all factory wiring installed within the unit. They are to have ball valves installed as stop valves on the supply and return lines near the unit. Back flush hose connections shall be installed between the shut off valve and the unit. A/C unit water strainers are to be a minimum of 1.5 times (x) the pipe size, with an insert screen designed for water use. Steam type mesh screens are not acceptable. Dielectric fittings are to be used at all piping material changes.

Tenant is responsible for obtaining regular maintenance and service on any additional mechanical equipment added that is not part of the base building system, and is also responsible for any service lines connected to such mechanical equipment along the entire length of those lines and up to where connected to the base building risers, regardless of whether such lines or connections are located in the tenant's demised premises.

All HVAC equipment duct flex connectors are to be bridged with a bonding cable provided and installed by the Electrical Contractor, to insure the electrical grounding of all ductwork.

All duct joints are to be sealed with duct sealant compound to make air tight. All new ductwork is to be insulated to match the base building ductwork for the same type of use. Do not use internally insulated (sound lined) ductwork on any base building ductwork modifications.

All duct openings not used for supply or return connections are to be capped, sealed, and insulated.

Plumbing:

All waste lines are to be a minimum of 2" ID pipe size with clean outs. Dielectric fittings are to be used at all piping material changes.

Provide shut off valves in domestic water system branch lines serving all fixtures. Architectural panels or doors shall be provided where necessary to allow free access to the valves. Non-metal piping such as PVC shall not be used. Piping for drainage or venting is to be DWV.

IMPORTANT: Do to recurring problems with point of use hot water heaters, their use is not permitted in the building. These units have a demonstrated history of sudden failure at the seams, resulting in severe flooding.

Fire Alarm System:

The property has a Notifier 3030 addressable fire alarm system. The following vendors are approved to work in the building.

Cal Building
2624 Vern Roberts Circle Suite 102
Antioch, CA 94509

EMT Electric Inc.
1282 Dupont Court
Manteca, CA 95336

Speaker / Strobe circuits are to be run in plenum rated shielded 14-gauge cabling.

Fire Alarm-related work is to be completed by 2:00 P.M. This is to allow sufficient time to restore the systems to normal operation, and to resume monitoring by the off-site Security Company before key engineering personnel leave for the day.

Duct smoke detectors may be required on Air Handling Units, per the following schedule:

0-1,999 CFM – Not required
2000 CFM and up – Return duct only

An allowance should be made for smoke detectors in each of these locations, even if they are not called for on the plans.

Smoke detection is required in full floor build outs without smoke detection in the exit corridors. Multi-tenant floors with corridors with smoke control do not require smoke detection in the suits.

Full floor suites with smoke detection will require smoke detectors in each beam bay in open ceiling areas.

Smoke detectors located above suspended ceilings will require remote alarm indicators to be mounted in the suspended ceiling below, so as to be easily visible from the floor level.

Electrical:

Regarding circuit(s) in corridors, Tenant Architects may wish to consider a separate utility circuit in hallway areas for use by the night cleaners, to avoid nuisance tripping of office circuits supporting computers, fax machines, and other critical loads.

Dependent upon the lease, the Tenant may be responsible for providing some types of specialty LED fixtures, which are not building standard and therefore not normally purchased or stocked by the building.

All penetrations at fire rated walls and floors at shafts, stairwells, elevators, telephone and electric closets are to be fire-stopped per NEC and Building Code requirements.

Rules for Telecommunications/Utility Closet work.

Any cabling or equipment proposed to be mounted or placed in core telephone closets must be pre-approved by Project or Property Manager.

Provide a sketch of the intended route for cabling. Contractor will be responsible for fire stopping all penetrations used along that route.

Prior notification of work dates will be required to allow notification of tenants on all floors to be accessed during cabling work.

Cables, if more than one, shall be joined with cable ties. The cable/bunched cables shall be clearly tagged at each phone closet with the name of the Vendor (example: AT&T) and the Tenant served (example: International Widgets Co., Suite 1100).

NEC 800.53 Fire and Smoke Classifications:

Plenum–Cables installed in ducts, plenums, and other spaces used for environmental air shall be type **CMP** Riser – Cables installed in vertical runs and penetrating more than one floor or cables installed in vertical runs in a shaft shall be type **CMR**. Also acceptable (preferred) cable type – Type **LCC**, limited combustible cable (less smoke, less flame)

Lighting:

The Almaden building standard for lighting is Metulx 2x2 cooper skybridge fixtures. 4000K lumens with 0-10 dimmable driver. Wattstopper Title 24 compliant controls.

Exit signs and emergency lighting are 277 volts with no battery backup. New fixtures should be ordered accordingly.

All new exit signs are to be LED type, with green letters on a white or similar background field. Per code, there must be sufficient contrast to clearly distinguish the letters from the field even when the sign is not powered. Building Standard is: Hubbell dual lite LES series fixtures.

1. ELECTRICAL CONTRACTORS:

PLEASE BE ADVISED, THE BUILDING STANDARD LIGHTING CONTROL SYSTEMS SHALL BE A WATTSTOPPER DLM SYSTEM. TYPICAL INSTALLATIONS SHALL INCLUDE USE OF THE FOLLOWING:

- 1.1 WATTSTOPPER LMSW-105 MULTI-BUTTON LOW VOLTAGE SWITCHES OR OTHER DLM MODELS AS APPROPRIATE FOR EACH CONTROL SPACE
- 1.2 WATTSTOPPER LMRC ROOM CONTROLLERS AS REQUIRED PER TITLE-24 REQUIREMENTS AND THE NECESSARY ZONE CONFIGURATION FOR EACH CONTROL SPACE
- 1.3 WATTSTOPPER LMDC-100 CEILING OCCUPANCY SENSORS AS REQUIRED PER TITLE-24 REQUIREMENTS AND THE NECESSARY ZONE CONFIGURATION FOR EACH CONTROL SPACE
- 1.4 WATTSTOPPER LMLS-400 CLOSED LOOP DAYLIGHT SENSORS AS REQUIRED PER TITLE-24 REQUIREMENTS AND THE NECESSARY ZONE CONFIGURATION FOR EACH CONTROL SPACE (EACH EXPOSURE SIDE OF THE BUILDING TO BE ZONES SEPARATELY)
- 1.4 WATTSTOPPER LMPL-100 PLUG-CONTROLLERS AS REQUIRED PER TITLE-24 REQUIREMENTS AND THE NECESSARY ZONE CONFIGURATION FOR EACH CONTROL SPACE (INCLUDING OPEN OFFICE FURNITURE CIRCUIT DISTRIBUTION)
- 1.5 WATTSTOPPER ELCU-200 EM RELAYS AS REQUIRED PER TITLE-24 REQUIREMENTS AND THE NECESSARY ZONE CONFIGURATION FOR EACH CONTROL SPACE
- 1.6 WATTSTOPPER LMIO-101 DIGITAL INPUT/OUTPUT INTERFACE AS REQUIRED PER TITLE-24 REQUIREMENTS AND THE NECESSARY ZONE CONFIGURATION TO MEET DEMAND CONTROL RESPONSE REQUIREMENTS

NOTE: PRE-WIRE OF ALL DEMAND CONTROL INTERFACES TO THE BUILDING MANAGEMENT SYSTEM POINT OF CONNECTION SHALL BE INCLUDED IN ELECTRICAL CONTRACTOR PRICING

ELECTRICAL CONTRACTORS SHALL PROVIDE THE BUILDING ENGINEER WITH A COPY OF THEIR PERMIT SUBMITTAL DRAWINGS FOR REVIEW AND APPROVAL PRIOR TO INSTALLATION.

**The Almaden
Tenant Construction Release**

All tenant improvement projects require the approval of the Landlord. At a minimum, the following items will be required to obtain approval. Failure to meet these requirements may result in delayed construction schedules. Management reserves the right to shut down any construction project(s) found to be underway without proper authorization per the Lease requirements. A copy of KBS Construction Rules and Regulations is attached, to familiarize designers and contractors with Landlord requirements. To help insure prompt approval, please provide the following:

Copies of all Building Permits required for the project **prior to commencement of any construction activities**. If the work scope is such that no building permits are required under current San Jose, CA, the General Contractor shall provide our office with a statement, on their letterhead, stating such fact.

Numbered list of contractors and subcontractors to be involved with the project, with the contact names and telephone numbers of key personnel.

Two complete sets of professionally prepared Architectural and MEP drawings. Allow a minimum of 10 working days for Landlord review. The plans are checked for general design concept only. It is the Tenant's responsibility to comply with all governing codes, and all accepted engineering standards and practices. Note: Some projects may require independent review by the Landlord's architect. Slab penetrations, or installations where weight may be an issue, may also require review by the Landlord's structural engineer. Costs associated with special review requirements may be billed to the tenant. Add extra time for any additional reviews required.

Two sets of drawings incorporating the Landlord's review comments to the Property Management Office, prior to submission for permit. San Jose Permits division approvals are not, in and of themselves, authorization to proceed. **Important:** Construction bids that do not allow for Landlord's requirements may not reflect actual costs. General Contractors and Subcontractors should be given drawings and specifications with Landlord comments for bid purposes.

Certificates of Insurance with the coverage limits and additional insured's as required by the Landlord. Specific requirements may be obtained at the Management Office.

____ Special Requirements or Waivers for this project (if any):

Authorization and Notice to Proceed:

The Tenant Improvements for _____ on the _____ floor(s), per the drawings and specifications dated ____/____/____ are approved for construction.

Signed: _____

Date: _____

EXHIBIT C

One Renewal Option at Market

(a) Provided that as of the time of the giving of the Renewal Notice and the Commencement Date of the Renewal Term (as such terms are defined below), (x) Tenant is the Tenant originally named herein or an assignee pursuant to a Permitted Transfer, (y) Tenant or a sublessee pursuant to a Permitted Transfer actually occupies at least seventy-five percent (75%) of the Rentable Area of the Premises initially demised under this Lease and any space added to the Premises, and (z) no event of default exists beyond applicable notice and cure periods; then Tenant shall have the right to extend the Lease Term for an additional term of five (5) years (such additional term is hereinafter called the “Renewal Term”) commencing on the day following the expiration of the Lease Term (hereinafter referred to as the “Commencement Date of the Renewal Term”). Tenant must give Landlord notice (hereinafter called the “Renewal Notice”) of its election to extend the term of the Lease Term at least nine (9) months, but not more than twelve (12) months, prior to the scheduled expiration date of the Lease Term.

(b) The Basic Annual Rent payable by Tenant to Landlord during the Renewal Term shall be the Fair Market Rent, as defined and determined pursuant to Paragraph (c), Paragraph (d), and Paragraph (e) below.

(c) The term “Fair Market Rent” shall mean the Basic Annual Rent, expressed as an annual rent per square foot of Rentable Area, which Landlord would have received from leasing the Premises for the Renewal Term to an unaffiliated person which is not then a tenant in the Project, assuming that such space were to be delivered in “as-is” condition, and taking into account the rental which such other tenant would most likely have paid for such premises, including market escalations taking into account the terms of the Lease. Fair Market Rent means only the rent component defined as Basic Annual Rent in the Lease and does not include reimbursements and payments by Tenant to Landlord with respect to operating expenses and other items payable or reimbursable by Tenant under the Lease, but such reimbursement and payments shall be considered in determining the Basic Annual Rent. In addition to its obligation to pay Basic Annual Rent (as determined herein), Tenant shall continue to pay and reimburse Landlord as set forth in the Lease with respect to such operating expenses and other items with respect to the Premises during the Renewal Term. The arbitration process described below shall be limited to the determination of the Basic Annual Rent and shall not affect or otherwise reduce or modify the Tenant’s obligation to pay or reimburse Landlord for such operating expenses and other reimbursable items.

(d) Landlord shall notify Tenant of its determination of the Fair Market Rent (which shall be made in Landlord’s sole discretion) for the Renewal Term, and Tenant shall advise Landlord of any objection within thirty (30) days of receipt of Landlord’s notice. Failure to respond within the thirty (30) day period shall constitute Tenant’s deemed objection to such Fair Market Rent. If Tenant objects (or is deemed to have objected), Landlord and Tenant shall commence negotiations to attempt to agree upon the Fair Market Rent within thirty (30) days of Landlord’s receipt of Tenant’s notice (or within thirty (30) days after the expiration of the thirty-day period in the event of a deemed objection). If the parties cannot agree, each acting in good faith but without any obligation to agree, then the arbitration procedure provided below to determine the Fair Market Rent shall be invoked.

(e) Arbitration to determine the Fair Market Rent shall be in accordance with the Real Estate Valuation Arbitration Rules of the American Arbitration Association. Unless otherwise required by state law, arbitration shall be conducted in the metropolitan area where the Project is located by a single arbitrator unaffiliated with either party. Each party shall send written notice to the other party and the Regional Office of the American Arbitration Association within ten (10) days after the thirty (30) day negotiating period provided in Paragraph (d), invoking the binding arbitration provisions of this

paragraph. Landlord and Tenant shall each submit to the arbitrator their respective proposal of Fair Market Rent. The arbitrator must choose between the Landlord's proposal and the Tenant's proposal and may not compromise between the two or select some other amount. The cost of the arbitration shall be paid by Landlord if the Fair Market Rent is that proposed by Tenant and by Tenant if the Fair Market Rent is that proposed by Landlord; and shall be borne equally otherwise. If the arbitrator has not determined the Fair Market Rent as of the end of the Lease Term, Tenant shall pay one hundred five percent (105%) of the Basic Annual Rent in effect under the Lease as of the end of the Lease Term until the Fair Market Rent is determined as provided herein. Upon such determination, Landlord and Tenant shall make the appropriate adjustments to the payments between them.

(f) The parties consent to the jurisdiction of any appropriate court to enforce the arbitration provisions of this Exhibit C and to enter judgment upon the decision of the arbitrator.

(g) Except for the Basic Annual Rent as determined above, Tenant's occupancy of the Premises during the Renewal Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the initial Lease Term; provided, however, Tenant shall have no further right to extend the Lease Term pursuant to this Exhibit C or to any allowances, credits or abatements or any options to expand, contract, terminate, renew or extend the Lease.

(h) If Tenant does not give the Renewal Notice within the period set forth in Paragraph (a) above, Tenant's right to extend the Lease Term shall automatically terminate. Time is of the essence as to the giving of the Renewal Notice and the notice of Tenant's objection under Paragraph (d).

(i) Landlord shall have no obligation to refurbish or otherwise improve the Premises for the Renewal Term. The Premises shall be tendered on the Commencement Date of the Renewal Term in "as-is" condition.

(j) If the Lease is extended for the Renewal Term, then Landlord shall prepare and Tenant shall execute an amendment to the Lease confirming the extension of the Lease Term and the other provisions applicable thereto (the "Amendment"); provided, however, the failure of either party to execute such Amendment shall not void or nullify the Renewal Term.

(k) If Tenant exercises its right to extend the term of the Lease for the Renewal Term pursuant to this Exhibit C, the defined term "Lease Term" as used in the Lease, shall be construed to include, when practicable, the Renewal Term except as provided in Paragraph (g) above.

EXHIBIT D

Right of First Offer

(a) “Offered Space” shall mean any full floor in any building in the Project (it being agreed that Landlord shall only be required to offer to Tenant full floors and Landlord is entitled to lease to third parties any partial floors without being obligated to offer to Tenant such partial floors to Tenant under this Exhibit D).

(b) Provided that as of the date of the giving of the First Offer Notice, (i) Tenant is the Tenant originally named herein or an assignee pursuant to a Permitted Transfer, (ii) Tenant or a sublessee pursuant to a Permitted Transfer actually occupies at least seventy-five percent (75%) of the Rentable Area of the Premises originally demised under this Lease and any premises added to the Premises, and (iii) no event of default has occurred and is continuing beyond any applicable notice and cure periods, if at any time during the Lease Term any portion of the Offered Space is vacant and unencumbered by any rights of any third party, then Landlord, before offering such Offered Space to anyone, other than the tenant then occupying such space (or its affiliates), shall offer to Tenant the right to include the Offered Space within the Premises on the same terms and conditions upon which Landlord intends to offer the Offered Space for lease; provided, however, in the event Landlord delivers the First Offer Notice prior to October 31, 2019, then (x) the term of the Lease with respect to the Offered Space leased pursuant to the terms of such Offer Notice shall be coterminous with the Extension Term, (y) the Basic Annual Rent payable with respect to such Offered Space shall be equal to the same amounts (based on per square foot of Rentable Area basis) required to be paid with respect to the Suite 600 Space for the same months during the Lease Term (i.e., the escalations of Basic Annual Rent shall occur at the same time as it is scheduled for the Suite 600 Space), and (z) the total amount of “Landlord’s Construction Allowance” that Landlord shall provide Tenant with respect to such Offered Space shall be equal to the product of (i) One Hundred Twenty-Five Dollars (\$125.00), multiplied by (ii) the total number of square feet of Rentable Area contained within such Offered Space, multiplied by (iii) a fraction, the numerator of which is the number of full calendar months remaining in the Extension Term from and after the date Tenant is first obligated to pay Basic Annual Rent with respect to such Offered Space, and the denominator of which is 98. Notwithstanding anything to the contrary in the Lease, the right of first offer granted to Tenant under this Exhibit D shall be subject and subordinate to (i) the rights of all tenants at the Project under existing leases, and (ii) the herein reserved right of Landlord to renew or extend the term of any lease with the tenant then occupying such space (or any of its affiliates), whether pursuant to a renewal or extension option in such lease or otherwise.

(c) Such offer shall be made by Landlord to Tenant in a written notice (hereinafter called the “First Offer Notice”) which offer shall designate the space being offered and shall specify the terms which Landlord intends to offer with respect to any such Offered Space. Tenant may accept the offer set forth in the First Offer Notice by delivering to Landlord an unconditional acceptance (hereinafter called “Tenant’s Notice”) of such offer within five (5) business days after delivery by Landlord of the First Offer Notice to Tenant. Time shall be of the essence with respect to the giving of Tenant’s Notice. If Tenant does not accept (or fails to timely accept) an offer made by Landlord pursuant to the provisions of this Exhibit D with respect to the Offered Space designated in the First Offer Notice and execute the Amendment (defined below) within thirty (30) days after the delivery of the First Offer Notice, then, except as set forth in Paragraph (e) below, Landlord shall be under no further obligation with respect to such space identified in the First Offer Notice by reason of this Exhibit D.

(d) Tenant must accept all Offered Space offered by Landlord at any one time if it desires to accept any of such Offered Space and may not exercise its right with respect to only part of such space.

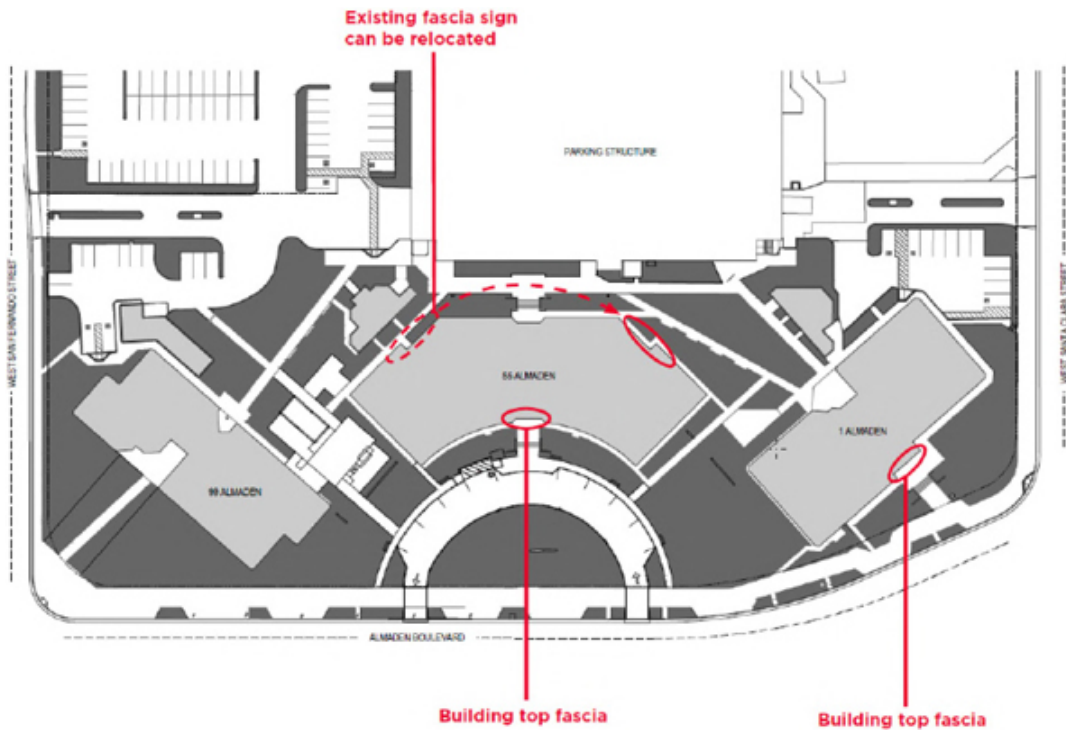
In addition, if Landlord desires to lease more than just the Offered Space to one tenant, Landlord may offer to Tenant pursuant to the terms hereof all such space which Landlord desires to lease, and Tenant must exercise its rights hereunder with respect to all such space and may not insist on receiving an offer for just the Offered Space.

(e) If Tenant does not accept (or fails to timely accept) an offer made by Landlord pursuant to the provisions of this Exhibit D with respect to the Offered Space designated in the First Offer Notice, then Landlord shall be under no further obligation with respect to such space by reason of this Exhibit D; provided, however, in the event that Landlord has not leased out the Offered Space and thereafter intends the Offered Space for terms that are materially less favorable to Landlord than those set forth in the First Offer Notice (it being understood and agreed that “materially less favorable” shall mean that the net present value of the material economic terms of the modified transaction is at least ten percent (10%) less than the net present value of the material economic terms set forth in the First Offer Notice), Landlord agrees that Tenant’s rights under this Exhibit D with respect to such Offered Space shall be reinstated and Landlord shall provide Tenant with a First Offer Notice if, as, and to the extent, required under the terms of this Exhibit D. Additionally, if Tenant timely accepts such offer and fails to execute the ROFO Amendment (defined below) within thirty (30) days after the delivery of the First Offer Notice, then, at Landlord’s sole option, Landlord shall be under no further obligation with respect to such space by reason of this Exhibit D.

(f) In the event that Tenant exercises its rights to any Offered Space pursuant to this Exhibit D, then Landlord shall prepare, and Tenant shall execute, an amendment to the Lease which confirms such expansion of the Premises and the other provisions applicable thereto (the “ROFO Amendment”); provided, however, Landlord’s refusal to execute the ROFO Amendment shall not void or nullify Tenant’s right to lease such Offered Space but Tenant’s refusal to execute the ROFO Amendment may, at Landlord’s option, void the Tenant’s right to lease the Offered Space.

EXHIBIT E

Fascia Sign Locations



E-1

THIRD AMENDMENT TO OFFICE LEASE

This Third Amendment to Office Lease (this "Third Amendment") is made and entered into by and between **KBSIII ALMADEN FINANCIAL PLAZA, LLC**, a Delaware limited liability company ("Landlord"), and **ZOOM VIDEO COMMUNICATIONS, INC.**, a Delaware corporation ("Tenant"), and shall be effective for all purposes as of the date that Landlord executes this Third Amendment as reflected in the signature page below (the "Effective Date").

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Office Lease dated August 1, 2016 (the "Original Lease"), as amended by (i) that certain First Amendment to Office Lease dated October 31, 2016 (the "First Amendment") and (ii) that certain Second Amendment to Office Lease dated August 8, 2018 (the "Second Amendment;" the Original Lease, as so amended, being the "Lease"), pursuant to which Tenant is currently leasing from Landlord certain premises containing a total of 66,020 square feet of Rentable Area consisting of (i) 17,576 square feet of Rentable Area designated as Suite 400 (the "Suite 400 Space") in the building known as 55 Almaden Boulevard San Jose, California (the "55 Almaden Building"), (ii) 17,639 square feet of Rentable Area designated as Suite 500 (the "Suite 500 Space") in the 55 Almaden Building, (iii) certain 17,514 square feet of Rentable Area designated as Suite 600 (the "Suite 600 Space") in the 55 Almaden Building, and (iv) 13,291 square foot of Rentable Area designated as Suite 900 (the "Suite 900 Space;" collectively with the Suite 400 Space, Suite 500 Space and Suite 600 Space referred to herein as the "Existing Premises") in the building known as One Almaden, San Jose, California ("One Almaden Building"), all being in the multi-office building project known as The Almaden (the "Project");

WHEREAS, Tenant desires to further expand the "Premises" under the Lease;

WHEREAS, the current Lease Term is scheduled to expire on February 28, 2027 (the "Current Expiration Date") and the parties hereby desire to extend the Lease Term as more particularly described hereinbelow;

WHEREAS, Landlord and Tenant desire to expand the Premises and further amend the Lease as more particularly described hereinbelow;

NOW, THEREFORE, pursuant to the foregoing, and in consideration of the mutual covenants and agreements contained herein and in the Lease, the receipt and sufficiency of which are hereby acknowledged, the Lease is hereby amended as follows:

1. Defined Terms. All capitalized terms used herein shall have the same meaning as defined in the Lease, unless otherwise defined in this Third Amendment.
2. Expansion of Premises. Effective as of April 1, 2019 (the "Suite 1150 Commencement Date"), the Premises shall be expanded to include that certain 7,734 square foot of Rentable Area designated as Suite 1150 (the "Suite 1150 Space") in the One Almaden Building, for a term that is coterminous with the Lease Term, as extended pursuant to Paragraph 3 below. The Suite 1150 Space is more particularly shown in Exhibit A attached hereto and incorporated herein for all purposes. Landlord shall deliver possession of the Suite 1150 Space to Tenant on the Suite 1150 Commencement Date.
3. Lease Term. The Lease Term, which is currently scheduled to expire on February 28, 2027, is hereby extended for an additional twenty-four (24) months, commencing on March 1, 2027 (the "Third Amendment Extension Term Commencement Date") and continuing through and expiring on February 28, 2029 (the "Third Amendment Extension Term").

4. Confirmation of the Premises. Commencing on the Suite 1150 Commencement Date and continuing through the remainder of the Third Amendment Extension Term (but subject to the terms of Paragraph 13 below), the “Premises” under the Lease shall be deemed to contain a total of 73,754 square feet of Rentable Area, consisting of the Suite 400 Space (which is located in the 55 Almaden Building), Suite 500 Space (which is located in the 55 Almaden Building), Suite 600 Space (which is located in the 55 Almaden Building), Suite 900 Space (which is located in the One Almaden Building), and Suite 1150 Space (which is located in the One Almaden Building).

5. Basic Annual Rent.

(a) Suite 1150 Space. Effective as of the Suite 1150 Commencement Date and continuing thereafter through the Third Amendment Extension Term, Tenant shall pay Basic Annual Rent with respect to the Suite 1150 Space as follows:

<u>Period</u>	<u>Monthly Installment</u>
04/01/2019 – 12/31/2019	\$ 36,126.10*
01/01/2020 – 12/31/2020	\$ 37,088.98
01/01/2021 – 12/31/2021	\$ 38,080.75
01/01/2022 – 12/31/2022	\$ 39,102.28
01/01/2023 – 12/31/2023	\$ 40,154.44
01/01/2024 – 12/31/2024	\$ 41,238.18
01/01/2025 – 12/31/2025	\$ 42,354.42
01/01/2026 – 12/31/2026	\$ 43,504.15
01/01/2027 – 12/31/2027	\$ 44,688.38
01/01/2028 – 12/31/2028	\$ 45,908.13
01/01/2029 – 02/28/2029	\$ 47,164.47

*Provided that Tenant is not in default under this Lease past applicable notice and cure periods, then Landlord hereby agrees to partially abate the Basic Annual Rent with respect to the Suite 1150 Space for the first full three (3) month period following the Suite 1150 Commencement Date (i.e., April 1, 2019 through June 30, 2019) so that during this partial abatement period, the Basic Annual Rent payable by Tenant for the Suite 1150 Space shall equal \$4,030.00 per month. Notwithstanding anything herein to the contrary, prior to the occurrence of the scheduled abatement of the Basic Annual Rent, Landlord may pay to Tenant the sum scheduled to be abated, in which case the abatement of Basic Annual Rent shall not occur and Tenant shall pay Basic Annual Rent in the amount required in the Basic Annual Rent schedule above.

(b) [Intentionally Deleted].

(c) Suite 500 Space. Tenant shall continue to pay Basic Annual Rent with respect to the Suite 500 Space in accordance with the terms and conditions of the Lease through the Current Expiration Date. Thereafter, commencing on the Third Amendment Extension Term Commencement Date and continuing thereafter through the Third Amendment Extension Term, the Basic Annual Rent payable with respect to the Suite 500 Space shall be as follows:

<u>Period</u>	<u>Rate/rsf/month</u>	<u>Monthly Installment</u>
03/01/2027 – 02/29/2028	Approx. \$ 5.10	\$ 90,029.04
03/01/2028 – 02/28/2029	Approx. \$ 5.26	\$ 92,729.92

(b) Suite 400 Space. Tenant shall continue to pay Basic Annual Rent with respect to the Suite 400 Space in accordance with the terms and conditions of the Lease through the Current

Expiration Date. Thereafter, commencing on the Third Amendment Extension Term Commencement Date and continuing thereafter through the Third Amendment Extension Term, the Basic Annual Rent payable with respect to the Suite 400 Space shall be as follows:

<u>Period</u>	<u>Rate/rsf/month</u>	<u>Monthly Installment</u>
03/01/2027 – 02/29/2028	Approx. \$ 5.10	\$ 89,707.49
03/01/2028 – 02/28/2029	Approx. \$ 5.26	\$ 92,398.71

- (c) Suite 600 Space. Tenant shall continue to pay Basic Annual Rent with respect to the Suite 600 Space in accordance with the terms and conditions of the Lease through the Current Expiration Date. Thereafter, commencing on the Third Amendment Extension Term Commencement Date and continuing thereafter through the Third Amendment Extension Term, the Basic Annual Rent payable with respect to the Suite 600 Space shall be as follows:

<u>Period</u>	<u>Monthly Installment</u>
03/01/2027 – 02/29/2028	\$ 117,812.78
03/01/2028 – 02/28/2029	\$ 120,574.96

- (d) Suite 900 Space. Tenant shall continue to pay Basic Annual Rent with respect to the Suite 900 Space in accordance with the terms and conditions of the Lease through the Current Expiration Date. Thereafter, commencing on the Third Amendment Extension Term Commencement Date and continuing thereafter through the Third Amendment Extension Term, the Basic Annual Rent payable with respect to the Suite 900 Space shall be as follows:

<u>Period</u>	<u>Monthly Installment</u>
03/01/2027 – 02/29/2028	\$ 78,452.06
03/01/2028 – 02/28/2029	\$ 80,548.22

6. Additional Rent.

- (a) Suite 600 Space. Throughout the Third Amendment Extension Term, Tenant shall continue to pay Additional Rent with respect to the Suite 600 Space in accordance with the terms of the Lease.
- (b) Suite 500 Space. Throughout the Third Amendment Extension Term, Tenant shall continue to pay Additional Rent with respect to the Suite 500 Space in accordance with the terms of the Lease.
- (c) Suite 400 Space. Throughout the Third Amendment Extension Term, Tenant shall continue to pay Additional Rent with respect to the Suite 400 Space in accordance with the terms of the Lease.
- (d) Suite 900 Space. Throughout the Third Amendment Extension Term, Tenant shall continue to pay Additional Rent with respect to the Suite 900 Space in accordance with the terms of the Lease.
- (e) Suite 1150 Space. With respect to the Suite 1150 Space, commencing on the Suite 1150 Commencement Date and continuing thereafter through the Third Amendment Extension Term, Tenant shall pay, as Additional Rent, the Tenant's Proportionate Share of Operating

Costs attributable to the Suite 1150 Space in excess of those Operating Costs incurred in the Base Year and for purposes of performing such calculations: (i) the Tenant's Proportionate Share of the One Almaden Building with respect to the Suite 1150 Space shall be deemed to equal 4.9453% (7,734 rsf / 156,392 rsf), (ii) the Tenant's Proportionate Share of the Project with respect to the Suite 1150 Space shall be deemed to equal 1.8586% (7,734 rsf / 416,126 rsf), (iii) the Base Year with respect to the Suite 1150 Space shall be deemed to be the calendar year 2019, and (iv) any references to the "Building" in the Lease shall mean and refer to the One Almaden Building. The cap on Controllable Operating Costs set forth in Paragraph 3(l) of the Original Lease shall apply with respect to the Suite 1150 Space, however, for purposes of calculating such cap, the phrase "first calendar year" as set forth in the third line of Paragraph 3(l) shall be amended to be "2019 calendar year".

7. Condition of Premises. Notwithstanding anything in the Lease to the contrary, Tenant is currently in possession of the Existing Premises and agrees to accept the entirety of the Premises (inclusive of the 1150 Space) from Landlord, in their existing "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition, and, except as provided in the Lease, Landlord shall have no obligation whatsoever to refurbish or otherwise improve any portion of the Premises at any time during the Lease Term; provided, however, Landlord hereby agrees to provide to Tenant an allowance equal to \$542,000 (the "Third Amendment Allowance"), which shall be utilized for the construction of certain improvements to the Premises (which may include work in the Suite 1150 Space) in accordance with the terms and conditions of the work letter attached as Exhibit B to the Second Amendment. The terms, conditions and provisions regarding the use and disbursement of the Landlord's Construction Allowance (as defined in Paragraph 7 of the Second Amendment) shall govern with respect to the use and disbursement of the Third Amendment Allowance, except that (i) the Third Amendment Allowance shall be available for use in any portion of the Existing Premises or the Suite 1150 Space, (ii) the "Construction Termination Date" with respect to the Third Amendment Allowance shall be deemed to be February 28, 2023, and (iii) in no event shall any portion of the Third Amendment Allowance be utilized towards a Moving Reimbursement (as such term is defined in Paragraph (g) of the work letter attached as Exhibit B to the Second Amendment).
8. Additional TI Allowance. Provided that the costs to construct the Tenant Improvements (as defined in Exhibit B to the Second Amendment) exceed Landlord's Construction Allowance (as defined in Paragraph 7 of the Second Amendment) plus the Third Amendment Allowance (i.e., such that Tenant would be required to come out of pocket with respect to such excess costs for the Tenant Improvements), then Landlord agrees to provide Tenant with an additional allowance (the "Additional TI Allowance") of up to \$525,000 to be used by Tenant solely towards paying for that portion of the cost of constructing the Tenant Improvements in excess of the aggregate Landlord's Construction Allowance and Third Amendment Allowance. In the event Tenant desires to utilize any portion of the Additional TI Allowance, then Tenant shall make a one-time request on or before December 31, 2019, indicating in such request the amount of such Additional TI Allowance Tenant desires that Landlord disburse. Landlord and Tenant hereby agree that in the event Tenant notifies Landlord in writing that Tenant desires any portion of the Additional TI Allowance, such portion requested by Tenant shall be amortized (at a rate of interest equal to seven and one-half percent (7.5%) per annum) over the period commencing on the date that such sums were initially advanced or disbursed by Landlord and ending on the expiration of the Third Amendment Extension Term, and the monthly installments of Basic Annual Rent payable by Tenant with respect to the Existing Premises and Suite 1150 Space shall be increased by the monthly amount necessary to so amortize such Additional TI Allowance so disbursed by Landlord. Tenant agrees to execute promptly an amendment to the Lease reflecting the increase in the Basic Annual Rent as described above. In the event Tenant fails to request such Additional TI Allowance by December 31, 2019, then Tenant shall forfeit its right to request such Additional TI Allowance.

9. **Parking.** Notwithstanding anything to the contrary in Paragraph 9(a) of the Second Amendment, the Standard Parking Allocation shall apply with respect to the Suite 1150 Space. As of the Suite 1150 Commencement Date, the parking charges for the Standard Parking Allocation attributable to the Suite 1150 Space are incorporated into the Basic Annual Rent amounts for the Suite 1150 Space reflected in the rent schedule in Paragraph 5(a) above and, as a result, there is no separate charge payable for by Tenant for such Standard Parking Allocation attributable to the Suite 1150 Space; provided, however, in the event the prevailing rate increases after the Effective Date (such incremental increase being the “Increased Rate Amount”) for unreserved parking spaces in the Project, then Tenant shall pay such Increased Rate Amount (as such amount may increase from time to time) as a separate charge (plus any applicable taxes) for each unreserved parking space provided to Tenant in the Standard Parking Allocation attributed to the Suite 1150 Space.
10. **Prepaid Rent.** Concurrently with the execution of this Third Amendment, Tenant shall pay to Landlord the sum of \$32,096.10, which shall be applied towards the Basic Annual Rent first becoming due with respect to the Suite 1150 Space.
11. **Rooftop Signage.** Provided that (x) Zoom Video Communications, Inc. is the Tenant under this Lease or an assignee pursuant to a Permitted Transfer, (y) Zoom Video Communications, Inc. is leasing and actually occupies at least seventy-five percent (75%) of the Existing Premises and the Suite 1150 Space, and (z) no event of default has occurred and is continuing beyond applicable notice and cure periods (items (x) – (z) are hereinafter referred to as the “Signage Conditions”), then, subject to all applicable laws, ordinances, restrictions, rules and regulations, as well as all applicable covenants, restrictions or deed restrictions affecting the Project (collectively, the “Applicable Rules and Restrictions”), Tenant shall have the right, but not the obligation, throughout the Lease Term (including the Third Amendment Extension Term, but subject to termination as provided in this Paragraph 11) to install its painted (or, if not painted, such other sign that lies flat on the roof, but in all event subject to Landlord’s review and approval) name and/or logo on the rooftop of the One Almaden Building (the “One Almaden Rooftop Sign”) and the 55 Almaden Building (the “55 Almaden Rooftop Sign,” collectively with the One Almaden Sign, the “Rooftop Signs”) provided that Landlord, acting reasonably, approves the Rooftop Signs (including all structural engineering and aesthetic aspects thereof) and the exact location where the same is to be installed. Tenant hereby acknowledges and understands that in no event is Landlord representing or guarantying that any such Rooftop Signs are permitted under Applicable Rules and Restrictions and, in the event the Applicable Rules and Restrictions do not permit any such Rooftop Signs, then this Third Amendment shall continue in full force and effect except that this Paragraph 11 shall be deemed null and void. The engineering, manufacture, installation, maintenance and removal of, and the procurement of all required approvals for, the Rooftop Signs shall be at Tenant’s sole cost and expense. The installation of the Rooftop Signs shall be in compliance with all Applicable Rules and Restrictions. Prior to the manufacturing or installing the Rooftop Signs, Tenant shall submit to Landlord, for Landlord’s approval which shall not be unreasonably withheld, delayed or, except as expressly provided herein, conditioned, a detailed drawing indicating the size, layout, design, configuration, lettering and/or graphics and color of the proposed Rooftop Signs, together with the proposed location where the Rooftop Signs are to be installed. In the event Landlord approves the Rooftop Signs and the location, Landlord shall evidence such approval in writing. Tenant shall install, repair, maintain, and remove the Rooftop Signs with contractors reasonably approved by Landlord and Landlord may require Tenant to utilize Landlord’s roofing contractor in connection with the installation of such Rooftop Signs or otherwise require that such roofing contractor supervise the installation and maintenance of any such Rooftop Sign. In no event shall Tenant impair, void or otherwise adversely affect any rooftop warranty maintained by Landlord with respect to the Building and, if Tenant does impair, void or adversely affect any such warranty, then, in addition to any other rights or remedies that Landlord may have, Tenant shall indemnify and hold Landlord harmless as set forth below. In addition, in no event shall Tenant affect, modify, or

relocate any Building system or rooftop equipment installed on the roof of the Building in connection with the installation, repair, maintenance or removal of any such Rooftop Signs. Tenant's contractors shall satisfy Landlord's insurance and indemnification requirements prior to performing any work. Tenant agrees that the installation, maintenance, repair and removal of the Rooftop Signs shall be at Tenant's sole risk. Tenant agrees to maintain the Rooftop Signs in good condition and repair and, prior to the expiration of the Lease Term (as extended by the Third Amendment Extension Term) or the earlier termination of this Lease or Tenant's right of possession under this Lease, Tenant shall remove the Rooftop Signs and restore the Building to the condition immediately prior to the installation of the Rooftop Signs, at Tenant's sole cost and expense. In the event Tenant fails to repair or remove the Rooftop Signs, Landlord shall have the right to repair or remove the Rooftop Signs, as the case may be, and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee, and upon any such removal Landlord shall have the right to dispose of the same in any manner Landlord so desires without any liability to Tenant therefor. **TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL LIENS, CLAIMS, DEMANDS, LIABILITIES, AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) INCURRED OR SUFFERED BY LANDLORD AND EXISTING OUT OF OR IN ANY WAY RELATED TO THE INSTALLATION, MAINTENANCE, REPAIR OR REMOVAL OF THE ROOFTOP SIGNS (INCLUDING COSTS AND EXPENSES ARISING FROM ANY IMPAIRMENT OR ADVERSE AFFECT TO ANY ROOF WARRANTY MAINTAINED BY LANDLORD)**, except to the extent caused by the gross negligence or willful misconduct of Landlord. Notwithstanding anything herein to the contrary, Landlord shall have the right to terminate Tenant's rights under this Paragraph 11 by providing written notice of termination to Tenant if, at any time, Tenant (1) assigns this Lease other than in connection with a Permitted Transfer, (2) subleases more than forty-nine percent (49%) of the Existing Premises (including the Suite 1150 Space) other than in connection with a Permitted Transfer, or (3) suffers an event of default of any term or condition of this Lease beyond applicable notice and cure periods. In the event Landlord terminates Tenant's rights under this Paragraph 11 as provided for in the immediately preceding sentence, Tenant shall remove the Rooftop Signs from the Building and repair any damage to the Building caused by the installation, maintenance and/or removal thereof within thirty (30) days following receipt of Landlord's written notice of termination, and, in the event Tenant fails to timely remove the Rooftop Signs and/or repair such damage, Landlord shall have the right to do the same and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee (and Tenant shall be deemed to have abandoned the Rooftop Signs and Landlord shall have the right to dispose of the Rooftop Signs in any manner Landlord shall choose in its sole discretion without any liability whatsoever to Tenant with respect thereto). In no event does Landlord make any representation or warranty to Tenant that the Rooftop Signs shall be permitted under the Applicable Rules and Restrictions and, to the extent the Rooftop Signs are not permitted by the Applicable Rules and Restrictions, Tenant acknowledges and agrees that this Third Amendment shall remain in full force and effect despite Tenant not being permitted to install such Rooftop Signs. Tenant shall be responsible, at its cost and expense, to obtain any necessary approvals or permits from the applicable governmental authorities for the purposes of installing and maintaining such Rooftop Signs (the "Rooftop Signs Approvals"); provided, however, at Landlord's option it can apply for such Rooftop Signs Approvals on Tenant's behalf, at Tenant's cost and expense. In no event shall Landlord be required to remove any existing sign present in order to accommodate any approvals required by the Applicable Rules and Restrictions affecting the Building for the Rooftop Signs. The terms and provisions of this Paragraph 11 shall survive the expiration or earlier termination of this Lease. As consideration for Tenant's right to install and maintain the Rooftop Signs, commencing on the date that the Rooftop Signs Approvals are obtained and the Rooftop Signs have been installed and continuing thereafter for the remainder of the Lease

Term or earlier removal of the One Almaden Rooftop Sign and/or 55 Almaden Rooftop Sign, Tenant shall pay to Landlord \$2,000.00 per month for the One Almaden Rooftop Sign and an additional \$2,000.00 per month for the 55 Almaden Rooftop Sign (the "Rooftop Sign Rent"), with such Rooftop Sign Rent being payable in advance on the first day of the month in the same manner and time as Tenant is obligated to pay Basic Annual Rent (provided, however, any abatement of the Basic Annual Rent shall not apply with respect to the Rooftop Sign Rent). Notwithstanding anything herein to the contrary, in the event that Tenant has failed to obtain the Rooftop Sign Approvals and installed the Rooftop Signs by August 31, 2020 (the "Outside Date"), then Tenant's rights to install the Rooftop Signs shall be waived and this Paragraph 11 shall thereafter be null and void and of no further force or effect. If Tenant has installed only one of the Rooftop Signs by the Outside Date, then Tenant shall forfeit its rights to install the other Rooftop Sign that has not yet been installed. In addition, if Tenant has installed one or both of the Rooftop Signs and thereafter elects to remove one or both of such Rooftop Signs and cease paying the applicable Rooftop Sign Rent, then Tenant shall be deemed to forfeit its rights to install a Rooftop Sign on the building(s) where Tenant removed its Rooftop Sign (however, if Tenant removes its Rooftop Sign but continues to pay the Rooftop Sign Rent with respect to such building, then Tenant shall maintain its right to install its Rooftop Sign for so long as Tenant continues to pay the Rooftop Sign Rent, but in all events such rights shall expire on the expiration or earlier termination of the Lease). Upon Tenant forfeiting or losing its rights to install any such Rooftop Sign, then Landlord shall have the right to lease to any third party the right to install a Rooftop Sign on the building(s) where Tenant forfeited its rights.

12. Signage Rights. Provided that (x) Zoom Video Communications, Inc. is the Tenant under this Lease or an assignee pursuant to a Permitted Transfer, (y) Zoom Video Communications, Inc. is leasing and actually occupies all of the Suite 900 Space and Suite 1150 Space, and (z) no event of default has occurred and is continuing beyond applicable notice and cure period, Tenant, at Tenant's sole cost and expense and subject to the further provisions of this paragraph, shall have the right to install and maintain signage on the One Almaden Building's existing monument sign in a location designated by Landlord ("Tenant's Sign") provided that there exists availability on such existing One Almaden Building monument sign and Landlord has the right to include the name of another tenant on such One Almaden Building monument sign. If, at the time of the execution of this Lease, there is no availability on the existing One Almaden Building monument sign or Landlord is not permitted to include other tenant's names on such monument sign, Landlord shall use reasonable efforts to place Tenant's name on the existing One Almaden Building monument sign as soon as such space becomes available, and Landlord agrees that Tenant shall have priority over other tenants executing leases after the Effective Date of this Third Amendment in terms of rights to such monument signage (but Tenant's rights shall be subject to existing rights of existing tenants). Notwithstanding the foregoing sentence, Tenant's Sign shall be subject to and in compliance with all Applicable Rules and Restrictions. Tenant shall be solely responsible for the cost and expense of obtaining and maintaining any necessary permits for Tenant's Sign and any sign licenses related thereto, and for the cost and expense of maintenance and utilities for Tenant's Sign (including all metered electrical usage). Additionally, Tenant shall, in a first class manner, maintain and repair any damage to Tenant's Sign. The style, type, color, size, and design of Tenant's Sign shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld or delayed. Upon the expiration or earlier termination of the Lease or Tenant otherwise ceasing to lease and occupy the entirety of the Suite 900 Space and Suite 1150 Space, Tenant shall pay all costs associated with the removal of Tenant's Sign. All rights and remedies of Landlord under the Lease (including, without limitation, Landlord's self-help remedies) shall apply in the event Tenant fails to perform Tenant's obligations hereunder with respect to Tenant's Sign, and, in the event Landlord performs any of Tenant's obligations hereunder, Tenant shall pay to Landlord, upon demand as additional rental hereunder, the cost incurred by Landlord in connection therewith, plus an additional charge of ten percent (10%) of such cost to cover overhead. Tenant shall protect,

defend, indemnify and hold harmless Landlord from and against any and all claims, damages, liabilities, costs or expenses of every kind and nature (including without limitation reasonable attorney's fees) imposed upon or incurred by or asserted against Landlord and which arise out of any work performed by or on behalf of Tenant in connection with Tenant's Signage. The terms and provisions of this paragraph shall survive the expiration or earlier termination of this Lease.

13. Must Take Space. Tenant hereby agrees that in the event the existing tenant (the "Suite 800 Tenant") in the 55 Almaden fails to timely exercise its option to renew the term of its lease (the "Suite 800 Existing Lease") which option must be exercised by October 3, 2019, then Tenant shall be obligated to expand in that certain 17,941 square feet of space designated as Suite 800 in the 55 Almaden Building (the "Suite 800 Space") following the Suite 800 Tenant surrendering the Suite 800 Space to Landlord following the expiration or earlier termination of the Suite 800 Existing Lease. The Suite 800 Space is depicted in Exhibit B attached hereto and incorporated herein for all purposes. Following the date that such Suite 800 Tenant's existing renewal option lapses, Landlord shall send written notice to Tenant (the "Must Take Notice") advising Tenant of the same and notifying Tenant that pursuant to this Paragraph 13, the Premises shall be expanded to include the Suite 800 Space. If the Suite 800 Tenant does exercise its renewal option, then this Paragraph 13 shall be null and void and Tenant shall not be obligated to expand into the Suite 800 Space. If Landlord delivers a Must Take Notice to Tenant, then Tenant shall lease the Suite 800 Space on the following terms: (i) the Lease Term for the Suite 800 Space shall be coterminous with the Lease Term for the balance of the Premises, (ii) the Lease Term for the Suite 800 Space shall commence on the date that is ten (10) days following Landlord's delivery of the Suite 800 Space to Tenant, (iii) the initial Basic Annual Rent rate payable with respect to the Suite 800 Space shall equal \$4.45 per square foot of rentable area per month and such rate shall escalate by three percent (3%) on each anniversary of the commencement date with respect to the Suite 800 Space, (iv) the initial three (3) monthly installment of Basic Annual Rent with respect to the Suite 800 Space shall be abated, (v) Tenant shall pay as Additional Rent the Suite 800 Space's proportionate share of Operating Costs in excess of those incurred in a 2021 Base Year, (vi) Tenant shall lease the Suite 800 Space in its as-is condition and Landlord shall have no obligation to improve the same, except that Landlord shall provide a tenant improvement allowance equal to \$60 per square foot of Rentable Area in the Suite 800 Space for a total allowance amount of \$1,076,460 and (viii) in lieu of the Standard Parking Allocation, Tenant shall be provided with three (3) parking spaces per 1,000 square feet of Rentable Area in the Suite 800 Space and shall be required to pay the prevailing rate with respect to such parking spaces (plus applicable taxes), as such rate is subject to increase from time to time. Tenant's expansion into the Suite 800 Space shall be deemed automatic to the extent Landlord delivers the Must Take Notice to Tenant; provided, however, if Landlord requests, Tenant shall execute an amendment to the Lease documenting such expansion and the terms set forth above. In no event shall Landlord be liable to Tenant in the event there is any delay in delivery of the Suite 800 Space to Tenant due to the Suite 800 Tenant holding over in the Suite 800 Space following the expiration or earlier termination of its lease; provided, however, Tenant shall have no obligation to pay any rent for the Suite 800 Space until Landlord delivers the Suite 800 Space to Tenant.
14. Riser Management Company. Notwithstanding anything herein to the contrary, Landlord may require that Tenant utilize Landlord's building riser management company in connection with any access to or installation of cabling and wiring in the vertical risers for the Building. Tenant shall pay any actual and reasonable costs charged by the riser management company in connection with the installation of Tenant's cabling and wiring. Landlord, at its option, may reasonably restrict access to the telephone closets of the Project and may exclude Tenant and its contractors from such telephone closets.

15. **Renewal Option.** Tenant shall continue to have the renewal option set forth in Exhibit C to the Second Amendment and such renewal option shall apply to the Suite 1150 Space. In the event that tenant elects to exercise the renewal option, it shall be required to exercise it for the entirety of the Premises then being leased by Tenant (i.e., it cannot exercise the renewal option for only a portion of the Premises being leased).
16. **Trash Receptacles.** Within one hundred eighty (180) days following the Effective Date hereof, Landlord shall designate a location on the Project for Tenant to install and maintain a trash receptacle for Tenant's sole and exclusive use. Landlord shall notify Tenant once Landlord has determined the location of the trash dumpster. Tenant shall be responsible for any and all costs associated with procuring and maintaining any such trash dumpster, including constructing any screen or enclosure as Landlord may reasonably request. In no event shall Landlord be required to incur any costs in connection with locating an area for such trash receptacle or otherwise procuring or maintaining such receptacle. At Landlord's request, Tenant shall contract directly with Landlord's designated trash collection and recycling vendor in connection with collecting and emptying such trash receptacle (or if Landlord contracts with the vendor directly, Tenant shall reimburse Landlord for all costs incurred by Landlord in connection therewith within thirty (30) days after receipt of an invoice). In no event shall Landlord have any obligation to ensure that no other third party utilizes any Tenant exclusive trash receptacle. From time to time Landlord shall have the right to relocate the location of Tenant's dumpster to another location on the Project.
17. **Assignment/Sublease.** The following revisions shall be made to Paragraph 11 of the Lease:
- (a) The following is added at the end of Paragraph 11(b) of the Original Lease:
- "Within ten (10) days after Landlord's receipt of Tenant's request for consent to sublease or assignment and receipt of all of the foregoing pertinent information, Landlord shall advise Tenant in writing whether (i) Landlord approves of the request for consent to sublease or assignment, (ii) Landlord disapproves of the foregoing request for consent to sublease or assignment, or (iii) Landlord exercises its rights to recapture under Paragraph 11(c) below. If Landlord fails to respond to Tenant within such ten (10) day period, then Tenant shall provide a second written notice (the "A/S Notice"), which shall provide in bold, all-capital letters as follows: 'LANDLORD'S FAILURE TO RESPOND TO TENANT'S REQUEST FOR CONSENT TO ASSIGN OR SUBLEASE WITHIN FIVE (5) DAYS AFTER RECEIPT OF THIS SECOND NOTICE SHALL BE DEEMED TO BE LANDLORD'S CONSENT TO THE PROPOSED SUBLEASE OR ASSIGNMENT.' If Landlord fails to respond to Tenant's request for consent to sublease or assign within five (5) days after receipt of the A/S Notice, then Landlord shall be deemed to have consented to the proposed assignment or sublease. In no event shall Tenant publicly advertise any sublease space for a net effective rent that is less than the net effective rent then being quoted by Landlord for new leases in the Building for comparable size."
- (b) Paragraph 11(c) of the Original Lease shall be amended and restated in its entirety to read as follows:
- "Other than in connection with a Permitted Transfer (as defined in Paragraph 8 of the Second Amendment), at any time within fifteen (15) days after Landlord's receipt of the information specified in subparagraph (b) above, Landlord may be written notice to Tenant elect to terminate this Lease as to the portion of the Premises so proposed to be subleased (but only with respect to subleases that are for the balance of the then remaining Lease Term) or assigned, with a proportionate abatement in the Rent payable hereunder."

- (c) Paragraph 11(d)(v) of the Original Lease shall be amended and restated in its entirety to read as follows:

“The assignee or sublessee (or any affiliate of the assignee or sublessee) is then negotiating with Landlord or has negotiated with Landlord within the previous three (3) months, or is a current tenant or subtenant within the Building or Project, and, in either such case, Landlord then has or anticipates that it will soon have space of comparable size available for lease in the Building or Project.”
 - (d) Paragraph 11(d)(vii) of the Original Lease shall be deleted in its entirety and replaced with “Intentionally Deleted.”
 - (e) Paragraph 11(d)(viii) of the Original Lease shall be deleted in its entirety and replaced with “Intentionally Deleted.”
18. Brokers. Landlord and Tenant each warrant that it has had no dealings with any broker or agent other than CBRE, Inc., representing Tenant, and Cushman & Wakefield U.S., Inc., representing Landlord (collectively, the “Broker”) in connection with the negotiation or execution of this Third Amendment, and Landlord and Tenant each agree to indemnify the other and hold the other harmless from and against any and all costs, expenses, or liability for commissions or other compensations or charges claimed by any broker or agent, other than the Broker, who claim to have represented the indemnifying party with respect to this Third Amendment or otherwise claim a commission with respect to this Third Amendment due to their dealings with the indemnifying party. Landlord shall pay the Broker a leasing commission in connection with this Third Amendment pursuant to a separate written agreement between Landlord and such Broker.
19. OFAC. Tenant certifies, represents, warrants and covenants that: (i) it is not acting and will not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, “Specially Designated National and Blocked Person”, or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and (ii) it is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Tenant hereby agrees to defend (with counsel reasonably acceptable to Landlord), indemnify and hold harmless Landlord and its designated property management company, and their respective partners, members, affiliates and subsidiaries, and all of their respective officers, directors, shareholders, employees, servants, partners, representatives, insurers and agents from and against any and all claims or damages arising from or related to any such breach of the foregoing certifications, representations, warranties and covenants.
20. Miscellaneous. With the exception of those terms and conditions specifically modified and amended herein, the herein referenced Lease shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this Third Amendment and the terms and provisions of the Lease, the terms and provisions of this Third Amendment shall supersede and control.
21. Counterparts/Facsimiles. This Third Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this Third Amendment, the parties may execute and exchange telefaxed or e-mailed counterparts of the signature pages and such counterparts shall serve as originals.

22. **ELECTRONIC SIGNATURES/COUNTERPARTS.** Signatures to this Third Amendment transmitted by telecopy or electronic signatures shall be valid and effective to bind the party so signing. To facilitate execution of this Third Amendment, the parties may execute this Third Amendment via counterparts and exchange facsimile or pdf copies of such executed counterparts via telefax or e-mail, and such telefaxed or e-mailed facsimile counterparts shall serve as originals. **FURTHER, THE PARTIES HERETO EXPRESSLY CONSENT, STIPULATE AND AGREE THAT THIS THIRD AMENDMENT MAY BE ELECTRONICALLY SIGNED. THE PARTIES AGREE THE ELECTRONIC SIGNATURES APPEARING ON THIS THIRD AMENDMENT SHALL BE TREATED, FOR PURPOSES OF VALIDITY, ENFORCEABILITY AS WELL AS ADMISSIBILITY, THE SAME AS HAND-WRITTEN SIGNATURES.**

[remainder of page intentionally left blank]

SIGNATURE PAGE TO THIRD AMENDMENT TO OFFICE LEASE AGREEMENT
BY AND BETWEEN KBSIII ALMADEN FINANCIAL PLAZA, LLC, AS LANDLORD,
AND ZOOM VIDEO COMMUNICATIONS, INC., AS TENANT

IN WITNESS WHEREOF, Landlord and Tenant, acting herein by duly authorized individuals, have caused these presents to be executed, effective as of the Effective Date set forth herein.

LANDLORD:

KBSIII ALMADEN FINANCIAL PLAZA, LLC,
a Delaware limited liability company

By: KBS Capital Advisors, LLC,
a Delaware limited liability company, as agent

By: /s/ Brent Carroll

Brent Carroll,
Senior Vice President

Date: 3/13/2019, 2019

TENANT:

ZOOM VIDEO COMMUNICATIONS, INC.,
a Delaware corporation

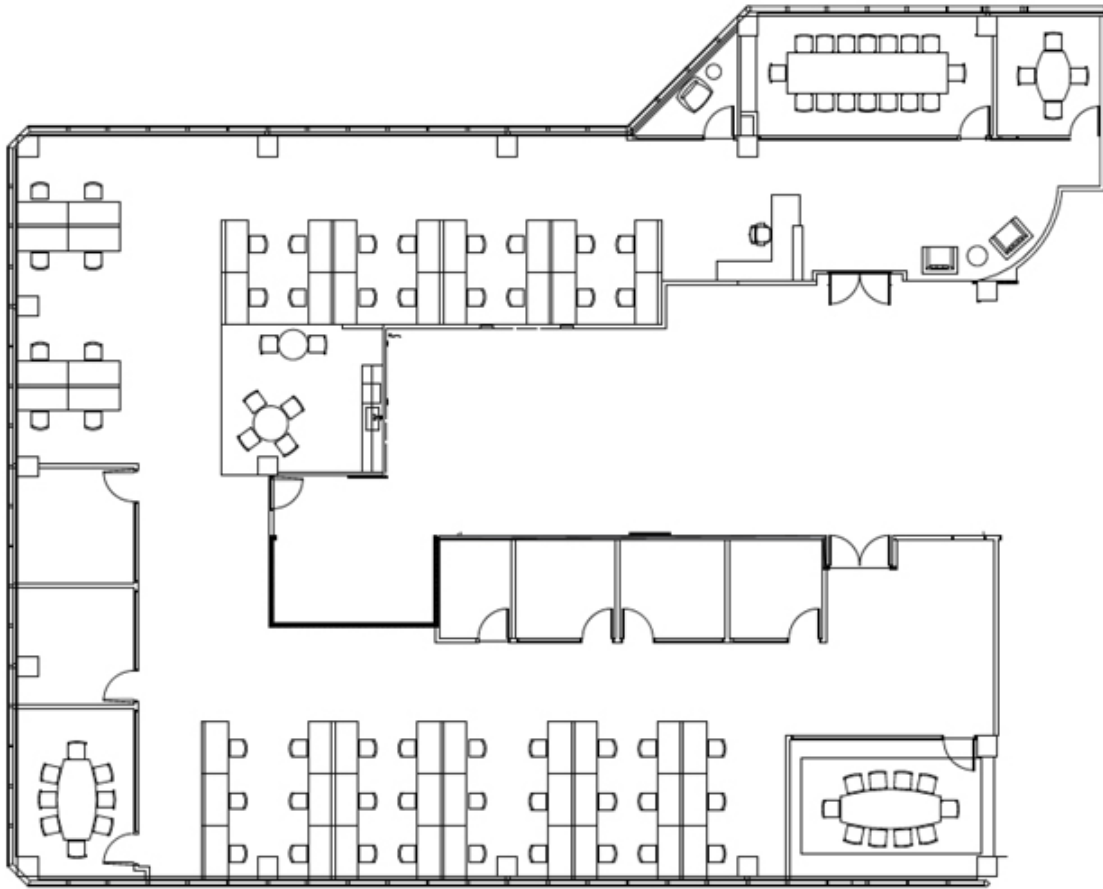
By: /s/ Kelly S. Steckelberg

Name: Kelly S. Steckelberg
Title: CFO

Date: 3/13/2019, 2019

EXHIBIT A

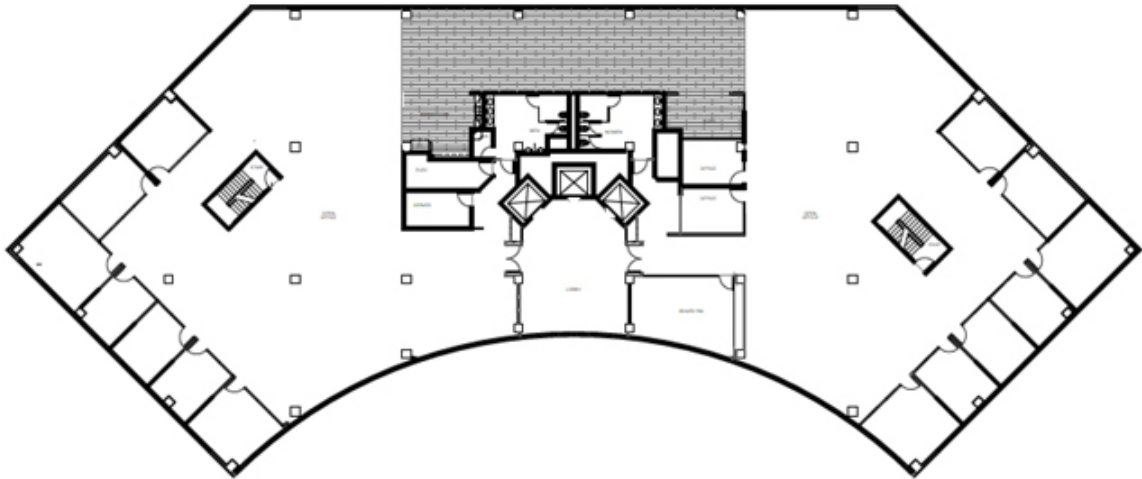
SUITE 1150 SPACE



A-1

EXHIBIT B

SUITE 800 SPACE



B-1

ZOOM VIDEO COMMUNICATIONS, INC.
OFFICER INCENTIVE PLAN

1. PURPOSE

The Zoom Video Communications, Inc. Officer Incentive Plan (the “**Plan**”) is designed to provide incentives to participating employees to make important contributions to the success of Zoom Video Communications, Inc. (the “**Company**”) and reward such employees for outstanding performance. The Plan is also intended to enhance the ability of the Company to attract and retain highly talented individuals.

2. ADMINISTRATION

The Plan will be administered by the Compensation Committee (the “**Plan Administrator**”) of the Board of Directors (the “**Board**”) of the Company. The Plan Administrator will have the sole discretion and authority to administer and interpret the Plan, and the decisions of the Plan Administrator will in every case be final and binding on all persons having an interest in the Plan.

3. ELIGIBILITY

(a) Participation

Each employee of the Company who (i) is an “officer” of the Company (within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and Rule 16a-1 thereunder); (ii) is not eligible to participate in the Company’s Sales Compensation Plan; and (iii) has a written offer letter or other written agreement with the Company that provides for such employee’s Target Award (as defined in Section 4 below) and eligibility in the Plan, is eligible to participate in the Plan and shall be considered a “**Participant**” in the Plan. Unless otherwise specified by the Plan Administrator or expressly provided in a written agreement between a Participant and the Company, an individual who commences employment with the Company during an applicable performance period may become a Participant for such performance period, commencing on the date such individual commences employment with the Company (provided such individual meets all other eligibility criteria for participation in the Plan), and will receive a pro-rated Target Award (as defined below) for such initial performance period.

(b) Awards

Each Participant in a performance period will be granted an award of a contingent right to a future payment under the Plan (an “**Award**”) for such performance period, which will be paid contingent upon achievement of applicable performance goals established by the Plan Administrator for the applicable performance period and earned upon satisfaction of all applicable conditions for earning such Awards.

(c) Award Payments

In order to be eligible to receive payment of an Award, a Participant must meet the following criteria: (A) continue to be employed with the Company from the date his or her participation in the Plan commences for the applicable performance period through the date the Award is paid; and (B) comply with any rules of the Plan established by the Plan Administrator. If a Participant ceases to be an Officer during a performance period but continues to be an employee through the date the Award is paid and otherwise is eligible to receive payment of an Award, such individual’s Award may be adjusted as determined appropriate by the Plan Administrator. There is no guarantee for any payment of an Award under the Plan. Awards are paid as advances and not earned until no longer subject to recoupment in accordance with the Clawback Provisions described in Section 6(h) below.

4. METHOD FOR ESTABLISHING AND DETERMINING AWARDS

(a) Establishment of Target Awards

For each performance period, each Participant shall have a target award opportunity under the Plan (“**Target Award**”), expressed in such Participant’s offer letter with the Company or otherwise in writing and approved by the Plan Administrator, as either a percentage of such Participant’s Base Salary earned during such performance period or as a set dollar amount. The Plan Administrator is not obligated to treat all Plan Participants similarly. For purposes of the Plan, unless otherwise determined by the Plan Administrator, “**Base Salary**” for a Participant means the total amount of base salary or base wages earned by such Participant during the applicable performance period while such individual is a Participant. Base Salary does not include any bonuses, commissions or other incentive compensation, amounts received or otherwise recognized in connection with equity awards, expense reimbursements, relocation payments, overtime or shift differential payments, contributions made by the Company under any employee benefit plan, the value of any employee benefits or perquisites paid for by the Company, or any other similar items of compensation. Base Salary will be determined before any deductions for taxes or benefits and deferrals of compensation pursuant to any Company-sponsored plan.

(b) Establishment of Performance Periods

The Plan Administrator will establish the applicable performance periods during which actual performance will be measured against the performance goals established by the Plan Administrator to determine the Participant’s potential Award. Performance periods will generally be established by the Plan Administrator in reference to the Company’s fiscal year and may consist of a single fiscal year, multiple fiscal years, or one or more portions of a fiscal year.

(c) Establishment of Performance Goals

With respect to each performance period, the Plan Administrator will establish the following for each Participant: (i) one or more performance goals (which may be corporate performance goals and/or individual performance goals) and (ii) the relative weights, if any, of such performance goals and (iii) such other terms and conditions of the Award, if any, the Plan Administrator determines appropriate in its discretion (and in accordance with the terms of the Plan). The Plan Administrator will make such determinations under this Section 5(c) at the times and in the manner determined appropriate in its sole discretion and is not obligated to treat all Plan Participants similarly.

(d) Evaluation of Performance Results

Following the end of each performance period, the Plan Administrator will determine whether (and to what extent) the performance goals established for such performance period have been achieved.

(e) Determination of Actual Awards

For each performance period, the Plan Administrator will determine the amount of any actual Award for each Participant (which may be below, at or above the applicable Target Award) based on (i) the extent to which the performance goals established for such performance period have been achieved (and any relative weighting of such performance goals), (ii) such Participant's Target Award, and (iii) if and the extent to which any and all other conditions for a Participant to earn and receive an Award have been met. Notwithstanding the foregoing, in determining the amount of any actual Award for any Participant, the Plan Administrator will have the discretion to reduce the amount of any actual Award below the amount calculated under the terms of the Plan, including to zero, or increase the amount of any actual Award above the amount calculated under the terms of the Plan. In making such determination the Plan Administrator may take into consideration such other factors as it determines appropriate, in its sole discretion, including the Participant's individual performance. Awards will additionally be subject to any maximum payout limitation approved by the Plan Administrator for the applicable performance period.

Unless otherwise determined by the Plan Administrator: (i) any Participant who switches from full-time to part-time employment during the performance period will have his or her actual Award reduced on a pro-rata basis based upon the applicable percentage of full-time equivalent employment that was in effect on an aggregate basis during the performance period and (ii) no adjustment will be made to the determined amount of an actual Award for any Participant due to any reduction in the percentage of full-time equivalent employment of a Participant that occurs after expiration of the performance period and prior to determination of the actual Award.

Unless prohibited by applicable law or otherwise determined by the Plan Administrator: (i) any Participant who is absent due to an approved leave of absence during the performance period, and who otherwise is eligible to receive and earns an actual Award for such performance period, will have his or her actual Award reduced on a pro-rata basis based upon the applicable period of active employment during the performance period and (ii) no adjustment will be made to the determined amount of an actual Award for any Participant due to any leave of absence that commences after expiration of the performance period and prior to determination of the actual Award.

5. PAYMENT OF AWARDS

Following, and subject to, the Plan Administrator's determination of actual Awards for a performance period, the Plan Administrator will approve the payment of Awards for such performance period, subject to satisfaction of any continued services or additional conditions established by the Plan Administrator to receive the Award. Payment of Awards under the Plan will be made as soon as practicable after such approval or satisfaction of such conditions, as applicable. However, Awards are not earned until no longer subject to recovery pursuant to the Clawback Provisions described in Section 6(h) below. As a result, the Company pays Awards in advance of the Participant's earning of the Award, and such advances are subject to recovery pursuant to the Clawback Provisions described in Section 6(h) below.

All Awards made under the Plan will be paid in the form of cash or, if approved by the Board or the Committee, an equity award under the Company's 2019 Equity Incentive Plan (or any successor thereto), as determined by the Plan Administrator in its sole discretion. The terms and conditions of any such equity award will be determined by the Plan Administrator in its sole discretion.

6. MISCELLANEOUS

(a) Withholding of Compensation. The Company will deduct and withhold from any amounts payable to Participants under the Plan any amounts required to be deducted and withheld by the Company under the provisions of any applicable federal, state, local or foreign statute, law, regulation, ordinance or order. The Company reserves the right to require a Participant to satisfy such deduction and withholding obligation in such manner as specified by the Company under applicable law, in the event that amounts payable to Participants under the Plan are not paid in the form of cash.

(b) Plan Funding. The Plan will be unfunded. Nothing contained in the Plan will be deemed to require the Company to deposit, invest or set aside amounts for the payment of any Awards under the Plan.

(c) Amendment or Termination of the Plan. The Plan may be amended or terminated at any time by the Compensation Committee or the Board.

(d) No Guarantee of Continued Service. The Plan will not confer any rights upon an employee to remain in service with the Company or any affiliate of the Company for any specific duration or interfere with or otherwise restrict in any way the rights of the Company or any affiliate of the Company to terminate an employee's service with the Company (or affiliate, if applicable) for any reason, with or without cause or advance notice.

(e) No Assignment or Transfer. None of the rights, benefits, obligations or duties under the Plan may be assigned or transferred by any individual employee or Participant. Any purported assignment or transfer by any employee or Participant will be void. Participation in the Plan does not give any individual any ownership, security, or other rights in any assets of the Company.

(f) Validity. In the event any provision of the Plan is held invalid, void, or unenforceable, the same will not affect, in any respect whatsoever, the validity of any other provision of the Plan.

(g) Governing Documents. Each Award under the Plan shall be governed by the provisions of the Plan as set forth herein. This Plan contains the entire agreement between the Company and each Participant on this subject, and supersedes all prior bonus compensation plans or programs of the Company and all other previous oral or written statements regarding any such bonus compensation programs or plans.

(h) Clawback/Recovery. All Awards and payouts under the Plan will be subject to recoupment in accordance with the following provisions, as applicable (the "**Clawback Provisions**"): (i) the Zoom Video Communications, Inc. Incentive Compensation Recoupment Policy, (ii) any clawback policy that the Company (x) is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law and (y) otherwise voluntarily adopts, to the extent applicable and permissible under applicable law; and (iii) such other clawback, recovery or recoupment provisions set forth in an individual written agreement between the Company and the Participant. No recovery of compensation under such a Clawback Provision will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company.

(i) Recovery of Mistaken Payments: On occasion or by mistake, the Company may overpay or make incorrect payments of Awards. For these situations, to the extent permitted by applicable law, the Company reserves the right to offset or recover such mistaken payment amounts from any future payments of compensation to the Participant. By signing below, the Participant hereby authorizes the Company to reduce from any amounts owed to the Participant by the Company (including Base Salary, expense reimbursements, other bonuses or accrued vacation pay) such mistaken payment amounts and, to the extent the mistaken payment amounts are not repaid to the Company from such reduction, then the unpaid balance becomes a debt the Participant owes to the Company.

(j) Governing Law. The rights and obligations of any employee under the Plan will be governed by and interpreted, construed and enforced in accordance with the laws of the State of California without regard to its or any other jurisdiction's conflicts of laws principles.

(k) Section 409A. All Plan payments are intended to satisfy the requirements for the "short-term deferral" exemption from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly.

Participant's Acknowledgement:

I have read and understood the terms and conditions of the Plan stated herein, and I accept and agree to be bound by its terms. I understand that failure to sign **this document** will disqualify me from earning any other payments under the Plan, and that I will not be otherwise eligible to earn any or other bonus payments.

Name: _____

List of subsidiaries of the Registrant.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
Zoom Voice Communications, Inc.	United States of America
ZVC UK LTD	United Kingdom
ZVC – AUSTRALIA PTY LTD	Australia
ZVC NETHERLANDS B.V.	Netherlands
ZVC JAPAN KK	Japan
Zoom Video Communications (Suzhou) Inc.	China
Saasbee Inc. (Hefei) Ltd.	China
SaaSbee Software (Hangzhou) Co., Ltd.	China

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Zoom Video Communications, Inc.:

We consent to the use of our report included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

San Francisco, California
March 22, 2019