

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

OR

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

For the transition period from to
Commission File Number: 001-34674

Calix, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)
2777 Orchard Parkway
San Jose, California
(Address of Principal Executive Offices)

68-0438710
(I.R.S. Employer
Identification No.)
95134
(Zip Code)

Registrant's telephone number, including area code (408) 514-3000

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, \$0.025 par value	CALX	The New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes: ☐ No: ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes: ☐ No: ☒

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

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

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to Section 240.10D-1(b). ☐

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

The aggregate market value of the Common Stock held by non-affiliates of the registrant based upon the closing sale price on the New York Stock Exchange on June 28, 2024, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$1,510 million. Shares held by each executive officer, director and by each other person (if any) who owns more than 10% of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 10, 2025, the number of shares of the registrant's common stock outstanding was 66,689,039.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's 2024 annual report and definitive proxy statement for its 2025 annual meeting of stockholders are incorporated by reference in Item 5 of Part II and Items 10, 11, 12, 13 and 14 of Part III.

Calix, Inc.
Form 10-K
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Calix, Inc., together with its subsidiaries, is referred to in this document as “Calix,” “we,” “our” or “us.” This report includes forward-looking statements that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this report, including statements regarding Calix’s future financial position, business strategy and plans, product projections, anticipated market and industry trends and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “believe,” “could,” “expect,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “predict,” “will,” “would,” “project,” “potential” or the negative of these terms or other similar expressions. Forward-looking statements include Calix’s expectations concerning the outlook for its business, productivity, plans and goals for future operational improvements and capital investments, operational performance, future market conditions or economic performance and developments in the capital and credit markets and expected future financial performance.

Forward-looking statements involve a number of risks, uncertainties and assumptions, and actual results or events may differ materially from those projected or implied in those statements. Important factors that could cause such differences include:

- our ability to predict our revenue and reduce and control costs related to our products or service offerings;
- fluctuations in our gross margin;
- our ability to manage our relationships with our third-party vendors, including contract manufacturers, or CMs, original design manufacturers, or ODMs, logistics providers, component suppliers and development partners;
- our ability to forecast our manufacturing requirements and manage our inventory;
- supply chain constraints and cost increases for components, shipping and logistics;
- our dependence on sole-, single- and limited-source suppliers, some of which are located primarily or solely in China, and other factors;
- our ability to build and sustain an adequate and secure information technology infrastructure;
- the quality of our products, including any undetected hardware and software defects or software bugs;
- our ability to ramp sales and achieve market acceptance of our new products and broadband experience providers’, or BEPs’, willingness to deploy our new products;
- the capital spending patterns of BEPs, and any decrease or delay in capital spending by BEPs due to macro-economic conditions, regulatory uncertainties or other reasons;
- the impact of government-sponsored programs on our customers and the impact to our customers of a United States, or U.S., government shutdown;
- our ability to develop new products or enhancements that support technological advances and meet changing BEP requirements;
- the length and unpredictability of our sales cycles and timing of orders;
- our lack of long-term, committed-volume purchase contracts with our customers;
- intense competition and our ability to increase our sales to larger BEPs globally;
- our exposure to the credit risks of our customers;
- the interoperability of our products with BEP networks;
- our ability to estimate future warranty obligations due to product failure rates;
- our products’ compliance with industry standards;
- our ability to expand our international operations;
- our ability to protect our intellectual property, or IP, and the cost of doing so;
- our ability to obtain necessary third-party technology licenses at reasonable costs;
- the regulatory and physical impacts of climate change and other natural events;
- the attraction and retention of qualified employees and key management personnel; and
- our ability to maintain proper and effective internal controls.

We caution you against placing undue reliance on forward-looking statements, which reflect our current beliefs and are based on information currently available to us as of the date a forward-looking statement is made. Forward-looking statements set forth in this Annual Report on Form 10-K speak only as of the date of its filing. We undertake no obligation to revise forward-looking statements to reflect future events, changes in circumstances or changes in beliefs. In the event that we do update any forward-looking statements, no inference should be made that we will make additional updates with respect to that statement, related matters or any other forward-looking statements.

PART I

ITEM 1. Business

Company Overview

Calix was founded in 1999. We develop, market and sell our appliance-based platform, cloud and managed services that enable service providers of all types and sizes to innovate and transform their businesses. For our customers to successfully become Broadband Experience Providers, or BEPs, of the future, they require actionable data for critical business functions such as network operations, customer engagement and service. However, this data is often trapped in disparate systems or departmental silos. Our platform, which includes Calix Cloud, Intelligent Access, and Unlimited Subscriber, gathers, analyzes and applies machine learning to deliver real-time insights seamlessly to each key business function. Our customers utilize these data and insights to simplify network operations, customer engagement and service and innovate for their consumer, business and municipal subscribers with a growing portfolio of SmartLife managed service experiences that grow their businesses and the communities they serve. This partnership enables BEPs to grow their brand through increased subscriber acquisition, loyalty and revenue while reducing their operating costs.

This is our mission: to enable BEPs of all sizes to simplify, innovate and grow.

We believe our platform offers a competitive edge to BEPs at a critical time of increasing competition. With the increase in both private and public funding of broadband access, we anticipate at least two fiber-to-the-home providers vying for subscribers in every market. These providers have a choice: become a speed provider focused on offering the fastest speeds at the lowest price, or become an experience provider focused on delivering innovative, value-added services that improve the lives of their subscribers. Our platform enables these service providers to build next generation networks and offer higher-value managed service experiences that enable them to grow revenue, increase subscriber loyalty and monetize their network investments for generations.

BEPs, who embrace our platform, understand this competitive threat and that their brand's central position in the home, the business and the town is their most valuable strategic asset. As such, they must protect and expand continually. Our Intelligent Access network solution and Unlimited Subscriber solution are designed to allow BEPs to simplify their businesses and reduce operating costs, while launching innovative new services in a matter of days and weeks instead of months and years. Our role-based cloud enables BEP teams, such as marketing, operations or customer support, to leverage real-time behavioral analytics to anticipate the subscriber's needs, whether they are in the home, roaming across the town or managing a small business. Our platform is built to enable BEPs to quickly and easily deploy a growing portfolio of SmartLife™ managed services to connect entire communities. Embracing this strategy enables BEPs to establish themselves as essential technology innovators that are enabling their communities to grow and thrive.

The BEPs' teams can utilize insights from Calix Cloud to offer new and innovative services to those subscribers who have the propensity to buy, thereby growing revenue as they deliver a connected experience at significantly lower operating costs. This also enables them to build their brand and value proposition around innovation and subscriber experience. As a result, many of Calix's BEP customers have experienced improved customer satisfaction scores, minimal churn and significant revenue growth. To expand our reach in the market, we will continue to pursue strategic technology and distribution relationships that align with BEPs' strategic priorities. At the same time, we offer our Calix Success Services along with a growing portfolio of award-winning market activation resources that provide BEPs with best practices and programs to strengthen and grow their brands with their subscribers, thereby increasing subscriber loyalty and opportunities to grow their subscriber bases.

Strategy Overview

Our strategy is to position Calix as the key partner providing a broadband delivery platform (cloud, software and systems) and managed services to enable and facilitate the transformation of BEP networks and the residential, community and business network experience in order to innovate for all of their subscribers. Most BEPs will require transformation of their business and operations to become an essential provider of data-driven, high-value managed services to their subscribers. The principal elements of our strategy are:

Starting with the data – The principal way we gather, analyze and deliver actionable insights for BEPs is via Calix Cloud. Our role-based Calix Cloud enables critical functions within a BEP's business, such as marketing, operations and support, to leverage real-time data to continually understand and optimize the experience for their subscribers.

Building and evolving our platform – Our product strategy centers on our strategic platform. Our platform simplifies BEPs' businesses by delivering intelligence and automation across the entire subscriber facing network – from the data center edge to

the subscriber's devices. Our strategy is to continually augment and extend our platform with features and services directly or through partners to allow our BEP customers to deliver cutting-edge services to their subscribers.

Engaging directly with BEP customers – We continue to invest in our direct sales capabilities so that we can engage deeply with our customers to help them understand the differentiable value that our platform provides. As we deploy new solutions, we are building the expertise of our team by adding specialized resources in areas such as marketing, cloud and network operations. Our direct model is complemented with selective programs for our channel partners, who have established local market expertise and have demonstrated the ability to generate new market opportunities and support sales of cutting-edge technologies for BEPs.

Expanding customer footprint across our total addressable opportunity – Our total addressable opportunity includes service providers of any type and size, including local and competitive exchange carriers, cable multiple system operators, or cable MSOs, wireless internet service providers, or WISPs, fiber overbuilders such as municipalities, electric cooperatives, tribal communities, multiple dwelling units and hospitality providers. For the past four years, we have averaged adding over 90 new customers per year purchasing directly or through our partners. Our diverse and growing customer footprint is a critical source of our future growth as we expand our portfolio and sell additional components of our platform and managed services to both new and existing customers. Our platform enables us to expand our total addressable opportunity and recurring revenue streams by allowing us to address the needs of not only traditional wireline-focused service providers, but also emerging service providers. As such, we intend to continue to engage emerging providers that are creating entirely new customer segments, including fiber overbuilders, utilities and municipalities. We will also continue to pursue service provider segments where there is an opportunity to grow our current share, such as cable MSOs, large traditional wireline-focused service providers and international markets.

Extending portfolio of Calix services – Our Success team supports our customers as they define their transformation strategies, build new skills, implement new technologies and deploy new subscriber services. Calix Success' capabilities address our customers' entire network and service delivery lifecycle. These services allow our customers to benefit directly from our deep expertise working with service providers of all types and sizes to optimize their operations and leverage our advanced analytics to improve the operational efficiency of their teams.

Pursuing strategic relationships – We will continue to pursue strategic technology and distribution relationships that help us align with our customers' strategic priorities. We continue to invest to provide technical synergy across the ecosystems that support our customers' most critical business processes through our partner program. By adding new solutions to our platform ecosystem, we significantly enhance the value that our platform delivers to our customers. In addition, we are continuing to expand our relationships with organizations that help our customers plan and execute in-market. Examples of these partners are Conexon, LLC, ePlus Technology, Inc., BroadEngagement (Refindable LLC business) and GOCare™ (NuTEQ Solutions, LLC business).

Product Overview

Our product strategy centers on increasing the market adoption of two fundamental components:

1. Our Calix Platform, which consists of:
 - Calix Cloud®, which comes in three role-base editions: Calix Engagement Cloud, Calix Operations Cloud and Calix Service Cloud.
 - Calix Intelligent Access™ our network solution for automated, intelligent next generation networks.
 - Calix Unlimited Subscriber™ our premises solution for subscriber managed services.
2. Our SmartLife™ managed service offerings, which consist of:
 - SmartHome™ managed services and applications to enhance, operate and secure the connected experience of subscribers in their home, including managed Wi-Fi, advanced content control, network security, connected cameras, social media monitoring for kids and device protection programs.
 - SmartTown® managed services that reimagine community Wi-Fi as a ubiquitous, secure and managed experience across a BEP's footprint by making their town a SmartTown. By leveraging residential and small business Wi-Fi systems combined with strategically deployed outdoor Wi-Fi access points, BEPs can serve subscribers, schools, municipalities, organizations, planned communities, parks, marinas and more. These opportunities open new markets and relationships with the public sector to reduce reliance on and augment 5G LTE fixed wireless access.
 - SmartBiz™ managed services that address the business networking and productivity needs of small business owners with an all-in-one solution that increases staff productivity, secures critical business systems and enhances customer loyalty.

- SmartMDU™ managed services provide purpose-built, flexible connectivity solutions for multi-family properties of any type, enabling service providers and property owners to exceed resident expectations with a simple, secure, personalized and efficient managed Wi-Fi solution.
- ManagedBiz™ is a cloud-managed network security and connectivity solution tailored for large businesses with complex information technology use cases, featuring a security and routing appliance, multi-layer network security and seamless management via the Calix Broadband Platform.

Each subscriber managed service is complemented by real-time subscriber insights via Calix Engagement Cloud, Calix Operations Cloud offerings and Calix Service Cloud, which are configurable to display role-based insights for general management, marketing, support, operations and engineering staff. These insights enable BEPs to anticipate and target new revenue-generating services and applications through our mobile application, CommandIQ® for residents and CommandWorx™ for businesses. Our Calix Cloud enables simple integrations with other market-leading workflow solutions for marketing (including Facebook, Mailchimp, Constant Contact and HubSpot), support ticketing solutions and operations support systems and business support systems.

The SmartLife™ managed services are built on the Calix platform and fully integrated with our GigaSpire® and GigaPro® family of Wi-Fi systems to be ready for deployment as a complete subscriber experience solution for a BEP's residential subscribers, business subscribers and community networks. Calix customers are evolving their go-to-market strategies to go beyond marketing broadband speed by delivering valuable managed services built on top of their Wi-Fi offerings. This unique portfolio gives them more opportunities to provide differentiated services to their subscribers and grow their revenue.

Our access network solutions redefine the access edge of the network by simplifying its architecture and operations. Our platform's access network component is implemented in our E-Series family of modular, non-blocking systems, enabling BEPs to meet a wide variety of deployment scenarios. Our customers can consolidate multiple access network elements into a single system using specialized software modules that add functionality and remove complexity, thereby reducing the total cost of ownership and the time to market for new services. We offer a range of training, professional and success services to assist BEPs in every domain of network management from strategy to deployment and management.

These offerings are sold independently and offer unique entry points for new customers, who are partnering with Calix to transform their businesses. Moreover, an increased segment of our customer base is leveraging all components of our platform and managed services in an end-to-end strategy to simplify their businesses, innovate for their subscribers and grow the value that they deliver for their consumer, business and municipal subscribers.

Finally, to support these managed services, we offer market activation resources and customer support programs through our Success organization to enable BEP teams to quickly deploy, manage and monetize each service that they provide to subscribers. These resources include marketing content that can be easily customized with on-line tools, training programs and success services.

Customers

We market and sell our platform (cloud, software and systems) and managed services to service providers of all types and sizes. To date, we have focused primarily on service providers in the North American market. Our customers span all sizes of broadband subscriber count from a few subscribers to more than eleven million. We currently have approximately 1,600 active service provider customers, purchasing directly and through partners, to deploy passive optical, Active Ethernet or point-to-point Ethernet access networks or subscriber premise systems. Our service provider customers include: ALLO Communications, LLC; Connect Holding II LLC (dba Brightspeed); CityFibre Holdings Limited; Conexon Connect, LLC; Cox Communications, Inc.; Highline; Hunter Communications; ICS Advanced Technologies; Jade Communications, LLC; New Visions Communications, Inc.; Rally Networks; South Central Telephone Association, Inc.; Tombigbee Electric Power Association and Tombigbee Fiber, LLC and Verizon Communications Inc.

The U.S. Federal government has approved programs, totaling more than \$60 billion, to fund broadband and connectivity expansion across the rural parts of the U.S. Calix has a dedicated team of funding specialists, assisting customers and prospects with the most up-to-date information on broadband funding opportunities as they are introduced and personalized strategies to maximize their grants to support their growth.

We classify service providers into large, medium and small based on the number of broadband subscribers they serve. Large service providers are those with wide geographic footprints and broadband subscribers of 2.5 million or more. Medium service providers also operate typically within a wide geographic footprint but are smaller in scale with broadband subscribers that range from 250,000 to 2.5 million. Small service providers consist primarily of over 1,000 predominantly local independent operating companies, or IOCs, typically focused on a single community or a cluster of communities. They include a growing number of municipalities, cable MSOs, electric cooperatives, fiber overbuilders, tribal entities and WISPs. These entities range in size from a few subscribers to 250,000 broadband subscribers.

No customer represented more than 10% of revenue in 2024, 2023 or 2022. Sales to customers outside the U.S. represented 8% of our revenue in 2024 and 9% of our revenue in 2023 and 2022. Our sales outside the U.S. have been and are currently predominantly to customers in the Americas and Europe.

Customer Engagement Model

We market, sell and support the success of our platform and managed services predominantly through our direct sales force, supported by marketing, product management and customer success personnel. We have also expanded this model to include select channel partners in North America and more than 40 international channel partners. Even in circumstances where a channel partner is involved, our sales and marketing personnel are generally selling side-by-side with the channel partner. We believe that our direct customer engagement approach provides us with significant differentiation in the customer sales process and customer engagement programs by aligning us more closely with our customers' changing needs and successful implementation of our solutions.

Research and Development

Continued investment in research and development is critical to our business. We have made significant investments in our product portfolio, and we intend to continue to dedicate significant resources to research and development to develop, enhance and deliver new platform features and capabilities, including investments in innovative technologies that support our business strategy. Our research and development team is composed of engineers with expertise in software and cloud platforms, optics, wireless technologies and systems engineering. Our research and development team is responsible for designing, developing and enhancing our platform, cloud and managed services, performing product and quality assurance testing and ensuring the compatibility of our products with third-party hardware and software products. Increasingly, our engineers are focused on enhancements to our cloud and software platform components. Our teams of engineers currently remain concentrated in San Jose and Petaluma, California; Nanjing, China; Bangalore, India; Minneapolis, Minnesota and Richardson, Texas. We also outsource a portion of our software and cloud development to domestic and international third parties and depend on these partners to meet our development plans.

Manufacturing and Supply Chain

We rely on CMs, ODMs and third-party logistics partners for the supply and distribution of our products. The global supply chain organization oversees these third parties to source and procure materials, manufacture and deliver products. This organization includes order management, planning, sourcing, logistics, test and manufacturing engineers, and new product introduction personnel. We integrate our supply chain management and new product introduction activities with those outsourced to third parties. Relationships with and reliance on these third parties allow us to improve new product introduction time, conserve working capital, reduce product costs and minimize delivery lead times while maintaining product quality and scaling quickly to handle increased order volume. We continue to qualify and utilize additional vendors for various portions of the supply chain as needed.

Sustainability

We operate with a "sustainable by design" approach, integrating sustainability practices and goals into our business. Product planning incorporates consideration for improvements in energy efficiency, product durability and recyclability. Our human capital management emphasizes employee engagement and talent development. Supply chain management includes adherence to our supplier code of conduct, transparent tracking of sustainability goals and the importance of using different suppliers. We track our enterprise greenhouse gas emissions and report them via our website.

Seasonality

Fluctuations in our revenue occur due to many factors, including the varying budget cycles and seasonal buying patterns of our customers. More specifically, our customers tend to spend less in the first fiscal quarter as they are finalizing their annual capital spending budgets, and in certain regions, customers are also challenged by winter weather conditions that inhibit outside fiber deployment. In recent years, as our revenue from our large customers decreased, we have experienced less year-end volatility due to capital budgetary spending or freezing. This, combined with an increase in recurring revenue, has resulted in smaller seasonal fluctuations, and we expect this trend to continue.

Competition

The communications software and systems equipment markets are highly competitive. Competition is largely based on any one or a combination of the following factors: functionality and features, price, existing business and customer relationships, product quality, installation capability, service and support, long-term returns, scalability, development and manufacturing capability.

We compete with several companies within the markets that we serve, and we anticipate that competition will intensify. Vendors with which we may compete include: ADTRAN Holdings, Inc.; Ciena Corporation; CommScope Holding Company, Inc.; eero/Ring (Amazon companies); Harmonic Inc.; Huawei Technologies Co., Ltd.; Google Nest (a Google company); Nokia Corporation; Plume Design, Inc. and Ubiquiti Inc. In various geographic or vertical markets, there are also several smaller companies with which we may compete. As we expand into adjacent markets and expand our platform, cloud and managed services offerings, we expect to encounter new competitors. Many of our competitors have the financial resources to offer competitive products at a below market price, which could prevent us from competing effectively.

Intellectual Property

We rely on a combination of IP rights, including patents, trade secrets, copyrights and trademarks as well as customary contractual protections. These rights and protections are accomplished through a combination of internal and external controls, including contractual protections with employees, contractors, customers and partners, and through a combination of U.S. and international IP laws.

As of December 31, 2024, we held 114 U.S. patents and 50 pending U.S. and international patent applications. U.S. patents generally have a term of twenty years from filing. The remaining terms on our individual patents vary from less than a year to seventeen years. U.S. patent, copyright and trade secret laws afford us only limited protection, and the laws of some foreign countries do not protect proprietary rights to the same extent.

We believe that the frequency of assertions of patent infringement has and continues to increase in our industry. Any claim of infringement from a third party, even claims without merit, could cause us to incur substantial costs defending against such claims, could require us to pay substantial damages or include an injunction or other court order that could prevent us from selling our products. In addition, we might be required to seek a license which may not be available on commercially reasonable terms or at all. Alternatively, we may be required to develop non-infringing technology, which would require significant effort and expense.

Human Capital

We employed 1,820 employees globally as of December 31, 2024 with 1,013 employees located in the U.S. and 807 outside of the U.S., primarily in Canada, China and India. Except for one employee located in France and subject to customary local collective bargaining arrangements, we do not have any employees represented by a labor union with respect to their employment with us. We have not experienced any work stoppages and consider our relations with our employees to be good. We consider our talent to be very important to our operations and execution of our business strategy as well as the overall success of our business. As such, we invest significant management attention, time and resources to attract, engage, develop and retain our talent. Our talent strategy focuses on our culture and core values, our talent programs and the overall well-being and safety of our talent.

Corporate Information

Our principal executive offices are located at: 2777 Orchard Parkway, San Jose, California 95134, and our telephone number is (408) 514-3000. Our website address is: www.calix.com. We do not incorporate the information on or accessible through our website into this Annual Report on Form 10-K, and you should not consider any information on, or that can be accessed through, our website as part of this Annual Report on Form 10-K. Calix®, the Calix logo design, AXOS®, Calix Cloud®, CommandIQ®, CommandWorx™, GigaPro®, GigaSpire®, SmartTown® and other trademarks or service marks of Calix appearing in this Annual Report on Form 10-K are the property of Calix. Trade names, trademarks and service marks of other companies appearing in this Annual Report on Form 10-K are the property of the respective holders. The Securities and Exchange Commission, or SEC, maintains a website at www.sec.gov that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. We post on the Investor Relations page of our website, www.calix.com, a link to our filings with the SEC free of charge, as soon as reasonably practical after they are filed electronically with the SEC.

ITEM 1A. Risk Factors

We have identified the following additional risks and uncertainties that may affect our business, financial condition and/or results of operations. Investors should carefully consider the risks described below, together with the other information set forth in this Annual Report on Form 10-K, before making any investment decision. The risks described below are not the only

ones we face. Additional risks not currently known to us or that we currently believe are immaterial may also significantly impair our business operations. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and investors may lose all or part of their investment.

Business and Operational Risks

If we do not successfully execute our business strategy to increase our sales to new and existing Broadband Experience Providers, or BEPs, our operating results, financial condition, cash flows and long-term growth may be negatively impacted.

Our growth depends upon our ability to increase sales to existing and new service providers of all types and sizes, and the execution of our strategy to increase sales to BEPs involves significant risk. The majority of our revenue is not recurring, and our customers generally have no committed purchase requirements, may cancel orders or cease purchasing our products at any time. If our customers stop purchasing our products for any reason, our business and results of operations would be harmed. If we are unable to increase our sales to new and existing BEPs, our operating results, financial condition, cash flows and long-term growth may be negatively impacted. Our strategy includes investing in regional sales teams and select channel partners to sell to smaller regional broadband service providers. A large portion of our current sales are to customers with smaller regional networks and limited capital expenditure budgets. The spending patterns of many of these customers are generally less formal than larger service providers and often characterized by small and sporadic purchases, and the potential revenue from any one of these customers is limited. We rely primarily on channel partners, including value added resellers, internationally and for certain U.S. markets. We face fierce competition for business with key channel partners. If we are unable to engage channel partners, we may fail to grow our sales, or our sales may be reduced. Furthermore, we rely on our channel partners to promote and sell our products. The loss of a key channel partner or the failure of our partners to provide adequate services could have a negative effect on customer satisfaction and could cause harm to our business.

Our selling efforts to larger broadband service providers require substantial investments of technical, marketing and sales resources through lengthy equipment qualification and sales cycles without any assurance of generating sales. We may be required to invest in costly upgrades to meet more stringent performance criteria and interoperability requirements, develop new customer-specific features or adapt our products to meet required standards. We have invested and expect to continue to invest considerable time, effort and expenditures, including investment in product research and development, related to these opportunities without any assurance that our efforts will result in revenue.

The quality of our support and services offerings is important to sustain and increase our sales to new and existing customers. Our services to customers include services to help them deploy our products within their networks. Once our products are deployed within our customers' networks, they depend on our customer success, customer support and research and development organizations to resolve any issues relating to those products. If we do not effectively assist our customers in deploying our products, succeed in helping them quickly resolve post-deployment issues, effectively utilize features or enhancements or provide effective support, it could adversely affect our ability to sell our products to existing customers and harm our reputation with potential new customers. As a result, our failure to maintain high quality support and services could result in the loss of customers, which would harm our business.

We face risks associated with being materially dependent upon third-party vendors; certain factors that affect our business as a result of those dependencies have and could continue to disrupt our business and adversely impact our gross margin and results of operations.

We materially depend upon third-party vendors for our complex global supply-chain operations, including for services to develop, design and source components and materials as well as manufacture, transport and deliver our products. If any of these vendors stop providing their services, for any reason, we would have to obtain similar services from other sources, which may not be available on commercially reasonable terms, if at all. We also have limited control over disruptions that may occur at the facilities of those providers, such as supply interruptions, labor shortages, strikes, shipping backlogs at ports and similar disruptions to transportation infrastructure, design and manufacturing failures, quality control issues, systems failures or facility closures arising from pandemics, natural disasters, terrorist attacks or acts of war. In addition, switching development firms or manufacturers could delay the manufacture and availability of products and/or require us to re-qualify our products with our customers, which would be costly and time-consuming. Any interruption in the development, supply or distribution of our products would adversely affect our ability to meet scheduled product deliveries to our customers and could result in lost revenue or higher costs, which would negatively impact our gross margin and operating results and harm our business.

Particular risks associated with management of our global supply chain operations include the following:

- ***Manufacturing constraints, shortages and other disruptions.*** We do not have internal manufacturing capabilities and rely solely on a small number of CMs and ODMs to manufacture and supply our products. Our business operations and ability to supply our products are highly dependent upon our ability to secure adequate third-party manufacturing capabilities and capacity and to effectively manage those third parties to meet our business needs. Our dependence solely on third-party manufacturers makes us vulnerable to possible supply and capacity constraints and reduces our

control over manufacturing disruptions due to component availability, extended lead times delivery schedules, quality, manufacturing yields and increased costs. Some of these risks occur from time to time in our business. If these disruptions and constraints are prolonged, or if these manufacturers do not have the ability or business continuity plans to fulfill their obligations to us, our business could be disrupted. If we cannot effectively manage our vendors or if we fail to invest adequate resources to manage our supply chain operations, our ability to meet customer orders and generate revenue may be negatively impacted. A substantial portion of our manufacturing is done at facilities outside of the U.S., largely in Asia, which presents increased supply risk, including the risk of supply interruptions, delays, shortages or reductions in manufacturing quality or controls. In addition, these supply interruptions, delays and shortages could impair our ability to meet our customer requirements, require us to pay higher prices or incur expedite fees, which would harm our business and negatively impact our gross margin and results of operations. Our international manufacturing also creates risks and uncertainties associated with regulatory changes or government actions such as local business requirements, trade restrictions and tariffs, economic sanctions or related legislation, which may complicate our export and import activities, be disruptive to the operations of our manufacturers and logistics partners or result in higher product and shipping costs and variability of supply. Manufacturing in Asia further heightens our risk of meeting customer delivery requirements as we rely upon third-party logistics companies to transport and import significant volumes of products to the U.S. where we generate a substantial majority of our revenue. These supply chain risks are further increased by periodic shipping backlogs at ports and similar disruptions to transportation infrastructure.

- **Limited sources and sole-sourced supply.** We are dependent upon sole-source or limited-source suppliers for some key product components such as chipsets and certain of our application-specific integrated circuit processors and resistor components, including certain components sourced solely through suppliers located in China and other Asian countries. Any of these suppliers could stop producing our components, raise the prices they charge us, be subject to higher product tariffs, epidemics or other conditions that disrupt their operations, cease operations or enter into exclusive arrangements with our competitors, consequently affecting our operations and results. For example, we have experienced disruptions in our supply of certain components that we source from suppliers in China and other Asian countries due to production disruptions, factory closures and longer lead times for components and from uncertainty around trade and tariff policies between the U.S. and China, which has caused delays in our product supply. Being dependent upon a limited number of suppliers constrains our ability to mitigate these disruptions in our supply chain, particularly if such disruptions are prolonged. This may adversely affect our ability to obtain components and materials needed to manufacture our products at acceptable prices or at all. These risks would adversely affect our ability to meet scheduled product deliveries to our customers, increase costs and in turn harm our business and results of operations.
- **Limitations on ability to manage third-party risks.** Our business with certain third-party manufacturers may represent a relatively small percentage of their revenue. Consequently, our orders may not be given adequate priority if such manufacturers have to allocate limited capacity among competing customers. This could delay supplies of product to us or limit our ability to ramp product volumes within desired timeframes. If any of our manufacturing partners are unable or unwilling to continue manufacturing our products in required volumes and at high quality levels, we would have to identify, qualify and select acceptable alternative manufacturers. The time it takes to qualify new third-party manufacturers could disrupt our ability to maintain continuous supply of product to meet customer requirements. An alternative manufacturer may not be available to us when needed or may not be in a position to satisfy our production requirements at commercially reasonable prices and quality. In addition, we and/or our manufacturers may not be able to negotiate commercially reasonable terms and sufficient quantities of component supplies with component and materials suppliers to meet our manufacturing needs because our purchase volumes may be too low for us to be considered a priority customer for securing supplies, particularly when there are shortages or limited availability of key components and materials. As a result, suppliers could stop selling to us and our manufacturers at commercially reasonable prices, or at all. Any such interruption or delay may force us and our manufacturers to seek components or materials from alternative sources, which may not be available, or result in higher prices. Switching suppliers could also force us to redesign our products to accommodate new components and could require us to re-qualify our products with our customers, which would be costly and time consuming. A significant interruption in manufacturing or supply availability for any of these reasons would reduce supply to our customers, which would result in lost revenue and harm our customer relationships.
- **Ability to forecast and manage inventory liability with vendors.** We have experienced increases in demand from many customers, in part as a result of higher consumer demand for better internet services and improved Wi-Fi. If we underestimate product demand from our customers, our manufacturers may have inadequate component inventory to meet our demand. If we are not able to adequately anticipate demand, this could interrupt our product manufacturing, increase our cost of revenue associated with expedite fees and air freight and/or result in delays or cancellation of customer orders. If we are unable to deliver products timely to our customers, we may lose customer goodwill or our

customers may choose to purchase from other vendors, all of which may have a material negative impact on our revenue and operating results. If we overestimate our product demand, our third-party manufacturers may purchase excess components and build excess inventory, and we could be required to pay for these excess parts or products and their storage costs. For example, as of December 31, 2024, we had inventory deposits totaling \$62.6 million to address excess components owned by our CMs and ODMs. Long lead times for component supply, which may be exacerbated by higher demand for certain components, and demand for our products has and is expected to continue to impact our ability to accurately forecast our production requirements. We may incur liabilities for certain component inventory purchases that have been rendered excess or obsolete, which may have an adverse effect on our gross margin, financial condition and results of operations.

Cyberattacks or other security incidents that disrupt our or our third-party providers' operations or compromise data, may expose us to liability, harm our reputation or otherwise adversely affect our business.

We rely on our own and third-party hardware, software, technology infrastructure, data centers, digital networks and online sites and services for both internal and customer-facing operations that are critical to our business, or collectively, IT Systems. In addition, as part of our business operations, we collect, store, process, use and/or disclose information, including sensitive data relating to our business, our business partners and our customers, and personal information about individuals such as our employees and our customers' subscribers, or collectively, Confidential Information. We process Confidential Information to operate our business, including in connection with the provision of our cloud services and by relying on our and our providers' IT Systems. We also engage third-party providers to support various internal functions, such as human resources, finance, information technology and electronic communications, as well as the development and delivery of our customer-facing products and cloud services, which includes collecting, handling, processing and/or storage of data on our behalf. These internal and external functions involve an array of software and systems, including cloud-based, that enable us to conduct, monitor and/or protect our business, operations, systems and information technology assets. Our cloud-based solutions enable us to host our customers' subscriber data in third-party data centers.

We face numerous and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our IT Systems and Confidential Information, including from diverse threat actors such as state-sponsored organizations, opportunistic hackers and hackers, as well as through diverse attack vectors such as social engineering/phishing, malware (including ransomware), malfeasance by insiders, human or technological error and, as a result of malicious code embedded in open-source software, bugs, misconfigurations or exploited vulnerabilities in software or hardware that is integrated into our (or our suppliers' or service providers') IT Systems, products or services. Threat actors could steal Confidential Information related to our business, products, employees, customers and our customers' subscribers; hold data ransom; and/or disrupt our systems and services or those of our supply chain partners, vendors, customers or others. We expect cybersecurity attacks and security breaches to accelerate in the future, including sophisticated supply chain attacks. As we and our third-party providers continue to increase our reliance on virtual environments and communications systems and cloud-based solutions to support our work-from-anywhere culture and overall business needs, our exposures to third-party vulnerabilities and security risks also increase. Because threat actors are increasingly sophisticated and aggressive, our efforts may be inadequate to prevent, detect or recover from future attacks due, for example, to the increased use by attackers of tools and techniques (including artificial intelligence) that are specifically designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. We may also experience security breaches that may remain undetected for an extended period.

We and certain of our third-party providers have been subject to cyberattacks and other security incidents, and we expect such attacks and incidents to continue in varying degrees. There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our IT Systems and Confidential Information. Accordingly, while to date no cybersecurity incidents have had a material impact on our operations or financial results, we cannot guarantee that material incidents will not occur in the future. A cyberattack or incident that affects the confidentiality, integrity or availability of our IT Systems or Confidential Information could result in legal claims or proceedings (such as class actions), regulatory investigations and enforcement actions, fines and penalties, negative reputational impacts that cause us to lose existing or future customers, and/or significant incident response, system restoration or remediation and future compliance costs. Even if we and our third-party providers allocate, implement and manage reasonable security and data protection measures, we could still experience significant data loss, unauthorized data disclosure or a breach of our IT Systems, products or those of our third-party providers (for example, data centers) that materially impact our business. The continued growth of our cloud-based platform and managed services portfolio and increased reliance on third-party development partners and third-party software and cloud-based solutions increases the likely risks arising from security breaches or data loss. Any data loss or compromise of our systems that collect and process personal information (including personal information of our customers' subscribers), or third-party data centers where that personal information is stored, could result in loss of confidence in the security of our offerings and loss of customers or customer goodwill. Further, security incidents could subject us to obligations under privacy and data security laws and regulations around the world (including to notify governmental authorities, regulatory bodies and/or affected individuals), lead to liability given the increasing development of such strict laws and regulations, increase the risk of litigation and governmental or regulatory

investigation, require us to notify our customers or other counterparties in relation to such incidents, damage our reputation and adversely affect our business, financial condition, operating results and cash flows. Although we maintain insurance that may apply to cybersecurity risks and liabilities, there can be no guarantee that any or all costs or losses incurred will be partially or fully insured or that we will be able to procure applicable insurance in the future on reasonable terms or at all.

If we do not successfully increase our sales through adoption of our platform, cloud and managed service offerings, our operating results, financial condition, cash flows and long-term growth may be negatively impacted.

We have platform, cloud and managed service offerings that are early in their product life cycles and subject to uncertain market demand. If our customers are unwilling to adopt these new offerings, install our new products or deploy our new services, or if we are unable to achieve market acceptance of our products and platform, our business and financial results may be harmed. Moreover, adoption of our platform, cloud and managed service offerings is dependent upon the success of our customers in investing, marketing, selling and deploying broader services to their subscribers, and our ability to differentiate our products from competing or substitutive product and service offerings. For example, our SmartLife™ managed services include managed Wi-Fi, network security, parental controls and an ecosystem of services from partners, including Arlo and Bark. However, if subscriber demand for such services does not grow as expected or declines, or our customers are unable or unwilling to invest in our platform to deploy and market these services, demand for our products may not grow at rates as we anticipate.

Changing market and customer requirements may adversely affect the valuation of our inventory as well as our supplier purchase commitments.

Customer demand for our products can change rapidly in response to market and technology developments. We may, from time to time, adjust inventory valuations downward or end of life certain of our products in response to our assessment of our business strategy as well as consideration of demand from our customers for specific products or product lines. We also periodically evaluate our supplier purchase commitments, which increased significantly due to extended lead-times during the global pandemic. While our purchase commitments have normalized, the effect of those purchase decisions are still impacting our balance sheet through component inventory and inventory deposits with suppliers. We record a liability for excess and obsolete components based on our estimated future demand for our products, potential obsolescence of technology and product life cycles. If we fail to accurately plan our inventory levels, which becomes more challenging as component lead times increase, we may have to increase write offs for excess or obsolete inventory, or accrue additional liabilities for component inventory held by our suppliers, both of which could have a material adverse effect on our financial condition and results of operations.

Business and operational risks associated with expanding our international operations could harm our business.

We are subject to business and operational risks associated with our international operations, including our global supply-chain operations, and our international offices located in Nanjing, China and Bangalore, India as well as dependence upon our international sales operations. In addition, we are exposed to risk arising from our dependence upon third-party development contractors in India. The risks associated with our international operations also include costs of complying with differing and changing laws and regulatory requirements, tariffs, export quotas, custom duties and other trade restrictions; effects of inflation, currency controls and/or fluctuations in currency exchange rates; limited, inadequate or non-existent IP protection; and uncertainties associated with political conflicts and instabilities, variable economic conditions, terrorist attacks or acts of war. Our development operations and activities in China and India involve these and other significant risks, including: local labor conditions and regulations; knowledge transfer related to our technology and exposure to misappropriation of IP or confidential information, including information that is proprietary to us, our customers and third parties; heightened exposure to changes in the economic, security, political and pandemic conditions; international trade agreements and U.S. tax provisions that could adversely affect our international operations; complexities of managing development timelines and deliverables from abroad; and differences in local business practices and customs that may not align with our expectations and standards.

Along with the foregoing risks, our international sales operations involve risks associated with greater costs and complexity localizing and supporting our products and platform in local markets; evolving privacy regulations, trade regulations, compliance requirements and incremental costs applicable to the qualification, production, sale and delivery of our products; longer collection periods, financial instability and other difficulties impacting collection of accounts receivable in certain jurisdictions; more intense competition including from local equipment suppliers; and our reliance on value added resellers to sell and support our products in international markets given our limited presence and infrastructure outside the U.S. To expand our international operations, we will need to invest resources to attract key talent, build operational infrastructure, execute on our international strategy and drive international market demand for our products. If we invest substantial resources to expand our international operations and are unable to do so successfully and in a timely manner, our financial condition and results of operations may suffer.

We may have difficulty evolving and scaling our business and operations to meet customer and market demand, which could harm our financial results or cause us to fail to execute on our business strategies.

In order to grow our business, we will need to continually evolve and scale our business and operations to meet customer and market demand. Evolving and scaling our business and operations places increased demands on our management as well as our financial and operational resources to effectively manage organizational change; design scalable processes; accelerate and/or refocus research and development activities; expand our manufacturing, supply chain and distribution capacity; increase our sales and marketing efforts; broaden our customer success, support and services capabilities; maintain or increase operational efficiencies; scale support operations in a cost-effective manner; implement appropriate operational and financial systems; and maintain effective financial disclosure controls and procedures. If we cannot evolve and scale our business and operations effectively, we may not be able to execute our business strategies in a cost-effective manner and our business, financial condition and results of operations could be adversely affected.

Litigation and regulatory proceedings could harm our business or negatively impact our results of operations.

In the ordinary course of business, we are subject to legal claims, litigation and regulatory proceedings related to disputes over commercial, competition, IP, labor and employment and other matters. Regardless of the merits of any such claims, litigation and regulatory proceedings are inherently uncertain, and can be costly, disruptive to our business and operations, harmful to our reputation and distracting to management. In particular, as a technology company, we are subject to IP claims asserting patent, copyright, trademark and/or other infringement claims that are costly to defend and could limit our ability to use some technologies in the future. The risk of such claims is heightened as we expand our products and services and rely on more technologies, including third-party IP rights that we license and incorporate into our products and services. Third parties from whom we license IP may be unable or unwilling to indemnify us for such claims or offer any other remedy to us. Patent infringement claims may be asserted by patent assertion entities and non-practicing entities, or NPEs, that do not conduct business as an operating company and hold and own patents only for the purpose of aggressively pursuing royalties through infringement assertions or patent infringement litigation. Further, in our industry, the number of assertions by NPEs has continued to increase due in part to patent sales by operating companies to NPEs and availability of litigation financing. We have received and expect to continue to receive assertions from NPEs and other third parties alleging that we may be infringing their patents or other IP rights; offering licenses to such IP; and/or threatening litigation. If our products are found to infringe, these claims could also result in the suspension of our ability to import, market and sell our products and services, product shipment delays or requirements to modify our products or enter into costly settlements or licensing agreements. Such royalty or licensing agreements, if required, may not be available to us on acceptable terms, if at all. Furthermore, we may additionally be financially responsible for claims made against our customers, including costs of litigation and damages awarded, under indemnity obligations which could further negatively impact our results of operations. Protracted litigation could cause us to incur significant defense costs, which would negatively impact our results of operations.

We have a history of fluctuations in our gross margin and operating results, which can make it difficult to predict our future performance and could cause the market price of our stock to decline.

We have a history of fluctuations in our quarterly and annual gross margin and operating results, including fluctuations due to factors outside of our control. Factors that impact variability of our operating results include our ability to predict our revenue and reduce and control our costs, our ability to predict product functions and features desired by our customers, the impact of global economic conditions, our ability to effectively manage our global supply chain operations, our ability to effectively manage third parties upon whom we depend to conduct our business, our customers' spending patterns and purchasing decisions, the impact of competition, customer adoption of our products, our ability to manage our legal, contractual and regulatory obligations and liabilities and other risk factors identified in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in this "Risk Factors" section. Our gross margin is further impacted by customer, geographic and product mix, the impact of competition on our prices, our ability to manage our costs associated with components and materials, excess and obsolescence, expedite fees and logistics-related activities, contractual commitments and other product costs. Fluctuating results make it difficult to predict our future performance and could cause the market price of our stock to decline. We expect to continue to incur significant expenses and cash outlays as we seek to expand our business and operations and target new customer opportunities. Given our growth objectives and the intense competitive pressures we face, our operating expenses may increase at unexpected levels, and we may be unable to maintain positive operating income. Comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. If our revenue or operating results fall below the expectations of investors or securities analysts, or below any guidance we may provide to the market, the market price of our stock would likely decline.

We are exposed to customer credit risks that could adversely affect our operating results and financial condition.

We generally extend credit terms for sales to our customers which exposes us to credit risk. If we are unable to collect our accounts receivable balances as anticipated, our operating results and financial condition will be harmed. A number of factors contribute to this risk, including our ability to adequately assess a customer's creditworthiness and financial condition, changes

in a customer's financial condition and/or liquidity, our ability to timely collect our accounts receivable from customers, disagreements with customers on invoiced balances and economic downturns or other unanticipated events impacting a customer's ability to pay. Furthermore, some of our international customers operate in countries with developing economies, volatile financial markets or currency regulations that impact their ability to make payments in U.S. dollars. While we take measures to pursue collections on our accounts receivable, we have from time to time written down accounts receivable and written off doubtful accounts and may need to do so in future periods. The determination of allowances for doubtful accounts involves significant judgment, and if we underestimate our allowance for doubtful accounts, we will have to make further write-downs. Such write-downs or write-offs could negatively affect our operating results for the period in which they occur and could harm our cash flow or our financial condition.

If we lose any of our key personnel, or are unable to attract, train and retain qualified personnel, our ability to manage our business and continue our growth would be negatively impacted.

Our success depends, in large part, on the continued contributions of our key personnel who are highly skilled and would be difficult to replace. Competition for skilled personnel, particularly in software and cloud development and engineering, is intense. We cannot be certain that we will be successful in attracting and retaining qualified personnel, or that newly hired personnel will function effectively, both individually and as a group. If we are unable to effectively recruit, hire and utilize new employees to align with our company objectives, execution of our business strategy and our ability to react to changing market conditions may be impeded, and our business, financial condition and results of operations may suffer. We operate using a "work-from-anywhere" model, and if we do not continue to effectively manage our distributed workforce, we could face challenges maintaining our corporate culture, which could increase attrition or limit our ability to attract personnel. None of our key personnel are bound by a written employment contract to remain with us for a specified period. In addition, we do not currently maintain key person life insurance covering our key personnel. If we lose the services of any key personnel, our business, financial condition and results of operations may suffer.

If we experience disruptions with our enterprise resource planning system, we may not be able to effectively transact business or produce financial statements, which would adversely affect our business, results of operations and cash flows.

We operate our Oracle enterprise resource planning, or ERP, system on Oracle's cloud platform and our software billing application on Salesforce.com. With these implementations, we are highly dependent upon Oracle and Salesforce.com to host, manage and maintain our ERP system and supporting applications. Any disruptions to their business or processes, or delays in their ability to provide services to us, may in turn disrupt our business operations or increase costs. Furthermore, we receive quarterly system updates and enhancements on the cloud platform according to Oracle's release timeline and change management processes, which if not managed properly may disrupt our business operations and delay our ability to process transactions and produce reports necessary to conduct our business. We are highly dependent upon our ERP system for critical business functions, including order processing and management, supply chain and procurement operations, financial planning, accounting and reporting; accordingly, protracted disruption in functionality or processing capabilities of the ERP system could materially impair our ability to process transactions timely or produce accurate financial statements on a timely basis. If our systems suffer prolonged interruption, our results of operations and cash flows would be adversely affected.

Risks Related to Our Products

Our products are highly technical and may contain undetected hardware or software defects or software bugs, which could harm our reputation and adversely affect our business.

Our products, including our platform (cloud, software and systems) and SmartLife™ managed services, are highly technical and, when deployed, are critical to the operation of many networks. Our products have contained and are subject to defects, bugs or security vulnerabilities, which risks may be exacerbated as we continue to expand our cloud and software portfolio and include services from third-party partners. Some defects in our products may only be discovered after a product has been installed and used by customers and may in some cases only be detected under certain circumstances or after extended use. Any errors, bugs, defects or security vulnerabilities discovered in our products after commercial release could result in loss of revenue or delay in revenue recognition, loss of customers and increased service and warranty and retrofit costs, any of which could adversely affect our business, operating results and financial condition. In addition, we are subject to claims for security and data breach, product liability, tort or breach of warranty. Our contracts with customers contain provisions relating to warranty disclaimers and liability limitations, which may not be upheld. Defending a lawsuit, regardless of its merit, is costly and may divert management's attention and adversely affect the market's perception of us and our products. In addition, if our business liability insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all, our business, operating results and financial condition could be adversely impacted.

If we are unable to ensure that our products interoperate properly and as required within our customers' networks, our business will be harmed.

Our products must interoperate with our customers' existing and planned networks, which often have varied and complex specifications, utilize multiple protocol standards, include software applications and customizations and products from multiple vendors and contain multiple generations of products that have been added over time. As a result, we must continually ensure that our products interoperate properly with these existing and planned networks. To meet these requirements, we must undertake development efforts, including test protocols, which require substantial capital investment and employee resources. We may not accomplish these development goals quickly or cost-effectively, if at all. If we fail to maintain interoperability, we may face substantially reduced demand for our products, which would reduce our revenue opportunities and market share. We rely upon interoperability arrangements with equipment and software vendors for the use or integration of their technology with our products. If these relationships fail, we may have to devote substantially more resources to developing alternative products and processes and our efforts may not be as effective as the combined solutions under our current arrangements. In some cases, these other vendors are either direct competitors or companies that have extensive relationships with our existing and potential customers and influence the purchasing decisions of those customers. Some of our competitors have stronger relationships with some of our interoperability partners, and as a result, our ability to have successful interoperability arrangements with these companies may be harmed, which in turn may harm our ability to successfully sell and market our products.

Our estimates regarding warranty or product obligations are highly subjective. If our estimates change, the liability for warranty or product obligations may be increased, impacting future cost of revenue.

Our products are highly complex, and our product testing may not be adequate to detect all defects, errors, failures and quality issues. Accordingly, our estimates regarding future warranty or product obligations are highly subjective, and if our estimates change, the liability for warranty or product obligations may be increased, impacting future cost of revenue. Quality or performance problems for products covered under warranty could adversely impact our reputation and negatively affect our operating results and financial position. The development and production of new products with high complexity often involves problems with software, components and manufacturing methods. Any significant warranty or other product obligations due to reliability or quality issues arising from defects in software, faulty components or improper manufacturing methods could negatively impact our operating results and financial position due to costs associated with fixing software or hardware defects; high service and warranty expenses; high inventory obsolescence expense; delays in collecting accounts receivable; payment of liquidated damages for performance failures; and loss of customer goodwill and future sales.

Our business and operations depend on proprietary technologies, and our financial performance may suffer if we cannot protect and enforce our IP rights.

Our success and ability to compete depend on proprietary technology. We rely significantly upon patent, copyright, trademark, trade secret and other IP laws, IP registration rights and agreements with our employees, customers, partners, suppliers and other parties, to establish and maintain IP rights necessary for our business and operations. U.S. IP laws afford us only limited protection, and the laws of some foreign countries do not protect proprietary rights to the same extent or at all. Our patent applications may not result in issued patents, and our issued patents may not be enforceable. Our IP rights could be challenged, invalidated, infringed or circumvented, any of which could impair or harm our business and operations and be costly to defend. Our failure to adequately protect our IP rights could result in our competitors offering similar products, resulting in the loss of our competitive advantage and decreased sales.

We and our third-party providers may be unable to adequately prevent unauthorized third-party copying or use of our IP. For example, contractual provisions protecting our IP are subject to breach, and our IP is subject to reverse engineering and unlawful distribution. It may become more difficult to adequately protect our IP as we expand our reliance on third parties for the design, development and/or manufacture of our products. In addition, we may become subject to increased risks arising from or related to security breaches, data loss or theft of our data or our IP, and have greater difficulty protecting our IP as our work-from-anywhere workforce and work product become more distributed. Policing the unauthorized use and distribution of our IP is difficult and costly. Litigation, which could result in substantial costs, diversion of resources and harm to our business, may be necessary to enforce our IP rights, protect our trade secrets or determine the validity and scope of proprietary rights.

If we are unable to obtain third-party technology licenses needed for our products and platform solutions, our business and operations will be impaired, and our operating results could be adversely affected.

We increasingly rely on technology licensed from third parties for our products and platform solutions. We may not be able to secure or maintain necessary technology licenses from these third parties on commercially reasonable terms or at all. Third parties may also choose to not renew licenses with us, demand unreasonable license fees or cease to offer technologies that we require. The inability to obtain necessary third-party licenses or to secure reasonable license terms at a cost acceptable to us could harm the competitiveness of our products and solutions, result in lost revenue and adversely affect our operating results. For example, we may be forced to forego product features or platform offerings, including features and offerings we believe are critical to our strategy, accept substitute technology of lower quality or performance standards or incur higher costs, or the time-

to-market of our products or product features could be delayed. Furthermore, our ability to utilize third-party technology may be disrupted by disputes over IP rights, including claims of IP infringement, which could prevent us from offering or selling the products that utilize the disputed technology and adversely affect our operating results.

Our use of open-source software could impose limitations on our ability to commercialize our products.

We incorporate open-source software into our products. The terms of many open-source software licenses have not been interpreted by the courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to sell our products. In such event, we could be required to make our proprietary software generally available to third parties, including competitors, at no cost, to seek licenses from third parties in order to continue offering our products, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis or at all, any of which could adversely affect our revenue and operating expenses.

Macroeconomic and Industry Risks

Our business depends upon the capital spending patterns and decisions of BEPs, and any decrease or delay in capital spending by BEPs due to the timing and availability of capital and other causes would reduce our revenue and harm our business.

Demand for our products depends on the magnitude and timing of capital spending by BEPs as they construct, expand, upgrade and maintain their access networks as well as BEPs' adoption of our platform and managed services. Capital spending is cyclical in our industry, sporadic among individual BEPs and can change on short notice, which gives us little visibility into changes in spending behavior in any particular quarter. Capital spending for network infrastructure projects could be delayed or canceled in response to factors outside our control, such as reduced consumer spending, challenging capital markets or declining liquidity trends. BEP spending is also affected by reductions in budgets, including as a result of a general economic downturn, delays in purchasing cycles, access to or timing of government funding programs or capital markets, and seasonality and delays in capital allocation decisions. Historically, our customers may spend less or have less deployments in the first quarter due to pending annual budgets or, in certain regions, due to weather conditions that inhibit outside fiber deployment, resulting in weaker demand for our products in the first quarter. Softness in demand in any of our customer markets, including due to macroeconomic conditions beyond our control or uncertainties associated with regulatory reforms, has and could in the future lead to unexpected decline or slowdown in customer capital expenditures. Further, BEPs may pursue capital investment in network technologies other than those offered by us or may choose not to adopt our products and platform solutions in their networks. Reductions in capital expenditures by BEPs would have a material negative impact on our revenue and results of operations and slow our rate of revenue growth. As a consequence, our results for a particular period may be difficult to predict, and our prior results are not necessarily indicative of results in future periods.

Government-sponsored programs and U.S. federal government shutdowns could impact the timing and buying patterns of BEPs, which may cause fluctuations in our operating results.

We sell to broadband service providers and BEPs, including U.S.-based independent operating companies, or IOCs, which rely significantly upon interstate and intrastate access charges and federal and state subsidies in the form of grants and other funding, such as the Federal Communications Commission's, or FCC's, Rural Digital Opportunity Fund, the CARES Act Enhanced Alternative Connect America Cost Model, or the American Rescue Plan Act. The FCC and some states may change such payments and subsidies, which could reduce IOC revenue. Furthermore, many IOCs use or expect to use government-supported loan programs or grants, such as U.S. Department of Agriculture's Rural Utility Service or the U.S. Department of Commerce National Telecommunications and Information Administration's, or NTIA's, Broadband Equity, Access and Deployment, or BEAD, Program loans and grants, to finance capital spending. These government-supported loan programs and grants generally include conditions such as deployment criteria, domestic preference provisions and other requirements that apply to the project and selected equipment as conditions for funding. For example, the U.S. government passed The Infrastructure Investment Jobs Act, which charged the NTIA with establishing the BEAD Program and ensuring that BEAD-funded infrastructure projects comply with the Buy America Domestic Content Procurement Preference, or Buy America Preference, of the Build America, Buy America Act, or BABA. In accordance with BABA, the U.S. Department of Commerce has issued a limited, general applicability, nonavailability waiver of the Buy America Preference to recipients of Federal financial assistance under the NTIA's BEAD Program. Notwithstanding this waiver, certain of our products will be required to meet BABA domestic content requirements to enable certain customers to qualify for grant funding under the BEAD Program. Any failure of such products to meet BABA domestic content requirements would result in those products being ineligible for purchase and use by certain customers under the BEAD Program, and could result in lost sales, lost business opportunity, breach of warranty claims, and damage to our reputation and customer relationships.

Changes to the terms or administration of these programs, including uncertainty from government and administrative change, increasing focus on domestic requirements by the U.S. that may require re-assessment of compliance, potential funding limitations that impact our ability to meet program requirements or delays due to U.S. federal government shutdowns could reduce the ability of IOCs to access capital or secure funding under these programs to purchase our products and services and thus reduce our revenue opportunities. In addition, compliance with these requirements may significantly increase our record-keeping, accounting and production costs. As a result of these risks, the domestic content requirements may have a material adverse impact on our U.S. sales, business and results of operations. Customers may curtail purchases if they receive less funding than planned, are negatively impacted by federal government shutdowns or changes in government regulations and subsidies, or as funding winds down, any of which could have an adverse effect on our operating results and financial condition.

Adverse global economic, market and industry conditions, geopolitical issues and other conditions that impact our increasingly global operations could have a negative effect on our business, results of operations and financial condition and liquidity.

As a global company, our performance is affected by global economic, market and industry conditions as well as geopolitical issues and other conditions with global reach. In recent years, concerns about the global economic outlook, inflation and increased interest rates have adversely affected market and business conditions in general. Macroeconomic weakness and uncertainty make it more difficult for us to manage our operations and accurately forecast revenue, gross margin and operating expenses. Further, bank failures and other adverse developments that affect financial institutions, transactional counterparties, or other third parties, or concerns or rumors about these events, have led to market-wide liquidity problems.

Geopolitical issues, such as the Russian invasion of Ukraine, armed conflict in the Middle East, relations between the U.S. and China, tariff and trade policy changes, and increasing potential of conflict involving countries in Asia that are critical to our supply-chain operations, such as Taiwan and China, have resulted in increasing global tensions and create uncertainty for global commerce. New or increased tariffs and other changes in U.S. trade policy, including new sanctions, could trigger retaliatory actions by affected countries. In addition, inflation in the U.S. has affected businesses across many industries, including ours, by increasing the costs of labor, employee healthcare, components and freight and shipping, which may further constrain our customers' or prospective customers' budgets. To the extent there is a sustained general economic downturn, and our platform and services are perceived by customers or potential customers as costly, or too difficult to deploy or migrate to, our revenue may be disproportionately affected by delays or reductions in spending. Sustained or worsening of global economic conditions and geopolitical issues may increase our cost of doing business, materially disrupt our supply chain operations, cause our customers to reduce or delay spending and intensify pricing pressures. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or markets in which we operate worsen from present levels, demand for our products, and our business, financial condition and results of operations, could be adversely affected.

We face intense competition that could reduce our revenue and adversely affect our financial results.

The market for our products is highly competitive, and we expect competition from both established and new companies to increase. Our ability to compete successfully depends on a number of factors, including our ability to successfully develop new products and solutions that anticipate BEP and market requirements and changes in technology and industry standards; BEP acceptance and adoption of our products and solutions; our ability to differentiate our products from our competitors' offerings based on performance, features, cost-effectiveness or other factors; our product capabilities to meet customer network requirements and preferences; and our success in marketing and selling our products and platform solutions.

Many of our current or potential competitors have longer operating histories, greater name recognition, broader product lines, larger customer bases and significantly greater financial, technical, sales, marketing and other resources than we do and are better positioned to acquire and offer complementary products and services. As the broadband access equipment market has undergone and continues to undergo consolidation, our competitors have merged, grown and been able to offer more comprehensive solutions than they individually had offered. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier, regardless of product performance or features, because the products that we and our competitors offer require a substantial investment of time and funds to qualify and install. The demand on network capacity due to remote workforces may attract new market entrants with competitive or substitutive products, which may lead to increased sales cycles, cause pricing pressure and impact adoption of our platform due to the broader availability of product offerings. Some of our competitors may offer substantial discounts or rebates to win or retain customers. If we are forced to reduce prices to retain existing customers or win new customers, we may be unable to sustain gross margin at desired levels or obtain or sustain profitability. Competitive pressures could result in increased pricing pressure, reduced profit margin, increased sales and marketing expenses and failure to increase, or the loss of, market share, any of which could reduce our revenue and adversely affect our financial results.

Historically, our customer base has been concentrated, and the loss of any of our key customers may adversely impact our revenue and results of operations, and any delays in payment by a key customer could negatively impact our cash flows and working capital.

Although we have not had a greater-than-10%-of-revenue customer in the past four years, a large portion of our sales has been, and in the future may be, to a limited number of customers. Changes in the broadband service provider market, such as financial difficulties, spending cuts or corporate consolidations that impact purchasing decisions by these customers have and may again negatively impact our revenue, and as a result, revenue from such customers may remain flat or decline. There are no assurances that the demand for our products will remain strong from our key customers, and any decrease or delay in purchases of any of our key customers, particularly if prolonged or sustained, or our inability to grow our sales with them, may have a material negative impact on our revenue and results of operations.

In addition, some larger customers may demand discounts and rebates or desire to purchase their access systems and software from multiple providers. As a result of these factors, our future revenue opportunities may be limited, and we may face pricing pressures, which in turn could adversely impact our gross margin and our financial results. The loss of, reduction in, or pricing discounts associated with orders from any larger customer could significantly reduce our revenue and harm our business. Furthermore, delays in payment and/or extended payment terms from any of our larger customers could have a material negative impact on our cash flows and working capital to support our business operations.

Our industry is characterized by rapid technological advancements, and if we fail to develop new products or enhancements that meet changing BEP requirements, we could experience lower sales.

Our industry is characterized by rapid technological change, changing needs of BEPs, evolving industry standards and frequent introductions of new products and platform offerings. We invest significant amounts to pursue innovative technologies that we believe will be adopted by BEPs. For example, we have invested and plan to continue to invest resources in our platform offerings. In addition, on an ongoing basis, we expect to reposition our product and service offerings and introduce new offerings as we encounter rapidly changing BEP requirements and increasing competitive pressures. If we cannot increase sales of our new platform and services, keep pace with rapid technological developments to meet customer needs and compete with evolving standards or if the technologies we choose to invest in fail to meet customer needs or are not adopted by customers in the timeframes that we expect, our financial condition and results of operations would be adversely affected.

Developing our products is complex and involves uncertainties, including pricing risks for key materials, component shortages and limited suppliers. We may experience design, manufacturing, software development quality, support, marketing and other difficulties that could delay or prevent the development, introduction or marketing of new products and enhancements. If we fail to meet our development targets, demand for our products will decline. If we are unable to anticipate and develop new products or enhancements to our existing products on a timely and cost-effective basis, our products may become technologically obsolete more rapidly than anticipated over time, resulting in lower sales which would harm our business. Furthermore, the introduction of new or enhanced products also requires that we manage the transition from older products in accordance with customer requirements. If we fail to maintain compatibility requirements in our customers' networks, demand for our products would decline, which would reduce our revenue opportunities and market share.

We use third-party development partners both for their key skills and to augment our employee developers. Using third-party development partners for our broadband platform and managed services allow us to accelerate development and leverage the third parties' expertise, but increases our risks due to reduced direct control over the third party's work. This product development approach may cause unforeseen issues in product design, as well as challenges arising from integration and support of third-party features in our products. In addition, our revenue based on the third parties' product development work may take several years to cover our out-of-pocket expenses, if ever.

Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our sales are difficult to predict and may vary substantially, which may cause our operating results to fluctuate significantly.

The timing of our revenue is difficult to predict. Our sales efforts often involve educating broadband service providers about the use and benefits of our platform (cloud, software and systems) and managed services, and the desirability of transforming into a BEP. BEPs typically undertake a significant evaluation process, which frequently involves not only our platform and managed services, but also those of our competitors and results in a lengthy sales cycle. Sales cycles for larger customers are relatively longer and require considerably more time and expense. We spend substantial time, effort and money in our sales efforts without any assurance that our efforts will produce sales. In addition, product purchases are frequently subject to budget constraints, multiple approvals and unplanned administrative, processing and other delays. The timing of revenue related to sales of products and services that have installation requirements may be difficult to predict due to interdependencies that may be beyond our control, such as new customer testing and turn-up protocols or other vendors' products, services or installations of equipment upon which our products and services rely. Such delays may result in fluctuations in our quarterly revenue. If sales expected from a specific customer for a particular quarter are not realized in that quarter or at all, we may not achieve our revenue forecasts, and our financial results would be adversely affected.

Government and Regulatory Risks

Actual or perceived failure to comply with applicable data privacy and security laws, regulations and standards could impact our business, operations, and expose us to increased liability.

Government authorities in the U.S. and around the world have implemented and are continuing to implement broader and more stringent laws and regulations concerning data protection. The interpretation and application of these data protection laws and regulations are often uncertain and changing, and it is possible that they may be interpreted and applied in a manner that is inconsistent with our data practices.

For example, in the U.S., certain states have adopted privacy and security laws and regulations which govern the privacy, processing and protection of personal information. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act (collectively, the CCPA) requires covered businesses that process the personal information of California residents to, among other things: (i) provide certain disclosures to California residents regarding the business's collection, use and disclosure of their personal information; (ii) receive and respond to requests from California residents to access, delete and correct their personal information or to opt out of certain disclosures of their personal information; and (iii) enter into specific contractual provisions with service providers that process California resident personal information on the business's behalf. Additional compliance investment and potential business process changes may also be required. Similar laws have been passed in other states, and are continuing to be proposed at the state and federal level, reflecting a trend toward more stringent privacy legislation in the U.S. Most of the new or proposed laws include restrictions on processing consumer information for targeted advertising, which could negatively affect our marketing cloud products. The enactment of such laws could have potentially conflicting requirements that would make compliance challenging. If we are subject to or affected by the CCPA, or other domestic privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition.

Furthermore, the Federal Trade Commission, or FTC, and many state Attorneys General continue to enforce federal and state consumer protection laws against companies for online collection, use, dissemination and security practices that appear to be unfair or deceptive. For example, according to the FTC, failing to take appropriate steps to keep consumers' personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

The General Data Protection Regulation, or EU GDPR, adopted by the European Union, or EU, and the UK General Data Protection Regulation, or UK GDPR, adopted by the United Kingdom, or UK, (the EU GDPR and UK GDPR hereinafter referred to as the GDPR) and national data protection supplementing laws in these jurisdictions impose specific duties and requirements upon companies that are subject to their provisions and collect, process or control personal data of individuals. Although we currently do not have material operations or business in the EU or the UK, we are in the process of expanding in these jurisdictions, and we have incurred and will continue to incur substantial costs in this respect. Furthermore, the GDPR imposes significant penalties for noncompliance which can amount to the greater of €20 million (for the EU GDPR) or £17.5 million (for the UK GDPR) or 4% of the total worldwide annual turnover of the preceding financial year; thus, any non-compliance with the GDPR could result in a material adverse effect on our business, financial condition and results of operations.

The EU GDPR and UK GDPR regulate cross-border transfers of personal data out of the European Economic Area, or the EEA, and the UK. There is currently legal complexity and uncertainty regarding international personal data transfers, and we expect this to continue. In particular, we expect the European Commission approval of the current EU-US Data Privacy Framework for data transfers to certified entities in the U.S. to be challenged and international transfers to the U.S. and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As the regulatory guidance and enforcement landscape in relation to data transfers further develops, our business, operations and financial condition could be adversely affected and we could suffer additional costs, complaints and/or regulatory investigations or fines. We may also have to stop using certain tools and vendors and make other operational changes. Further, our customers may not use our services in a manner that is compliant with applicable data privacy laws and regulations and our services may not be competitive in certain markets.

We and/or our customers are also subject to evolving EU and UK privacy laws on cookies, tracking technologies, e-marketing and electronic communications. Recent European court and regulator decisions are driving increased attention to cookies and tracking technologies. If the trend of increasing enforcement by regulators of the strict approach to opt-in consent for all but essential use cases, as seen in recent guidance and decisions continues, this could lead to substantial costs, require significant systems changes, limit the effectiveness of marketing activities conducted on behalf of our customers, divert the attention of our

technology personnel, adversely affect our margins, and subject us to additional liabilities. In addition, new security regulations, such as the EU's Network and Information Security 2 Directive (NIS2) and its EU Member State transpositions, and the UK's Telecommunications (Security) Act 2021 together with its implementing regulations impose further security obligations, including on electronic communications networks and services. We may be required to implement (and contractually commit to) additional security measures to remain a competitive vendor, as customers will need to ensure their vendors are able to meet the obligations that they are themselves subject to, or customers may choose different vendors due to our security measures. This could result in additional costs and require operational changes which could adversely affect our business, operations and financial condition.

In light of the complex and evolving nature of EU, EU Member State and UK privacy and security laws, there can be no assurances that we will be successful in our efforts to comply with such laws; violations of such laws could result in regulatory investigations, fines, orders to cease/change our use of technologies and/or our processing activities, enforcement notices and assessment notices (for a compulsory audit), as well as lead to civil claims including class actions, and reputational damage.

Complying with new and changing laws could cause us to incur substantial costs in order to market and sell our cloud-based solutions in the U.S. and internationally, deter customers from adopting our cloud-based solutions or require us to redesign our platform in order to meet customer requirements related to such laws. Regulatory actions or claims involving our practices in the collection, storage, processing, use or disclosure of consumer information or other personal data, even if unfounded, could damage our reputation and adversely affect our operating results. The failure or perceived failure to comply may result in government or civil proceedings or actions against us, or could cause us to lose customers, which could have an adverse effect on our business.

If we fail to comply with evolving industry standards, sales of our products would be adversely affected.

Our products are subject to a significant number of domestic and international standards, which evolve as new technologies are developed and deployed. As we expand into new global markets, we are likely to encounter additional standards. Our products must comply with these standards in order to be widely marketable. In some cases, we are required to obtain certifications or authorizations before our products can be introduced, marketed or sold in new markets or to new customers. For example, our ability to maintain Operations System Modification for Intelligent Network Elements certification for our products will affect our ongoing ability to continue to sell our products to large broadband service providers. In addition, our ability to expand our international operations may be limited by standards in countries or may require us to redesign our products or develop new products to meet local standards. We may not be able to design our products to comply with local requirements, which would impede or prevent our ability to grow our business in those locations. Moreover, as we expand our business and operations globally, we must increase investments to maintain compliance with evolving standards across all of our markets. The costs of complying with evolving standards or failure to obtain timely authorizations or certification could prevent us from selling our products where these standards or regulations apply, which would result in lower revenue and lost market share.

Our failure or the failure of our manufacturers to comply with environmental and other legal regulations could adversely impact our results of operations.

The manufacture, assembly and testing of our products may require the use and disposal of hazardous materials that are subject to environmental, health and safety regulations, or materials subject to laws restricting the use of conflict minerals. We substantially depend upon our third-party manufacturers to comply with these requirements. Any failure by us or our third-party manufacturers to comply with these requirements could result in regulatory penalties, legal claims or disruption of production of our products. In addition, any failure to properly manage the use, transportation, emission, discharge, storage, recycling or disposal of hazardous materials could subject us to increased costs or liabilities. Existing and future environmental regulations and other legal requirements may restrict our use of certain materials to manufacture, assemble and test products. Any of these consequences could adversely impact our results of operations by increasing our expenses and/or requiring us to alter our manufacturing processes.

We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in additional international markets.

Our products are subject to U.S. export and trade controls and restrictions. International shipments of certain of our products may require export licenses or are subject to additional export requirements. In addition, the import laws of other countries may limit our ability to distribute our products, or our customers' ability to buy and use our products, in those countries. Changes in our products or changes in export and import regulations or duties may create delays in the introduction of our products in international markets, prevent our customers with international operations from deploying our products or, in some cases, prevent the export or import of our products to certain countries altogether. Any change in export or import regulations, duties or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by such regulations, could negatively impact our ability to sell, profitably or at all, our products to existing or potential international customers.

Regulatory and physical impacts of climate change and other natural events may affect our customers and our manufacturers, resulting in adverse effects on our operating results.

As emissions of greenhouse gases continue to alter the composition of the atmosphere, affecting large-scale weather patterns and the global climate, any new regulation of greenhouse gas emissions may result in additional costs to our customers and our manufacturers. In addition, the physical impacts of climate change and other natural events, including changes in weather patterns, drought, rising ocean and temperature levels, earthquakes and tsunamis may impact our customers, suppliers and manufacturers and our operations. These potential physical effects may adversely affect our revenue, costs, production and delivery schedules, and cause harm to our results of operations and financial condition.

Our customers are subject to government regulation, and changes in current or future laws or regulations that negatively impact our customers could harm our business.

Many of our customers are subject to state and federal regulation of their businesses, and adoption of regulations that affect providers of broadband Internet access services could impede the penetration of our customers into certain markets. For example, the FCC has jurisdiction over many of our U.S. customers, and FCC regulatory policies that create disincentives for investment in access network infrastructure or impact the competitive environment in which our customers operate may harm our business. Moreover, various international regulatory bodies have jurisdiction over certain of our customers outside the U.S. Changes in any of these standards, laws and regulations, or judgments in favor of plaintiffs in lawsuits against broadband service providers based on changed standards, laws and regulations could adversely affect the development of broadband networks and services. This, in turn, could directly or indirectly adversely impact the industries in which our customers operate.

Risks Related to Ownership of Our Common Stock and Other Risks

Our stock price may continue to be volatile, and the value of an investment in our common stock may decline.

The trading price of our common stock has been, and is likely to continue to be, volatile, which means that it could decline substantially within a short period of time and could fluctuate widely in response to various factors, some of which are beyond our control. These factors include those discussed above and others such as quarterly variations in our results of operations or those of our competitors; failure to meet any guidance that we have previously provided regarding our anticipated results; changes in earnings estimates or recommendations by securities analysts; failure to meet securities analysts' estimates; announcements by us or our competitors of new products, significant contracts, commercial relationships, acquisitions or capital commitments; developments with respect to IP rights; our ability to develop and market new and enhanced products on a timely basis; our commencement of, or involvement in, litigation and developments relating to such litigation; changes in governmental regulations; and a slowdown in the communications industry or the general economy.

The stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price and volatility of our common stock, regardless of our actual operating performance. Historically, following periods of volatility in the market price of a company's securities, there is increased risk that stockholders may initiate securities class action litigation against the company. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of our management and Board of Directors.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management or our Board of Directors. These provisions include: (i) a classified Board of Directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our Board of Directors; (ii) no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; (iii) the exclusive right of our Board of Directors to elect a director to fill a vacancy created by the expansion of the Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors; (iv) the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer; (v) a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders; (vi) the requirement that a special meeting of stockholders may be called only by the chairman of the Board of Directors, the chief executive officer or the Board of Directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and (vii) advance notice procedures that stockholders must comply with in order to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us. We are also subject to certain anti-takeover provisions under Delaware law, which prohibits a corporation, in general, from engaging in a business combination with any

holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the Board of Directors has approved the transaction.

We may need additional capital in the future to finance our business.

While our working capital needs to support our business operations and growth have been funded from operating cash flows and through issuance of our common stock under our equity incentive plans, we may need additional capital if our current plans and assumptions change. If our financial position deteriorates, we may not be able to secure a source of financing to support our working capital needs on acceptable terms or at all. If future financings involve the issuance of equity securities, our then-existing stockholders will suffer dilution. If we raise debt financing, we may be subject to restrictive covenants that limit our ability to conduct our business. If we are unable to obtain and sustain operating income and positive cash flows from operations, our liquidity, results of operations and financial condition may be adversely affected. Furthermore, if we are unable to generate sufficient cash flows to support our operational needs, we may need to cease our common stock repurchase program or seek additional sources of liquidity, including borrowings, to support our working capital needs, even if we believe we have generated sufficient cash flows to support our operational needs. There is no assurance that any other sources of liquidity may be available to us on acceptable terms or at all. If we are unable to generate sufficient cash flows or obtain other sources of liquidity, we will be forced to limit our development activities, reduce our investment in growth initiatives and institute cost-cutting measures, all of which would adversely impact our business and growth.

We do not currently intend to pay dividends on our common stock and, consequently, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock.

We do not currently intend to pay a cash dividend on our common stock for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, our stockholders are not likely to receive any dividends on our common stock for the foreseeable future.

Our failure to adequately address and resolve risks and uncertainties associated with acquisitions could have a material adverse impact on our financial condition and results of operations.

We may acquire businesses, products or technologies to expand our product offerings and capabilities, customer base and business. We have evaluated and expect to continue to evaluate a wide array of potential strategic transactions. Such investments may involve significant risks and uncertainties, including distraction of management from current operations, unanticipated costs, and legal and regulatory challenges, all of which could have a material adverse impact on our financial condition and results of operations. In addition, the anticipated benefit of any acquisition may never materialize or the process of integrating acquired businesses, products or technologies may create unforeseen operating difficulties and expenditures.

We cannot guarantee that our stock repurchase program will be utilized to the full value approved or that it will enhance long-term stockholder value. Repurchases we consummate could increase the volatility of the price of our common stock and could have a negative impact on our available cash balance.

We have a common stock repurchase program of which \$102.9 million was available as of December 31, 2024. Under the repurchase program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of the purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations consistent with our capital allocation strategy. Stock repurchases could have an impact on our common stock trading prices, increase the volatility of the price of our common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations. The repurchase program does not obligate us to acquire a particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at our discretion, which may result in a decrease in the trading prices of our common stock. Even if our share repurchase program is fully implemented, it may not enhance long-term stockholder value.

General Risks

As a public company, we are subject to significant accounting, legal and regulatory requirements; our failure to comply with these requirements may adversely affect our operating results and financial condition.

We are subject to significant accounting, legal and regulatory requirements, including requirements and rules under the Sarbanes-Oxley Act, or SOX, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank, among other rules and regulations implemented by the SEC, as well as listing requirements of the New York Stock Exchange, or NYSE. We incur significant accounting, legal and other expenses and must invest substantial time and resources to comply with public company reporting and compliance requirements, including costs to ensure we have adequate internal controls over accounting and financial reporting, proper documentation and testing procedures among other requirements. We cannot be certain that the actions we have taken to implement internal controls over financial reporting will be sufficient. We have in the past discovered, and may in the future discover, areas of our internal financial and accounting controls and procedures that need

improvement, particularly as we enhance, automate and improve functionality of our processes and internal applications. New laws and regulations as well as changes to existing laws and regulations affecting public companies would likely result in increased costs to us as we respond to their requirements. We continue to invest resources to comply with evolving laws and regulations, and this investment may result in increased general and administrative expense.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our operating results and our stock price.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Our management does not expect that our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company will have been detected. If we are unable to produce accurate financial statements on a timely basis, investors could lose confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline and make it more difficult for us to finance our operations and growth.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity and availability of our critical systems and information.

We design and assess our program based on the National Institute of Standards and Technology Cybersecurity Framework, or NIST CSF, and the MITRE ATT&CK[®] framework. This does not imply that we meet any particular technical standards, specifications or requirements, only that we use the NIST CSF and MITRE ATT&CK[®] as guides to help us identify, assess and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Key aspects of our cybersecurity risk management program include the following:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services and our broader enterprise IT environment;
- a security team principally responsible for managing: (i) our cybersecurity risk assessment processes, (ii) our security controls and (iii) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls and processes;
- cybersecurity awareness training of our employees, incident response personnel and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for key service providers, suppliers and vendors.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations or financial condition. We face risks from certain cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. See Item 1A “Risk Factors – Cyberattacks or other security incidents that disrupt our operations or compromise data, may expose us to liability, harm our reputation or otherwise adversely affect our business.”

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Cybersecurity Committee (the “Committee”) since its formation in 2017 oversight of business continuity, cybersecurity, privacy and other IT risks. The Committee oversees management’s implementation of our cybersecurity risk management program.

The Committee receives quarterly reports from management on our cybersecurity risks. In addition, management updates the Committee, as necessary, regarding any significant cybersecurity incidents.

The Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full Board also periodically receives briefings from management on our cyber risk management program. Board members receive presentations on cybersecurity topics from our management team, internal security staff or external experts as part of the Board’s continuing education on topics that impact public companies.

Our Chief Commercial Operations Officer and Chief Product Officer are primarily responsible for assessing and managing our material risks from cybersecurity threats and supervise both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our Chief Commercial Operations Officer has played a pivotal role in enhancing the Company’s cybersecurity frameworks across the enterprise through his experience in risk management and IT governance. He has overseen the implementation of data governance and data protection policies and has been instrumental in fostering a culture of cybersecurity awareness across the organization. Our Chief Product Officer has significantly contributed to the Company’s cybersecurity efforts through his experience in product management and development. He has been instrumental in integrating security by design and privacy by design into our products, helping to ensure that cybersecurity is a core component of our product strategy. Collectively, they stay informed about and monitor the prevention, detection, mitigation and remediation of key cybersecurity risks and incidents through various means, which may include briefings with internal and external security team members, threat intelligence and other information obtained from public or private sources and alerts and reports produced by security tools deployed in the IT environment.

Our cybersecurity management team includes our Corporate Vice President, Information Technology, who leads the operational teams responsible for enterprise security, data governance and enterprise incident response and global operations, and our Senior Vice President of Cloud and Engineering operations, who leads the operational teams responsible for product and cloud privacy and security, data governance and product security incident response. Our operational cybersecurity teams are comprised of members with decades of collective experience in IT security systems, tooling, operations and governance; hold various IT security industry certifications and have received specialized cybersecurity training.

ITEM 2. Properties

We currently lease our corporate headquarters in San Jose, California. In addition to our headquarters site, we lease additional office space in China, India and the U.S. We believe that our facilities are in good condition and are generally suitable to meet our needs for the foreseeable future. We believe that prior to expiration of our current office space leases that we can renew or obtain suitable lease space on commercially reasonable terms for our business needs. In addition, we may continue to seek additional space as needed, and we believe this space will be available on commercially reasonable terms.

ITEM 3. Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business. We are not currently a party to any legal proceedings that, if determined adversely to us, in our opinion, are currently expected to individually or in the aggregate have a material adverse effect on our business, operating results or financial condition taken as a whole.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Comparative Stock Prices

Our common stock has been trading on the New York Stock Exchange, under the trading symbol “CALX” since our initial public offering on March 24, 2010. Prior to this time, there was no public market for our common stock.

Number of Common Stockholders

As of February 10, 2025, the approximate number of holders of our common stock was 1,160 (not including beneficial owners of stock held in street name).

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item is incorporated by reference to our 2024 Annual Report to Stockholders, which includes our definitive Proxy Statement for our 2025 Annual Meeting of Stockholders.

Dividends

We have never declared or paid a cash dividend on our common stock, and we do not currently intend to pay any cash dividends on our common stock in the foreseeable future.

Recent Sales of Unregistered Securities

None.

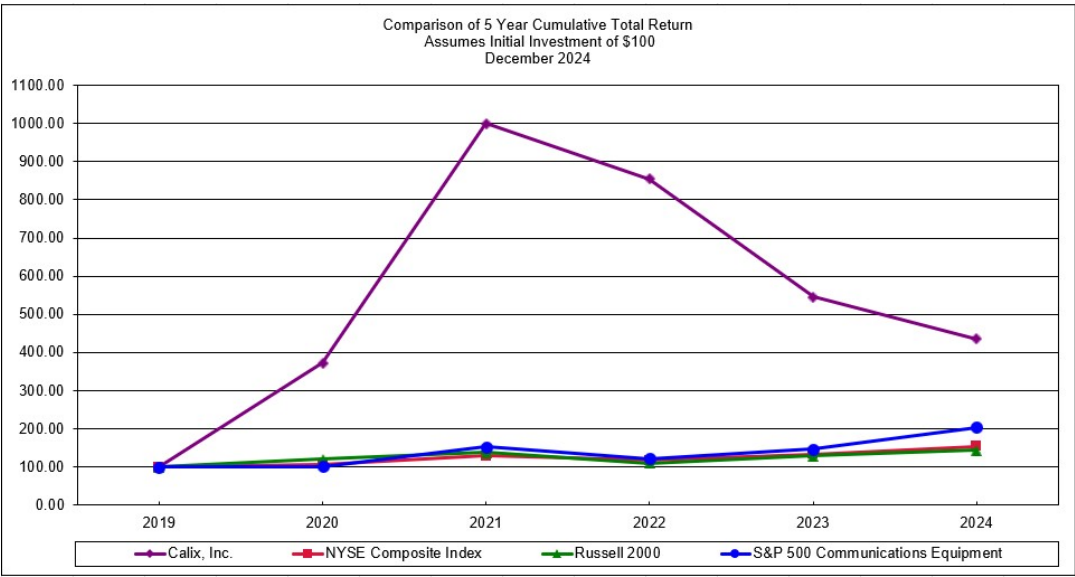
Issuer Purchases of Equity Securities

We maintain a common stock repurchase program. Our repurchase activity for the three months ended December 31, 2024 was as follows (in thousands, except per share amounts):

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
October 1 to October 31	—	\$ —	—	\$ 109,865
November 1 to November 30	228	30.52	228	102,910
December 1 to December 31	—	—	—	102,910
	228		228	

Performance Graph

The following graph shows a comparison of the cumulative total stockholder return on our common stock with the cumulative total returns of the NYSE Composite Index, Russell 2000 Index and the S&P 500 Communications Equipment Index. The graph tracks the performance of a \$100 investment in our common stock and in each of the indexes during the last five fiscal years ended December 31, 2024. Data for the Russell 2000 Index and S&P 500 Communications Equipment assume reinvestment of dividends. Stockholder returns over the indicated period are based on historical data and should not be considered indicative of future stockholder returns.



This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Calix, Inc. under the Securities Act of 1933, as amended.

ITEM 6. [Reserved]

ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The Management’s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”). All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the industry in which we operate and the beliefs and assumptions of our management. In some cases, forward-looking statements can be identified by the use of words such as “believe,” “could,” “expect,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “predict,” “will,” “would,” “project,” “potential,” or the negative thereof or other comparable terminology. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our business and industry and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict, including those identified in the Risk Factors discussed in Item 1A, in the discussion below, as well as in other sections of this Annual Report on Form 10-K. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. All forward-looking statements and reasons why results may differ included in this report are made as of the date hereof, and we assume no obligation to update these forward-looking statements or reasons why actual results might differ.

Overview

We develop, market and sell our appliance-based platform, cloud and managed services that enable service providers of all types and sizes to innovate and transform their businesses. For our customers to successfully transform their businesses into the innovative BEPs of the future, they require actionable data for critical business functions such as network operations, customer support and marketing. However, this data is often trapped in disparate systems or departmental silos. Our platform, which includes Calix Cloud, Revenue EDGE and Intelligent Access EDGE, gathers, analyzes and applies machine learning to deliver real-time insights seamlessly to each key business function. Our customers utilize these insights to simplify network operations, marketing and customer support and innovate for their customers, business and municipal subscribers by delivering a growing portfolio of SmartLife™ managed services and experiences. This enables BEPs to grow their businesses through increased

subscriber acquisition, loyalty and revenue and to reduce their operating costs, while creating value for their members, investors and the communities they serve.

We market our platform and managed services to communication service providers globally through our direct sales force as well as select resellers. Our customers range from smaller, regional service providers to some of the world's largest service providers. Customers are defined into small (less than 250,000 subscribers), medium (250,000 to 2.5 million subscribers) or large (greater than 2.5 million subscribers). We have approximately 1,600 active customers that have deployed passive optical, Active Ethernet or point-to-point Ethernet fiber access networks or our subscriber premise systems.

Our revenue and potential revenue growth will depend on our ability to develop, market and sell our platform and managed services to strategically aligned customers of all types such as WISPs, fiber overbuilders, cable MSOs, municipalities and electric cooperatives in the U.S. and internationally. Our growth is also highly dependent on the speed and willingness of customers to adopt our platform and managed services.

Revenue fluctuations result from many factors, including, but not limited to: increases or decreases in customer orders for our products and services, market, financial or other factors such as government stimulus that may delay or materially impact customer purchasing decisions, non-availability of products due to supply chain challenges, including component and labor shortages and increasing lead times as well as disruptions as a result of pandemics or natural disasters, contractual terms with customers that result in delayed revenue recognition and varying budget cycles and seasonal buying patterns of our customers. More specifically, our customers have in the past spent less in the first quarter as they are finalizing their annual budgets, and in certain regions, customers are challenged by winter weather conditions that inhibit fiber deployment in outside infrastructure. In recent years, as our revenue from our large customers decreased, we have experienced less year-end volatility due to capital budgetary spending or freezing. This, combined with an increase in recurring revenue, has resulted in smaller seasonal fluctuations, and we expect this trend to continue. Our revenue is also dependent upon our customers' success in growing their subscribers, timing of purchases, capital expenditure plans and decisions to upgrade their networks or adopt new technologies, including adoption of our software and cloud platform solutions, as well as our ability to grow our customer base.

Cost of revenue is strongly correlated to revenue and tends to fluctuate due to all of the above factors that may cause revenue fluctuations. Factors that have impacted our cost of revenue, or that we expect may impact cost of revenue in future periods, also include: changes in the mix of products delivered, customer location and regional mix, changes in the cost of our inventory, investments to support expansion of cloud and customer support offerings as well as our customer success organization, changes in product warranty, incurrence of retrofit costs, amortization of intangibles, support fees for silicon-related development work for our products, changes in trade policies, allowances for obligations to our suppliers and inventory write-downs. In addition, we periodically ship by air versus by ocean in order to meet delivery commitments to our customers, which is more costly. Cost of revenue also includes fixed expenses related to our internal operations, which could increase our cost of revenue as a percentage of revenue if our revenue declines.

Our gross profit and gross margin fluctuate based on timing of factors such as changes in customer mix and changes in the mix of products demanded and sold (and any related write-downs of existing inventory or accrual for supplier commitments) and have in the past been and may be negatively impacted by increases in mix of revenue from channel sales rather than direct sales or other unfavorable customer or product mix, shipment volumes and any related volume discounts, changes in our product and services costs, pricing decreases or discounts, new product introductions or upgrades to existing products, customer rebates and incentive programs due to competitive pressure or materials shortages, supply constraints, investments to support expansion of cloud and customer support offerings, tariffs or unfavorable changes in trade policies.

Our operating expenses fluctuate based on the following factors among others: changes in headcount and personnel costs, which comprise a significant portion of our operating expenses; variable compensation due to fluctuations in shipment volumes or level of achievement against performance targets; timing of research and development expenses, including investments in innovative solutions and new customer segments, prototype builds and outsourced development resources; investments in marketing programs; asset write-offs; investments in our business and information technology infrastructure; and fluctuations in stock-based compensation expenses due to timing of equity grants or other factors affecting vesting.

Further, as a result of factors contributing to the fluctuations described above among other factors, many of which are outside our control, our quarterly operating results fluctuate from period to period. Comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles. These accounting principles require us to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue, costs and expenses during the periods presented. We base our estimates, assumptions and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. To the extent there are material differences between these estimates and

actual results, our financial statements may be affected. We evaluate our estimates, assumptions and judgments on an ongoing basis.

We believe the following critical accounting policies affect our significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

Revenue is recognized when a performance obligation is satisfied, which occurs when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Revenue from sales of access and premises systems is recognized when control is transferred to the customer, which is generally when the products are shipped. Revenue from software platform licenses, which provides the customer with a right to use the software as it exists, is generally recognized upfront when the license is made available to the customer. Revenue from cloud-based software subscriptions, customer support, maintenance, extended warranty subscriptions and managed services is generally recognized ratably over the contract term. Revenue from professional services and training is recognized as the services are delivered.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Our hardware products contain both software and non-software components that function together to deliver the products' essential functionality and therefore constitutes a single performance obligation as the promise to transfer the individual software and non-software components is not separately identifiable and, therefore, not distinct. Cloud-based software subscriptions can include multi-year agreements with a fixed annual fee for a minimum committed usage level. To the extent that minimum committed usage level each year varies, we have concluded that each year represents a distinct stand-ready performance obligation and the transaction price allocated to each performance obligation is recognized as revenue ratably over each annual period.

Our contracts generally include multiple performance obligations. For such arrangements, we allocate the contract's transaction price to each performance obligation using the relative stand-alone selling price of each distinct good or service in the contract. Observable prices of a product or service when we sell them separately based on stratification by classes of customers and products are the best estimate of stand-alone selling prices. However, when stand-alone selling prices are not directly observable, they are estimated, and judgment is required in their determination. In these instances, we determine stand-alone selling prices using all other available information, which may include pricing practices relative to geographies, market conditions, competitive landscape, characteristics of targeted customers for hardware products, internal costs and gross margin objectives for services and internal costs and value assessments for subscriptions.

Inventory Valuation and Supplier Purchase Commitments

Inventory, which primarily consists of finished goods purchased from CMs or ODMs, is stated at the lower of cost (determined by the first-in, first-out method) and net realizable value. Inbound shipping costs and tariffs are included in the cost of inventory. In addition, from time to time, we procure component inventory primarily as a result of manufacturing discontinuation of critical components by suppliers or a change in suppliers. Furthermore, as a result of the global pandemic-induced supply chain challenges and supply assurance plans, we have purchased, and may continue to purchase, excess components from our suppliers and consign components back to our suppliers to be consumed on future finished good builds.

We regularly monitor inventory on-hand and record write-downs for excess and obsolete inventory. We also evaluate our supplier purchase commitments and record a liability for excess and obsolete components consistent with the valuation of our excess and obsolete inventory and future production requirements. These write-downs and accruals are based on our assumptions of demand for our products and requires significant judgement of relevant factors including a comparison of the quantity and cost of inventory on hand to our estimated forecast of customer demand, current levels of orders and backlog, market conditions, potential obsolescence of technology, product life cycles and whether pricing trends or forecasts indicate that the carrying value of inventory exceeds our estimated selling price. Factors that could influence management's assumptions and judgements include changes in economic conditions, competitive dynamics, losing a key customer, changes in our customers' capital expenditures, government investment programs, technology changes, new product introductions and supply-chain lead times. Actual demand may differ from forecasted demand and may have a material effect on gross profit. If inventory is written down, a new cost basis is established that cannot be increased in future periods.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes, which prescribes standardized categories and disaggregation of information in the reconciliation of provision for income taxes, requires disclosure of disaggregated income taxes paid and modifies other income tax-related disclosure requirements. The updated standard is effective for us beginning

with its 2025 annual reporting period. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures, which requires additional disclosure of certain costs and expenses within the notes to the financial statements. The updated standard is effective for our annual periods beginning in 2027 and interim periods beginning in the first quarter of 2028. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

There have been no other accounting pronouncements or changes in accounting pronouncements that are significant or potentially significant to us.

Results of Operations for Years Ended December 31, 2024 and 2023

Revenue

The following table sets forth our revenue by customer size (dollars in thousands):

	Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	\$	%
Large	\$ 50,776	\$ 82,627	\$ (31,851)	(39)%
Medium	123,977	166,820	(42,843)	(26)%
Small	656,765	790,146	(133,381)	(17)%
	<u>\$ 831,518</u>	<u>\$ 1,039,593</u>	<u>\$ (208,075)</u>	<u>(20)%</u>

Our revenue decreased by \$208.1 million, or 20%, during 2024 compared with 2023. The decrease in revenue in the large- and medium-customer segment was primarily due to a small set of significant customers that slowed purchases while we believe they reevaluated their investment priorities. The decrease in revenue in the small-customer segment was primarily due to what we believe were delayed purchasing decisions of our appliances as our customers evaluated and prepared for various government stimulus programs and customers adjusting their purchases due to our shortened lead times.

Our revenue is principally derived in the U.S. Revenue generated in the U.S. represented 92% of revenue in 2024 and 91% in 2023. Our primary focus has been, and in the near term will continue to be, the U.S. and Canada given our large, direct sales and marketing presence and the amount of government stimulus being invested into underserved and not-served areas of these countries. The decrease in international revenue for 2024, as compared to 2023, was mainly due to lower shipments to Europe and to a lesser extent the Americas outside the U.S.

No customer accounted for more than 10% of our revenue for 2024, 2023 or 2022. See Note 11 “Revenue from Contracts with Customers” to the Consolidated Financial Statements included in this Annual Report on Form 10-K for more details on concentration of revenue for the years presented.

Gross Profit and Gross Margin

The following table sets forth our gross profit and gross margin (dollars in thousands):

	Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	\$	%
Gross profit	\$ 453,594	\$ 518,316	\$ (64,722)	(12)%
Gross margin	54.6 %	49.9 %		

Gross profit decreased by \$64.7 million to \$453.6 million during 2024 from \$518.3 million during 2023. This decrease was mainly due to the corresponding decrease in revenue. Gross margin increased to 54.6% during 2024 from 49.9% during 2023. The increase in gross margin of 470 basis points, compared to the corresponding period in 2023, was primarily related to a charge of \$28.7 million that we recorded in the fourth quarter of 2023 as we wrote down obsolete inventory and accrued a liability for components at suppliers primarily associated with our legacy product family that existed before our shift to an all-platform model. Furthermore, there was a mix shift of hardware sales towards small customers, which generally have higher gross margins, from large- and medium-sized customers. Additionally, we continued to experience growth in our licenses, cloud and managed services, which became a greater percentage of our total revenue since the overall decline in revenue was related to our appliance revenue.

Operating Expenses

Sales and Marketing Expenses

Sales and marketing expenses consist of personnel costs, employee sales commissions, marketing programs and events, software tools and travel-related expenses. The following table sets forth our sales and marketing expenses (dollars in thousands):

	Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	\$	%
Sales and marketing	\$ 217,879	\$ 214,564	\$ 3,315	2 %
Percent of revenue	26 %	21 %		

Sales and marketing expenses increased by \$3.3 million during 2024 compared to 2023 primarily due to increases in stock-based compensation of \$3.9 million, marketing expenses of \$0.8 million and travel expenses of \$0.6 million. These increases were partially offset by decreases of outside services of \$1.2 million and personnel expenses of \$0.7 million.

During 2024, sales and marketing expenses as a percentage of revenue increased to 26% from 21% due to lower revenue compared to 2023. We expect our investments in sales and marketing will be relatively flat in absolute dollars in the near term.

Research and Development Expenses

Research and development expenses include personnel costs, outside contractor and consulting services, depreciation on lab equipment, costs of prototypes and overhead allocations. The following table sets forth our research and development expenses (dollars in thousands):

	Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	\$	%
Research and development	\$ 179,870	\$ 177,772	\$ 2,098	1 %
Percent of revenue	22 %	17 %		
Percent of gross profit	40 %	34 %		

The increase in research and development expenses of \$2.1 million during 2024 compared with 2023 was mainly due to increases in depreciation and amortization of \$3.0 million, stock-based compensation of \$2.1 million, software subscriptions of \$1.9 million and personnel expenses of \$1.2 million. These increases were partially offset by decreases in prototypes and test equipment expenses of \$3.7 million and outside services of \$3.5 million as we transition projects from consultants to our own employees.

During 2024, research and development expenses as a percentage of revenue increased to 22% from 17% due to lower revenue compared to 2023. We expect our investments in research and development to remain relatively flat in absolute dollars in the short term as we seek to expand the functionality and capabilities of our platform, cloud and managed services.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs related to our executive, finance, human resources, information technology and legal organizations, outside consulting services, insurance, facilities and fees for professional services. Professional services consist of outside audit, legal, accounting and tax services. The following table sets forth our general and administrative expenses (dollars in thousands):

	Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	\$	%
General and administrative	\$ 98,879	\$ 100,395	\$ (1,516)	(2)%
Percent of revenue	12 %	10 %		

The decrease in general and administrative expenses of \$1.5 million in 2024 compared to 2023 was mainly due to a decrease in legal costs due to a settlement in 2023 of \$3.3 million and lower outside services expenses of \$2.9 million. These decreases were partially offset by increases in stock-based compensation of \$2.0 million and personnel expenses of \$1.6 million.

During 2024, general and administrative expenses as a percentage of revenue increased to 12% from 10% due to lower revenue compared to 2023. We expect our general and administrative investments to be fairly constant in absolute dollars in the near term and potentially decline as a percentage of revenue over time in relation to anticipated longer-term increased revenue.

Interest Income and Other Expense, Net

The following table sets forth our interest income and other expense, net (dollars in thousands):

	Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	\$	%
Interest income and other expense, net	\$ 11,388	\$ 9,172	\$ 2,216	24 %

Interest income and other expense, net increased by \$2.2 million in 2024 compared with 2023 mainly due to a higher rate of interest earned on our cash, cash equivalents and marketable securities as well as a larger cash and marketable securities balance.

Income Taxes

The following table sets forth our income taxes (dollars in thousands):

	Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	\$	%
Income taxes	\$ (1,899)	\$ 5,432	\$ (7,331)	(135)%
Effective tax rate	6 %	16 %		

During 2024, our current tax expense was \$8.1 million, and our deferred tax benefit was \$10.0 million. Our effective tax rate was lower than the federal statutory rate of 21% primarily due to the impact of stock-based compensation, foreign operations, valuation allowance and uncertain tax positions, offset by research and development tax credits and provision to return adjustments.

During 2023, our current tax expense was \$6.1 million, and our deferred tax benefit was \$0.7 million. Our effective tax rate was lower than the federal statutory rate of 21% primarily due to research and development tax credits and provision to return adjustments, partially offset by the impact of stock-based compensation and uncertain tax positions.

We continue to maintain a valuation allowance of \$30.6 million on certain U.S. federal and California state deferred tax assets that we believe are not more likely than not to be realized in future periods.

Our income taxes may be subject to fluctuation during the year and in future years as new information is obtained, which may affect the assumptions used to estimate the annual effective tax rate, including factors such as actual results differing from our estimates of pre-tax earnings in the various jurisdictions in which we operate, which could impact the recognition of our deferred tax assets, the recognition or de-recognition of tax benefits related to uncertain tax positions and changes in or the interpretation of tax laws in jurisdictions where we conduct business.

2023 Compared to 2022

For a comparison of our results of operations for the years ended December 31, 2023 and 2022, see Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 23, 2024.

Liquidity and Capital Resources

We fund our operations and investing activities primarily through cash flow generated from operations and sales of our common stock. As of December 31, 2024, we had cash, cash equivalents and marketable securities of \$297.1 million, which consisted of deposits held at banks and major financial institutions and highly liquid marketable securities such as U.S. government securities and commercial paper. This includes \$9.1 million of cash primarily held by our foreign subsidiaries. As of December 31, 2024, our liability for taxes that would be payable because of repatriation of undistributed earnings of our foreign subsidiaries to the U.S. was not significant and limited to withholding taxes considering our existing net operating loss carryovers.

The following table presents the cash inflows and outflows by activity during 2024 and 2023 (in thousands):

	Years Ended December 31,	
	2024	2023
Net cash provided by operating activities	\$ 68,400	\$ 56,251
Net cash used in investing activities	(109,530)	(6,245)
Net cash provided by (used in) financing activities	20,897	(65,926)

Operating Activities

Our operating activities provided cash of \$68.4 million in 2024 and \$56.3 million in 2023. The increase in net cash provided by operating activities during 2024 as compared to 2023 was due primarily to an increase in our net cash inflow resulting from changes in operating assets and liabilities of \$70.7 million partially offset by a decrease in our net operating results after adjustment of non-cash charges of \$58.6 million. Non-cash charges consisted of stock-based compensation of \$70.8 million and depreciation and amortization of \$19.6 million partially offset by deferred income taxes of \$10.0 million and net accretion of available-for-sale securities of \$5.3 million.

In 2024, cash inflows from changes in operating assets and liabilities primarily consisted of decreases in accounts receivable of \$46.7 million and inventory of \$30.3 million, both due to lower revenue, and a decrease in prepaid expenses and other assets of \$11.2 million. These changes were partially offset by a decrease in accrued liabilities of \$36.0 million, a decrease in accounts payable of \$15.1 million due to the lower inventory purchases and a decrease in deferred revenue of \$13.9 million due to a change in billing practices towards monthly versus annual.

Investing Activities

In 2024, net cash used in investing activities of \$109.5 million consisted of net purchases of marketable securities of \$91.4 million and capital expenditures of \$18.1 million, primarily consisting of purchases of test and computer equipment.

Financing Activities

In 2024, net cash provided by financing activities of \$20.9 million consisted of the issuance of common stock related to our equity plans of \$31.6 million partially offset by purchases of our common stock of \$10.7 million.

2023 Compared to 2022

For a discussion of our liquidity and capital resources and our cash flow activities for the years ended December 31, 2023 and 2022, see Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 23, 2024.

Working Capital and Capital Expenditure Needs

Our material cash commitments include non-cancelable firm purchase commitments, normal recurring trade payables, compensation-related and expense accruals and operating leases. We believe that our outsourced approach to manufacturing provides us significant flexibility in both managing inventory levels and financing our inventory. Furthermore, we maintain a common stock repurchase program of which \$102.9 million was available as of December 31, 2024. Our stock repurchase program does not require us to purchase a specific number of shares and may be modified, suspended or terminated at any time.

We believe, based on our current operating plan and expected operating cash flows, that our existing cash, cash equivalents and marketable securities will be sufficient to meet our anticipated cash needs for at least the next twelve months. If we are unable to generate sufficient cash flows or obtain other sources of liquidity, we will be forced to terminate our stock repurchase program, limit our development activities, reduce our investment in growth initiatives and institute cost-cutting measures, all of which may adversely impact our business and potential growth.

Contractual Obligations and Commitments

Our principal commitments as of December 31, 2024 consisted of our contractual obligations under non-cancelable outstanding purchase obligations and operating lease obligations for office space. The following table summarizes our contractual obligations as of December 31, 2024 (in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Non-cancelable purchase commitments ⁽¹⁾	\$ 248,739	\$ 129,607	\$ 81,709	\$ 35,951	\$ 1,472
Operating lease obligations ⁽²⁾	17,374	4,528	5,152	3,544	4,150
	<u>\$ 266,113</u>	<u>\$ 134,135</u>	<u>\$ 86,861</u>	<u>\$ 39,495</u>	<u>\$ 5,622</u>

⁽¹⁾ Represents outstanding purchase commitments to be delivered by our third-party manufacturers or other vendors. See Note 5 “Commitments and Contingencies” of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for further discussion regarding our outstanding purchase commitments related to our third-party manufacturers.

⁽²⁾ Future minimum operating lease obligations in the table above primarily include payments for our office locations, which expire at various dates through 2033, including our new San Jose headquarters lease that will commence in August 2025. See Note 5 “Commitments and Contingencies” of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for further discussion regarding our operating leases.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The primary objectives of our investment activity are to preserve principal, provide liquidity and maximize income without significantly increasing risk. By policy, we do not enter into investments for trading or speculative purposes. As of December 31, 2024, we had cash, cash equivalents and marketable securities of \$297.1 million, which was held primarily in cash, money market funds and highly liquid marketable securities such as U.S. government securities, corporate debt and commercial paper. Due to the nature of these money market funds and highly liquid marketable securities, we believe that we do not have any material exposure to changes in the fair value of our cash equivalents and marketable securities because of changes in interest rates.

Foreign Currency Exchange Risk

Our primary foreign currency exposures are described below.

Economic Exposure

The direct effect of foreign currency fluctuations on our sales and expenses has not been material because our sales and expenses are primarily denominated in U.S. dollars, or USD. However, we are indirectly exposed to changes in foreign currency exchange rates to the extent of our use of foreign CMs whom we pay in USD. Increases in the local currency rates of these vendors in relation to USD could cause an increase in the price of products that we purchase. Additionally, if the USD strengthens relative to other currencies, such strengthening could have an indirect effect on our sales to the extent it raises the cost of our products to non-U.S. customers and thereby reduces demand. A weaker USD could have the opposite effect. The precise indirect effect of currency fluctuations is difficult to measure or predict because our sales are influenced by many factors in addition to the impact of such currency fluctuations.

Translation Exposure

Our sales contracts are primarily denominated in USD and, therefore, most of our revenue is not subject to foreign currency risk. We are directly exposed to changes in foreign exchange rates to the extent such changes affect our expenses related to our foreign assets and liabilities with our subsidiaries in China, India and the United Kingdom, whose functional currencies are Chinese Renminbi, or RMB, Indian Rupee, or INR, and British Pounds Sterling, or GBP.

Our operating expenses are incurred primarily in the U.S. and Canada (Canadian Dollar, or CAD), in China associated with our research and development operations that are maintained there, in India for our center of excellence and in the United Kingdom for our international sales and marketing activities. Our operating expenses are generally denominated in the functional currencies of our subsidiaries in which the operations are located. The percentages of our operating expenses denominated in the following currencies for the indicated fiscal years were as follows:

	Years Ended December 31,		
	2024	2023	2022
USD	84 %	86 %	88 %
RMB	6	6	6
INR	4	3	1
CAD	4	4	3
GBP	2	1	2
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

If USD had appreciated or depreciated by 10%, relative to RMB, INR, CAD and GBP our operating expenses for 2024 would have decreased or increased by approximately \$7.8 million, or approximately 2%.

Foreign exchange rate fluctuations may also adversely impact our financial position as the assets and liabilities of our foreign operations are translated into USD in preparing our Consolidated Balance Sheets. The effect of foreign exchange rate fluctuations on our consolidated financial position for the year ended December 31, 2024 was a net translation loss of \$0.1 million. This loss is recognized as an adjustment to stockholders' equity through “Accumulated other comprehensive income (loss).”

Transaction Exposure

We have certain assets and liabilities, primarily accounts receivable and accounts payable (including inter-company transactions) that are denominated in currencies other than the relevant entity's functional currency. In certain circumstances, changes in the functional currency value of these assets and liabilities create fluctuations in our reported consolidated financial position, cash flows and results of operations. Periodically, we use derivatives to hedge against fluctuations in foreign exchange rates. We do not enter into derivatives for speculative or trading purposes. We use foreign currency forward contracts to mitigate variability in gains and losses generated from the re-measurement of certain assets denominated in foreign currencies. These foreign exchange forward contracts typically have maturities of approximately one to two months. As of December 31, 2024, we had no forward contracts outstanding. Transaction gains and losses on these foreign currency denominated assets and liabilities are recognized each period within "Other expense, net" in our Consolidated Statements of Comprehensive Income (Loss). During the year ended December 31, 2024, the net loss we recognized related to these foreign currency denominated assets and liabilities was approximately \$0.7 million.

ITEM 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Calix, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Calix, Inc. and subsidiaries (the Company) as of December 31, 2024 and December 31, 2023, the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 31, 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of net realizable value of components and finished goods inventory and excess and obsolete component liabilities

As discussed in Notes 1, 4 and 5 to the consolidated financial statements, the Company has components and finished goods inventories with a carrying value of \$102.7 million and excess and obsolete component liabilities of \$27.5 million as of December 31, 2024. The Company adjusts the inventory carrying value for excess or obsolete inventory based on assumptions about future demand for products, potential obsolescence of technology, product life cycle, and whether pricing trends or forecasts indicate that the carrying value of inventory exceeds the estimated selling price. These factors are impacted by market and economic conditions, technology changes and new product introductions and require significant estimates that may include elements that are uncertain. The Company also records a liability and a charge to cost of revenue for estimated losses on components the Company is obligated to purchase from its manufacturers when the components have been rendered excess and obsolete due to manufacturing and engineering change orders resulting from design changes, manufacturing discontinuation of products by its suppliers, or in cases where the Company has committed component levels that greatly exceed projected demand.

We identified the evaluation of net realizable value of inventory and excess and obsolete component liabilities as a critical audit matter. Evaluation of the Company's forecasted demand, including the Company's determination of the effect of market and economic conditions, technology and design changes, new product introductions, and discontinuation of products both by the Company and its suppliers required significant auditor judgment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's inventory process. This included controls over the reviews of the estimates of the net realizable value of excess or obsolete components and finished goods inventory and liabilities for losses on components the Company is obligated to purchase from its manufacturers. For a selection of inventory items owned by the Company, we (1) reperformed the analysis provided by the Company to assess the accuracy of the net realizable value of inventory by comparing historical sales activity, customer order backlog, or demand forecasts to the inventory on hand quantities, and (2) performed inquiries of Company's personnel or inspected documents regarding product end of life announcements, technology and design changes, and new product introductions. For a selection of components subject to the Company's purchase commitments, we (1) evaluated the reasonableness of management's assumptions used to estimate the excess and obsolete component liabilities by considering historical sales activity, customer order backlog, or demand forecasts of the related finished products and (2) performed inquiries of Company's personnel or inspected documents regarding product end of life announcements, technology and design changes, new product introductions, and historical reimbursements to suppliers for excess and obsolete components.

/s/ KPMG LLP

We have served as the Company's auditor since 2016.

Santa Clara, California
February 21, 2025

CALIX, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 43,162	\$ 63,409
Marketable securities	253,929	156,937
Accounts receivable, net	79,321	126,027
Inventory	102,727	132,985
Prepaid expenses and other current assets	105,596	118,598
Total current assets	584,735	597,956
Property and equipment, net	31,153	29,461
Right-of-use operating leases	6,216	9,262
Deferred tax assets	177,601	167,691
Goodwill	116,175	116,175
Other assets	23,387	21,320
	<u>\$ 939,267</u>	<u>\$ 941,865</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 20,226	\$ 34,746
Accrued liabilities	84,167	116,227
Deferred revenue	26,750	36,669
Total current liabilities	131,143	187,642
Long-term portion of deferred revenue	20,883	24,864
Operating leases	3,720	7,421
Other long-term liabilities	2,581	2,956
Total liabilities	158,327	222,883
Commitments and contingencies (See Note 5)		
Stockholders' equity:		
Preferred stock, \$0.025 par value; 5,000 shares authorized; no shares issued and outstanding as of December 31, 2024 and 2023	—	—
Common stock, \$0.025 par value; 100,000 shares authorized; 66,434 shares issued and outstanding as of December 31, 2024, and 65,052 shares issued and outstanding as of December 31, 2023	1,661	1,627
Additional paid-in capital	1,170,017	1,078,393
Accumulated other comprehensive loss	(612)	(659)
Accumulated deficit	(390,126)	(360,379)
Total stockholders' equity	780,940	718,982
	<u>\$ 939,267</u>	<u>\$ 941,865</u>

See accompanying notes to consolidated financial statements.

CALIX, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share data)

	Years Ended December 31,		
	2024	2023	2022
Revenue	\$ 831,518	\$ 1,039,593	\$ 867,827
Cost of revenue	377,924	521,277	432,399
Gross profit	453,594	518,316	435,428
Operating expenses:			
Sales and marketing	217,879	214,564	174,549
Research and development	179,870	177,772	131,994
General and administrative	98,879	100,395	76,275
Total operating expenses	496,628	492,731	382,818
Operating income (loss)	(43,034)	25,585	52,610
Interest income and other expense, net:			
Interest income, net	12,343	9,704	2,009
Other expense, net	(955)	(532)	(577)
Total interest income and other expense, net	11,388	9,172	1,432
Income (loss) before income taxes	(31,646)	34,757	54,042
Income taxes	(1,899)	5,432	13,032
Net income (loss)	\$ (29,747)	\$ 29,325	\$ 41,010
Net income (loss) per common share:			
Basic	\$ (0.45)	\$ 0.44	\$ 0.63
Diluted	\$ (0.45)	\$ 0.42	\$ 0.60
Weighted-average number of shares used to compute net income (loss) per common share:			
Basic	65,879	65,980	65,058
Diluted	65,879	69,320	68,911
Net income (loss)	\$ (29,747)	\$ 29,325	\$ 41,010
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on available-for-sale marketable securities, net	187	1,701	(1,521)
Foreign currency translation adjustments, net	(140)	113	(632)
Total other comprehensive income (loss), net of tax	47	1,814	(2,153)
Comprehensive income (loss)	\$ (29,700)	\$ 31,139	\$ 38,857

See accompanying notes to consolidated financial statements.

CALIX, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2021	64,274	\$ 1,607	\$ 997,855	\$ (320)	\$ (430,714)	\$ 568,428
Stock-based compensation	—	—	44,826	—	—	44,826
Issuance of common stock under equity incentive plans, net of forfeitures	1,461	37	27,419	—	—	27,456
Net income	—	—	—	—	41,010	41,010
Other comprehensive loss	—	—	—	(2,153)	—	(2,153)
Balance as of December 31, 2022	65,735	1,644	1,070,100	(2,473)	(389,704)	679,567
Stock-based compensation	—	—	62,771	—	—	62,771
Issuance of common stock under equity incentive plans, net of forfeitures	1,527	38	32,111	—	—	32,149
Repurchase of common stock including excise tax	(2,210)	(55)	(86,589)	—	—	(86,644)
Net income	—	—	—	—	29,325	29,325
Other comprehensive income	—	—	—	1,814	—	1,814
Balance as of December 31, 2023	65,052	1,627	1,078,393	(659)	(360,379)	718,982
Stock-based compensation	—	—	70,761	—	—	70,761
Issuance of common stock under equity incentive plans, net of forfeitures	1,724	43	31,549	—	—	31,592
Repurchase of common stock including excise tax	(342)	(9)	(10,686)	—	—	(10,695)
Net loss	—	—	—	—	(29,747)	(29,747)
Other comprehensive income	—	—	—	47	—	47
Balance as of December 31, 2024	66,434	\$ 1,661	\$ 1,170,017	\$ (612)	\$ (390,126)	\$ 780,940

See accompanying notes to consolidated financial statements.

CALIX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2024	2023	2022
Operating activities:			
Net income (loss)	\$ (29,747)	\$ 29,325	\$ 41,010
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Stock-based compensation	70,761	62,771	44,826
Depreciation and amortization	19,550	16,631	14,315
Deferred income taxes	(9,969)	(660)	1,932
Net accretion of available-for-sale securities	(5,286)	(4,199)	(1,146)
Changes in operating assets and liabilities:			
Accounts receivable, net	46,706	(32,222)	(8,585)
Inventory	30,258	16,175	(60,280)
Prepaid expenses and other assets	11,167	(60,795)	(38,359)
Accounts payable	(15,138)	(6,369)	12,111
Accrued liabilities	(31,926)	37,070	20,919
Deferred revenue	(13,900)	2,921	9,118
Other long-term liabilities	(4,076)	(4,397)	(8,678)
Net cash provided by operating activities	68,400	56,251	27,183
Investing activities:			
Purchases of property and equipment	(18,054)	(17,855)	(14,067)
Purchases of marketable securities	(301,677)	(216,193)	(191,403)
Sales of marketable securities	49,902	—	—
Maturities of marketable securities	160,299	227,803	181,388
Net cash used in investing activities	(109,530)	(6,245)	(24,082)
Financing activities:			
Proceeds from common stock issuances related to employee benefit plans	31,592	32,149	27,456
Repurchases of common stock	(10,695)	(86,397)	—
Payments related to financing arrangements	—	(11,678)	(2,393)
Net cash provided by (used in) financing activities	20,897	(65,926)	25,063
Effect of exchange rate changes on cash and cash equivalents	(14)	256	(424)
Net increase (decrease) in cash and cash equivalents	(20,247)	(15,664)	27,740
Cash and cash equivalents at beginning of year	63,409	79,073	51,333
Cash and cash equivalents at end of year	\$ 43,162	\$ 63,409	\$ 79,073
Supplemental disclosures of cash flow information:			
Interest paid	\$ —	\$ 253	\$ 577
Income taxes paid	\$ 5,878	\$ 11,873	\$ 9,607
Non-cash investing activities:			
Changes in accounts payable and accrued liabilities related to purchases of property and equipment	\$ 484	\$ (180)	\$ 586

See accompanying notes to consolidated financial statements.

CALIX, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****1. Description of Business and Significant Accounting Policies*****Company***

Calix, Inc. (together with its subsidiaries, “Calix” or the “Company”) was incorporated in August 1999 and is a Delaware corporation. The Company develops, markets and sells an appliance-based platform, cloud and managed services that focus on the subscriber-facing network, the portion of the network that governs available bandwidth and determines the range and quality of services that can be offered to subscribers. This platform, cloud and managed services enable broadband experience providers (“BEPs”) of all sizes to innovate and transform their businesses. The Company’s BEP customers are empowered to utilize real-time data and insights from the Calix platform to simplify their businesses and deliver experiences that excite their subscribers. These insights enable BEPs to grow their businesses through increased subscriber acquisition, loyalty and revenue, thereby increasing the value of their businesses and contributions to their communities.

Basis of Presentation and Accounting Guidance

The accompanying consolidated financial statements have been prepared in accordance with the requirements of the U.S. Securities and Exchange Commission (“SEC”) and U.S. generally accepted accounting principles (“GAAP”). All significant intercompany balances and transactions have been eliminated in consolidation. Any reference in these notes to applicable accounting guidance is meant to refer to the authoritative U.S. GAAP as found in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Use of Estimates

The preparation of financial statements is in conformity with U.S. GAAP, which requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. For the Company, these estimates include, but are not limited to, allowances for doubtful accounts and sales returns, excess and obsolete inventory, allowances for obligations to its contract manufacturers, valuation of stock-based compensation, useful lives assigned to long-lived assets, standard and extended warranty costs, realizability of deferred tax assets and uncertain tax positions and contingencies. Actual results could differ from those estimates, and such differences could be material to the Company’s financial position and results of operations.

Revenue Recognition

Revenue is recognized when a performance obligation is satisfied, which occurs when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenue from sales of access and premises systems is recognized when control is transferred to the customer, which is generally when the products are shipped. Revenue from software platform licenses, which provides the customer with a right to use the software as it exists, is generally recognized upfront when the license is made available to the customer. Revenue from cloud-based software subscriptions, customer support, maintenance, extended warranty subscriptions and managed services is generally recognized ratably over the contract term. Revenue from professional services and training is recognized as the services are delivered.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company’s hardware products contain both software and non-software components that function together to deliver the products’ essential functionality and therefore constitutes a single performance obligation as the promise to transfer the individual software and non-software components is not separately identifiable and, therefore, not distinct. Cloud-based software subscriptions can include multi-year agreements with a fixed annual fee for a minimum committed usage level. To the extent that minimum committed usage level each year varies, the Company has concluded that each year represents a distinct stand-ready performance obligation and the transaction price allocated to each performance obligation is recognized as revenue ratably over each annual period.

The Company’s contracts generally include multiple performance obligations. For such arrangements, the Company allocates the contract’s transaction price to each performance obligation using the relative stand-alone selling price of each distinct good or service in the contract. Observable prices of a product or service when the Company sells them separately based on stratification by classes of customers and products are the best estimate of stand-alone selling prices. However, when stand-alone selling prices are not directly observable, they are estimated, and judgment is required in their determination. In these instances, the Company determines stand-alone selling prices using all other available information, which may include pricing

practices relative to geographies, market conditions, competitive landscape, characteristics of targeted customers for hardware products, internal costs and gross margin objectives for services and internal costs and value assessments for subscriptions.

Cost of Revenue

Cost of revenue consists primarily of finished goods inventory purchased from the Company's contract manufacturers, payroll and related expenses associated with managing the relationships with contract manufacturers, depreciation of manufacturing test equipment, warranty and retrofit costs, excess and obsolete inventory costs, allowances for obligations to its contract manufacturers, shipping charges and amortization of certain intangible assets. It also includes contractor and other costs of services incurred directly related to the delivery of services to customers.

Warranty and Retrofit

The Company offers limited warranties for its hardware products for a period of one or five years, depending on the product type. The Company recognizes estimated costs related to warranty activities as a component of cost of revenue upon product shipment or upon identification of a specific product failure. Under certain circumstances, the Company also provides fixes on specifically identified performance failures for products that are outside of the standard warranty period and recognizes estimated costs related to retrofit activities as a component of cost of revenue upon identification of such product failures. The Company recognizes estimated warranty and retrofit costs when it is probable that a liability has been incurred and the amount of loss is reasonably estimable. The estimates are based upon historical and projected product failure and claim rates, historical costs incurred in correcting product failures and information available related to any specifically identified product failures. Judgment is required in estimating costs associated with warranty and retrofit activities, and the Company's estimates are limited to information available to the Company at the time of such estimates. In some cases, such as when a specific product failure is first identified or a new product is introduced, the Company may initially have limited information and limited historical failure and claim rates upon which to base its estimates, and such estimates may require revision in future periods. The recorded amount is adjusted from time to time for specifically identified warranty and retrofit exposure. Actual warranty and retrofit expenses are charged against the Company's estimated warranty and retrofit liability when incurred. Factors that affect the Company's warranty and retrofit liability include the number of active installed units and historical and anticipated rates of warranty and retrofit claims and cost per claim.

Stock-Based Compensation

Stock-based compensation expense associated with stock options and purchase rights under the Amended and Restated Employee Stock Purchase Plan (the "ESPP") and the Amended and Restated 2017 Nonqualified Employee Stock Purchase Plan (the "NQ ESPP") is measured at the grant date based on the fair value of the award and is recognized, net of forfeitures, as expense over the remaining requisite service period (generally the vesting period) on a straight-line basis.

The fair value of stock option and employee stock purchase right under the ESPP is estimated at the grant date using the Black-Scholes option valuation model. The fair value of the employee stock purchase right under the NQ ESPP is based on closing market price of the Company's common stock on the date of grant.

Stock-based compensation expense associated with performance stock options ("PSOs") with graded vesting features and which contain both a performance and a service condition is measured based on fair value of stock options estimated at the grant date using the Black-Scholes option valuation model, and is recognized, net of forfeitures, as expense over the requisite service period using the graded vesting attribution method.

Compensation expense is only recognized if the Company has determined that it is probable that the performance condition will be met. The Company reassesses the probability of vesting at each reporting period and adjusts compensation expense based on its probability assessment.

Loss Contingencies

The Company occasionally faces legal proceedings from business activities. It evaluates the likelihood of an unfavorable outcome and records a loss contingency when the loss is probable and reasonably estimable. This assessment involves significant judgment and uncertainty, influenced by factors beyond the Company's control. The Company estimates potential losses based on available information and reassesses these estimates quarterly. Changes in estimates could impact the Company's business, operating results, or financial condition. Actual outcomes may differ from these estimates, potentially affecting the Company materially.

Credit Risk and Inventory Supplier Concentrations

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, marketable securities and accounts receivable. Cash equivalents consist of money market funds and marketable securities with a maturity at the date of purchase of ninety days or less, which are invested through financial

institutions in the United States. Deposits in and investments held by these financial institutions may, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company also has approximately \$9.1 million of cash held by its foreign subsidiaries in India, China and the United Kingdom. Management believes that the financial institutions that hold the Company's cash and cash equivalents are financially sound and, accordingly, minimal credit risk exists with respect to these cash and cash equivalents.

The Company depends primarily on a small number of outside contract manufacturers ("CMs") and original design manufacturers ("ODMs") for the bulk of its finished goods inventory. The Company generally purchases its products through purchase orders with its suppliers. While the Company seeks to maintain a sufficient supply of its products, the Company's business and results of operations could be adversely affected by a stoppage or delay in receiving such products, the receipt of defective parts, an increase in price of such products or the Company's inability to obtain lower prices from its CMs, ODMs and other suppliers in response to competitive pressures.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, trade receivables, accounts payable and other accrued liabilities approximate their fair value due to their relatively short-term nature. Marketable securities are valued using quoted market prices in active markets to determine fair value.

Cash, Cash Equivalents and Marketable Securities

Cash equivalents and marketable securities are stated at amounts that approximate fair value based on quoted market prices.

The Company has invested its excess cash primarily in money market funds and highly liquid marketable securities such as U.S. treasury securities, corporate debt instruments, commercial paper and U.S. government securities. The Company considers all investments with maturities of three months or less when purchased to be cash equivalents. Marketable securities represent highly liquid U.S. treasury securities, corporate debt instruments, commercial paper and U.S. government securities with maturities greater than 90 days at date of purchase. Marketable securities with maturities greater than one year are classified as current because management considers all marketable securities to be available for current operations.

The Company's investments have been classified and accounted for as available-for-sale. Such investments are recorded at fair value and unrealized holding gains and losses are reported as a separate component of comprehensive loss in the stockholders' equity until realized. Realized gains and losses on sales of marketable securities, if any, are determined on the specific identification method and are reclassified from accumulated other comprehensive loss to results of operations as "Other expense, net." Realized gains and losses were not significant for the years ended December 31, 2024 and 2023, respectively.

For the Company's available-for-sale debt securities in an unrealized loss position, the Company determines whether a credit loss exists. In this assessment, among other factors, the Company considers the extent to which the fair value is less than the amortized cost, any changes to the rating of the security by a rating agency and adverse conditions specifically related to the security. If factors indicate a credit loss exists, an allowance for credit loss will be recorded to "Other expense, net," limited by the amount that the fair value is less than the amortized cost basis. The amount of fair value change relating to all other factors will be recognized in other comprehensive loss.

See Note 2 "*Cash, Cash Equivalents and Marketable Securities.*"

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for expected credit losses at contract inception resulting from the inability of its customers to make required payments. The Company records a specific allowance and revises the expected loss based on an analysis of individual past-due balances. Additionally, based on historical write-offs and the Company's collection experience, the Company records an additional allowance based on a percentage of outstanding receivables. The Company performs credit evaluations of its customers' financial condition. These evaluations require judgment and are based on a variety of factors including, but not limited to, current economic trends, payment history and a financial review of the customer. Actual collection losses may differ from management's estimates, and such differences could be material to the Company's financial position and results of operations.

Inventory Valuation and Supplier Purchase Commitments

Inventory, which primarily consists of finished goods purchased from CMs or ODMs, is stated at the lower of cost (determined by the first-in, first-out method) and net realizable value. Inbound shipping costs and tariffs are included in the cost of inventory. In addition, from time to time, the Company procures component inventory primarily as a result of manufacturing discontinuation of critical components by suppliers or a change in suppliers. Furthermore, as a result of the global pandemic-induced supply chain challenges and supply assurance plans, the Company has purchased, and may continue to purchase,

excess components from its suppliers and consign components back to its suppliers to be consumed on future finished good builds.

The Company regularly monitors inventory on-hand and record write-downs for excess and obsolete inventory. The Company also evaluates its supplier purchase commitments and records a liability for excess and obsolete components consistent with the valuation of the Company's excess and obsolete inventory and future production requirements. These write-downs and accruals are based on the Company's assumptions of demand for our products and requires significant judgement of relevant factors including a comparison of the quantity and cost of inventory on hand to the Company's estimated forecast of customer demand, current levels of orders and backlog, market conditions, potential obsolescence of technology, product life cycles and whether pricing trends or forecasts indicate that the carrying value of inventory exceeds the Company's estimated selling price. Factors that could influence management's assumptions and judgements include changes in economic conditions, competitive dynamics, winning or losing a key customer, changes in the Company's customers' capital expenditures, government investment programs, technology changes, new product introductions and supply-chain lead times. Actual demand may differ from forecasted demand and may have a material effect on gross profit. If inventory is written down, a new cost basis is established that cannot be increased in future periods.

Contract Costs

The Company capitalizes certain sales commissions related primarily to multi-year cloud-based software subscriptions and extended warranty support contracts.

Capitalized commissions are amortized as sales and marketing expenses over the period that the related revenue is recognized, which can be up to five years for extended warranty. The Company classifies the unamortized portion of deferred commissions as current or noncurrent based on the timing of when the Company expects to recognize the expense. The current and noncurrent portions of deferred commissions are included in "Prepaid expenses and other current assets" and "Other assets," respectively, in the Company's Consolidated Balance Sheets.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation, and are depreciated using the straight-line method over the estimated useful life of each asset. Generally, computer equipment is depreciated over two years; purchased software is depreciated over three to five years; test equipment is depreciated over three years; furniture and fixtures are depreciated over seven years; and leasehold improvements are depreciated over the shorter of the respective lease term or the estimated useful life of the asset. Maintenance and repairs are charged to expense as incurred.

Goodwill

Goodwill was recorded as a result of the Company's acquisitions of Occam Networks, Inc. in 2011 and Optical Solutions, Inc. in 2006. The Company records goodwill when consideration paid in a business acquisition exceeds the fair value of the net tangible assets and the identified intangible assets acquired. Goodwill is not amortized but instead is subject to an annual impairment test or more frequently if events or changes in circumstances indicate that it may be impaired. The Company evaluates goodwill on an annual basis as of the end of the second quarter of each fiscal year. Management has determined that it operates as a single reporting unit and, therefore, evaluates goodwill impairment at the enterprise level.

At the end of the second quarter of 2024, the Company completed its annual goodwill impairment test. Based on its assessment of certain qualitative factors such as market capitalization, management concluded that the fair value of the Company was more likely than not greater than its carrying amount as of July 2, 2024. As such, it was not necessary to perform the two-step quantitative goodwill impairment test at the time.

There have been no significant events or changes in circumstances subsequent to the 2024 annual impairment test that would more likely than not indicate that the carrying value of goodwill may have been impaired as of December 31, 2024. There were no impairment losses for goodwill for the years ended December 31, 2024, 2023 or 2022.

Deferred Revenue

Deferred revenue results from transactions where the Company billed the customer for products or services and when cash payments are received or due prior to transferring control of the promised goods or services to the customer.

Payment terms to customers typically range from net 30 to net 90 days and vary by the size and location of customer and the products or services offered. The period between the transfer of control of the promised good or service to a customer and when payment is due is not a significant financing component.

Income Taxes

The Company evaluates its tax positions and estimates its current tax exposure along with assessing temporary differences that result from different book to tax treatment of items not currently deductible for tax purposes. These differences result in deferred tax assets and liabilities on the Company's Consolidated Balance Sheets, which are estimated based upon the difference between the financial statement and tax bases of assets and liabilities using the enacted tax rates that will be in effect when these differences reverse. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in the Company's Consolidated Statements of Comprehensive Income (Loss) become deductible expenses under applicable income tax laws or loss or credit carryforwards are utilized. Accordingly, realization of the Company's deferred tax assets is dependent on future taxable income against which these deductions, losses and credits can be utilized.

The Company must assess the likelihood that deferred tax assets will be recovered from future taxable income, and if the Company determines that recovery is not more likely than not, the Company must establish a valuation allowance. Management judgment is required in determining its provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against its net deferred tax assets.

Newly Adopted Accounting Standards

Segment Reporting

In November 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting, which expanded annual and interim disclosure requirements for reportable segments. The Company adopted the new standard effective January 1, 2025. See Footnote 12 *Segment Information*.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes, which prescribes standardized categories and disaggregation of information in the reconciliation of provision for income taxes, requires disclosure of disaggregated income taxes paid and modifies other income tax-related disclosure requirements. The updated standard is effective for the Company beginning with its 2025 annual reporting period. Early adoption is permitted. The Company is currently evaluating the impact that the updated standard will have on its financial statement disclosures.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures, which requires additional disclosure of certain costs and expenses within the notes to the financial statements. The updated standard is effective for the Company's annual periods beginning in 2027 and interim periods beginning in the first quarter of 2028. Early adoption is permitted. The Company is currently evaluating the impact that the updated standard will have on its financial statement disclosures.

There have been no other accounting pronouncements or changes in accounting pronouncements that are significant or potentially significant to the Company.

2. Cash, Cash Equivalents and Marketable Securities

Cash, cash equivalents and marketable securities consisted of the following (in thousands):

	December 31,	
	2024	2023
Cash and cash equivalents:		
Cash	\$ 20,664	\$ 18,040
Commercial paper	10,058	32,837
U.S. government securities	7,550	9,969
Money market funds	4,890	2,563
Total cash and cash equivalents	43,162	63,409
Marketable securities:		
Corporate debt securities	123,701	7,000
U.S. government securities	66,582	92,277
U.S. government agency securities	24,411	43,521
Commercial paper	22,715	14,139
Certificates of deposit	16,520	—
Total marketable securities	253,929	156,937
	<u>\$ 297,091</u>	<u>\$ 220,346</u>

The carrying amounts of the Company's money market funds approximate their fair values due to their nature, duration and short maturities. As of December 31, 2024, all marketable securities were due in three years or less.

The amortized cost and fair value of marketable securities as of December 31, 2024 were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains, net	Fair Value
Corporate debt securities	\$ 123,519	\$ 182	\$ 123,701
U.S. government securities	74,118	14	74,132
U.S. government agency securities	24,380	31	24,411
Certificates of deposit	16,505	15	16,520
Commercial paper	32,766	7	32,773
	<u>\$ 271,288</u>	<u>\$ 249</u>	<u>\$ 271,537</u>

The amortized cost and fair value of marketable securities as of December 31, 2023 were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains (Losses), net	Fair Value
U.S. government securities	\$ 102,167	\$ 80	\$ 102,247
Commercial paper	47,003	(28)	46,975
U.S. government agency securities	43,573	(52)	43,521
Corporate debt securities	6,999	1	7,000
	<u>\$ 199,742</u>	<u>\$ 1</u>	<u>\$ 199,743</u>

3. Fair Value Measurements

The Company measures its cash equivalents and marketable securities at fair value on a recurring basis. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company utilizes the following three-tier value hierarchy which prioritizes the inputs used in measuring fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1 for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-driven valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – Unobservable inputs to the valuation derived from fair valuation techniques in which one or more significant inputs or significant value drivers are unobservable. The fair value hierarchy also requires the Company to maximize the use of observable inputs, when available, and to minimize the use of unobservable inputs when determining inputs and determining fair value.

The following tables sets forth the Company's financial assets measured at fair value on a recurring basis based on the three-tier fair value hierarchy (in thousands):

As of December 31, 2024	Level 1	Level 2	Total
Money market funds	\$ 4,890	\$ —	\$ 4,890
U.S. government securities	74,132	—	74,132
Corporate debt securities	—	123,701	123,701
Commercial paper	—	32,773	32,773
U.S. government agency securities	—	24,411	24,411
Certificates of deposit	—	16,520	16,520
	<u>\$ 79,022</u>	<u>\$ 197,405</u>	<u>\$ 276,427</u>

As of December 31, 2023	Level 1	Level 2	Total
Money market funds	\$ 2,563	\$ —	\$ 2,563
U.S. government securities	102,246	—	102,246
Commercial paper	—	46,976	46,976
U.S. government agency securities	—	43,521	43,521
Corporate debt securities	—	7,000	7,000
	<u>\$ 104,809</u>	<u>\$ 97,497</u>	<u>\$ 202,306</u>

4. Balance Sheet Details

Accounts receivable, net consisted of the following (in thousands):

	December 31,	
	2024	2023
Accounts receivable	\$ 79,632	\$ 126,331
Allowance for doubtful accounts	(311)	(304)
	<u>\$ 79,321</u>	<u>\$ 126,027</u>

The table below summarizes the changes in allowance for doubtful accounts and product return liability for the periods indicated (in thousands):

	Balance at Beginning of Year	Additions Charged to Expenses or Revenue Net of Recoveries	Write Offs and Returns	Balance at End of Year
Year Ended December 31, 2024:				
Allowance for doubtful accounts	\$ 304	\$ 264	\$ (257)	\$ 311
Product return liability	2,897	3,212	(3,681)	2,428
Year Ended December 31, 2023:				
Allowance for doubtful accounts	\$ 397	\$ 43	\$ (136)	\$ 304
Product return liability	2,961	4,761	(4,825)	2,897
Year Ended December 31, 2022:				
Allowance for doubtful accounts	\$ 725	\$ (276)	\$ (52)	\$ 397
Product return liability	1,836	5,622	(4,497)	2,961

Inventory consisted of the following (in thousands):

	December 31,	
	2024	2023
Components	\$ 21,735	\$ 22,119
Finished goods	80,992	110,866
	<u>\$ 102,727</u>	<u>\$ 132,985</u>

Prepaid expenses and other current assets consisted of the following (in thousands):

	December 31,	
	2024	2023
Supplier deposits	\$ 62,620	\$ 78,131
Prepaid expenses and other current assets	42,976	40,467
	<u>\$ 105,596</u>	<u>\$ 118,598</u>

Property and equipment, net consisted of the following (in thousands):

	December 31,	
	2024	2023
Test equipment	\$ 57,595	\$ 50,853
Computer equipment	14,561	13,615
Software	11,146	12,972
Leasehold improvements	2,173	2,122
Furniture and fixtures	1,268	1,283
	<u>86,743</u>	<u>80,845</u>
Accumulated depreciation and amortization	(55,590)	(51,384)
	<u>\$ 31,153</u>	<u>\$ 29,461</u>

Depreciation and amortization expenses were \$19.6 million, \$16.6 million and \$14.3 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Accrued liabilities consisted of the following (in thousands):

	December 31,	
	2024	2023
Compensation and related benefits	\$ 36,004	\$ 36,741
Component inventory held by suppliers	8,855	32,182
Professional and consulting fees	5,385	7,717
Current portion of warranty and retrofit	5,288	5,655
Taxes payable	5,048	4,317
Customer advances or rebates	4,882	5,967
Operating leases	4,303	4,142
Product returns	2,428	2,897
Insurance	2,019	2,107
Operations	1,735	1,080
Freight	1,640	1,510
Litigation settlement	—	3,250
Other	6,580	8,662
	<u>\$ 84,167</u>	<u>\$ 116,227</u>

Changes in the Company's accrued warranty and retrofit liability were as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Balance at beginning of year	\$ 8,029	\$ 8,386	\$ 9,594
Provision for warranty and retrofit charged to cost of revenue	2,268	3,282	1,315
Utilization of reserve	(3,010)	(3,639)	(2,523)
Balance at end of year	\$ 7,287	\$ 8,029	\$ 8,386

5. Commitments and Contingencies

Lease Commitments

The Company leases office space under non-cancelable operating leases. Certain of the Company's operating leases contain renewal options and rent acceleration clauses. Future minimum payments under the non-cancelable operating leases for leases that have commenced consisted of the following as of December 31, 2024 (in thousands):

Year Ending December 31,	Future Minimum Lease Payments
2025	\$ 4,528
2026	1,659
2027	1,235
2028	707
2029 and thereafter	340
Total future minimum lease payments	8,469
Less imputed interest	(446)
	\$ 8,023

As of December 31, 2024, the operating lease liability consisted of the following (in thousands):

Accrued liabilities - current portion of operating leases	\$ 4,303
Operating leases	3,720
	\$ 8,023

The Company leases its headquarters office space in San Jose, California under a lease agreement that expires in December 2025. The future minimum lease payments under the lease are \$2.5 million as of December 31, 2024 and are included in the tables above. In December 2024, the Company entered into a new headquarters office lease agreement for 23,000 square feet in San Jose, California. The lease is expected to commence in August 2025 for a term of 90 months. The future minimum lease payments of \$8.9 million are not included in the table above.

The above tables also include future minimum lease payments for the Company's office facilities in Petaluma, California; Plymouth, Minnesota; Richardson, Texas; Bangalore, India; and Nanjing, China, which expire at various dates through 2029.

In November 2021, the Company entered into a sublease for a portion of the San Jose headquarters office space that was previously abandoned. The sublease commenced in August 2022 for a term of 39 months. The Company received \$0.8 million, \$0.8 million and \$0.3 million in sublease income in 2024, 2023 and 2022, respectively. Future minimum sublease payments were \$0.7 million for 2025 as of December 31, 2024.

The weighted average discount rate for the Company's operating leases as of December 31, 2024 was 4.8%. The weighted average remaining lease term as of December 31, 2024 was 2.7 years.

For the years ended December 31, 2024, 2023 and 2022, total rent expense of the Company was \$5.1 million, \$4.8 million and \$4.6 million, respectively. Cash paid within operating cash flows for operating leases was \$4.5 million for each of the years ended December 31, 2024, 2023 and 2022.

Purchase Commitments

The Company's CMs and ODMs place orders for component inventory based upon the Company's build forecasts and pursuant to stated component lead times to ensure adequate component supply. The components are used by the CMs and ODMs to build the products included in the build forecasts. The Company generally does not take ownership of the components held by CMs and ODMs. The Company places purchase orders with its CMs and ODMs in order to fulfill its monthly finished product

inventory requirements. The Company incurs a liability when the CMs and ODMs convert the component inventory to a finished product and takes ownership of the finished goods inventory.

The Company has from time to time, and subject to certain conditions, reimbursed certain suppliers for component inventory purchases when this inventory has been rendered excess or obsolete, for example due to manufacturing and engineering change orders resulting from design changes, manufacturing discontinuation of products by its suppliers, or in cases where the Company has committed inventory levels that exceed projected demand. In the event of termination of services with a manufacturing partner, the Company has purchased, and may be required to purchase in the future, certain of the remaining components inventory held by the CM or ODM as well as any outstanding orders pursuant to the contractual provisions with such CM or ODM. The estimated excess and obsolete component liabilities related to manufacturing and engineering change orders, termination of manufacturing partners and other factors are recorded against Supplier Deposits in “Prepaid expenses and other current assets” or included in “Accrued liabilities” in the accompanying Consolidated Balance Sheets, because the corresponding component parts have not been received by the Company. The amounts were \$27.5 million and \$32.2 million as of December 31, 2024 and 2023, respectively. The Company records the related charges in “Cost of revenue” in its Consolidated Statements of Comprehensive Income (Loss).

As of December 31, 2024 and 2023, the Company had approximately \$138.8 million and \$176.3 million, respectively, of outstanding purchase commitments for inventories to be delivered by its suppliers, including CMs and ODMs.

Litigation

From time to time, the Company is involved in various legal proceedings arising from the normal course of business activities. The Company is not currently a party to any legal proceeding that, if determined adversely to the Company, in management’s opinion, is currently expected to individually or in the aggregate have a material adverse effect on the Company’s business, operating results or financial condition taken as a whole.

Indemnifications

The Company from time to time enters into contracts that require it to indemnify various parties against claims from third parties. These contracts primarily relate to (i) certain real estate leases, under which the Company may be required to indemnify property owners for environmental and other liabilities, and other claims arising from the Company’s use of the applicable premises, (ii) agreements with the Company’s officers, directors and certain employees, under which the Company may be required to indemnify such persons for liabilities arising out of their relationship with the Company, (iii) contracts under which the Company may be required to indemnify customers against third-party claims that a Company product infringes a patent, copyright or other intellectual property right and (iv) agreements under which the Company may be required to indemnify the counterparty for certain claims that may be brought against them arising from the Company’s acts or omissions with respect to the transactions contemplated by such agreements.

Because any potential obligation associated with these types of contractual provisions are not quantified or stated, the overall maximum amount of the obligation cannot be reasonably estimated. Historically, the Company has not been required to make payments under these obligations, and no liabilities have been recorded for these obligations in the accompanying Consolidated Balance Sheets.

6. Stockholders’ Equity

Preferred Stock

The Board of Directors has the authority, without a further vote of the stockholders, to designate and issue up to 5.0 million shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The issuance of the Company’s preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change in control of the Company or other corporate action. Since the Company’s initial public offering, the Board of Directors has not designated any rights, preference or powers of any preferred stock, and no shares of preferred stock have been issued.

Common Stock

Holders of the Company’s common stock are entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors out of legally available funds. No dividends have been declared or paid as of December 31, 2024.

Stock Repurchase Program

The Company maintains a common stock repurchase program. Under the repurchase program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of the purchases depends on prevailing stock prices, general economic and market conditions, and other considerations consistent with the Company's capital allocation strategy. The repurchase program does not obligate the Company to acquire a particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at the Company's discretion. During the year ended December 31, 2024, the Company purchased 0.3 million shares of common stock for \$10.7 million at an average price per share of \$31.31. As of December 31, 2024, the remaining authorized balance under this program was \$102.9 million.

Equity Incentive Plans

2019 Equity Incentive Award Plan

The 2019 Equity Incentive Award Plan (the "2019 Plan") supersedes and replaces the 2010 Equity Incentive Award Plan (the "2010 Plan") and preceding plans. The terms and conditions of the 2010 Plan will continue to govern any outstanding awards granted under the 2010 Plan. Employees and consultants of the Company, its subsidiaries and affiliates and the Company's Board of Directors members are eligible to receive awards under the 2019 Plan. The 2019 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units or other stock or cash-based awards and dividend equivalents to eligible individuals. Stock options granted under the 2019 Plan are granted at a price not less than 100% of the fair market value of the common stock on the date of grant. Stock options issued under the 2019 Plan generally vest 25% on the first anniversary of the vesting commencement date and on a quarterly basis thereafter for a period of an additional three years. The options have a maximum term of ten years. As of December 31, 2024, there were 2.8 million shares available for issuance under the 2019 Plan.

In February 2023, PSOs covering an aggregate of 1.2 million shares of common stock were awarded to certain executives with a grant date average exercise price of \$51.57 per share. The actual number of shares underlying the PSOs that could become earned was contingent upon achievement of annual financial targets for bookings and non-GAAP operating income for 2023 (together, the "2023 Performance Targets") during the one-year performance period, with equal weighting for each measure. In February 2024, the Compensation Committee of the Board of Directors certified achievement of the 2023 Performance Targets and determined that 54.5% of the shares underlying the PSOs were earned, subject to the four-year service condition. Pursuant to the grant, 25% of the earned PSOs were vested and became exercisable on the first anniversary of the grant date, and the remaining 75% of the shares of common stock will vest and become exercisable in substantially equal quarterly installments over the subsequent three years, subject to the executive's continued service with the Company through the respective vesting dates. Stock-based compensation expense of \$5.5 million and \$9.2 million was recognized for the years ended December 31, 2024 and 2023, respectively, related to these awards.

In February 2024, PSO awards exercisable for up to an aggregate of 2.4 million shares of common stock were granted to certain Company executives with a grant date exercise price of \$34.26 per share and divided into two plans, with the first plan accounting for 75% of the total shares granted and the second plan accounting for 25% of the total shares granted. The actual number of shares earned is contingent upon achievement of annual financial targets for bookings and non-GAAP net operating income for 2024 (collectively, the "2024 Performance Targets") during the one-year performance period. These PSO awards will vest, subject to certification by the Compensation Committee of the Company's Board of Directors upon the achievement of the 2024 Performance Targets, as to 25% of the PSOs earned on the one year anniversary of the date of grant, and as to the remaining 75% of the PSOs earned, in substantially equal quarterly installments over the subsequent three years, subject to the executive's continuous service with the Company through the respective vesting dates. For the first plan, if the non-GAAP net operating income target and the bookings target are each achieved below 80% of target, no shares would be awarded, and the PSO awards would be forfeited in full. If either target is achieved at the minimum threshold of 80% of target, then the shares are awarded at 75% of the granted shares, with an increasing percentage of shares awarded above the minimum thresholds up to 120% of the granted shares for each target. Each target result is then equally weighted, and the combined total determines the percent of target shares earned. The maximum combined award is 100%. For the second plan, if the annual bookings target is achieved below 90% of target, the PSO awards would be forfeited in full. If the target is achieved at the minimum threshold of 90% of target, then the shares are awarded at 75% with an increasing percentage of shares awarded above the minimum thresholds up to 100% of the granted shares. The maximum award is 100%.

In January 2025, the Compensation Committee certified the achievement related to the 2024 Performance Targets and determined that 58.9% of shares underlying the PSOs were earned, subject to the on-going service condition, and 41.1% of the shares underlying the PSOs were immediately forfeited. Stock-based compensation expense of \$13.1 million was recognized for the year ended December 31, 2024 related to these PSOs.

The following table summarizes the stock option activity under the Company's equity incentive plans (in thousands, except per share data):

	Number of Shares	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value ⁽¹⁾
Outstanding as of December 31, 2023	10,323	\$ 34.37		
Granted	2,968	34.03		
Exercised	(290)	9.59		
Canceled	(818)	51.88		
Outstanding as of December 31, 2024	12,183	\$ 33.70	7.0	\$ 94,885
Vested and expected to vest as of December 31, 2024	11,874	\$ 33.58	6.9	\$ 94,571
Options exercisable as of December 31, 2024	7,120	\$ 28.61	5.8	\$ 91,658

(1) Amounts represent the difference between the exercise price and the fair market value of common stock at December 31, 2024 of \$34.87 per share for all "in-the-money" options outstanding.

During the years ended December 31, 2024, 2023 and 2022, total intrinsic value of stock options exercised was \$9.0 million, \$16.7 million and \$31.0 million, respectively. Cash received from employee stock option exercises in 2024, 2023 and 2022 was \$2.8 million, \$5.2 million and \$6.7 million, respectively.

Employee Stock Purchase Plans

The ESPP allows eligible employees to purchase shares of the Company's common stock through payroll deductions of up to 15% of their eligible compensation subject to certain Internal Revenue Code limitations. In addition, participants may purchase up to 2,000 shares of common stock in each offering period.

The offering periods under the ESPP are two six-month offering periods from August 15th through February 14th and February 15th through August 14th of each year. The price of common stock purchased under the ESPP is 85% of the lower of the fair market value of the common stock on the commencement date and the end date of each six-month offering period. The total shares authorized for issuance under the ESPP is 12.4 million shares. As of December 31, 2024, there were 4.2 million shares available for issuance under the ESPP. During the year ended December 31, 2024, 0.3 million shares were purchased under the ESPP. As of December 31, 2024, unrecognized stock-based compensation expense of \$0.4 million related to the ESPP is expected to be recognized over a remaining service period of 0.1 years.

The NQ ESPP allows eligible employees to purchase shares of the Company's common stock through payroll deductions of up to 25% of their eligible recurring compensation. Eligible employees have the right to (a) purchase the maximum number of whole shares of common stock that can be purchased with the elected payroll deductions during each offering period for which the employee is enrolled at a purchase price equal to the closing price of the Company's common stock on the last day of such offering period and (b) receive an equal number of shares of the Company's common stock that are subject to a risk of forfeiture in the event the employee terminates employment within the one year period immediately following the purchase date. The NQ ESPP provides quarterly offering periods from February 8th through May 7th, May 8th through August 7th, August 8th through November 7th and November 8th through February 7th of each year, with a maximum of 0.35 million shares allocated per purchase period.

The maximum number of shares of common stock currently authorized for issuance under the NQ ESPP is 7.5 million shares. As of December 31, 2024, there were 2.2 million shares available for issuance under the NQ ESPP. During the year ended December 31, 2024, 1.2 million shares were purchased and issued. As of December 31, 2024, unrecognized stock-based compensation expense of \$13.3 million related to the NQ ESPP is expected to be recognized over a remaining weighted-average service period of 0.8 years.

Stock-Based Compensation

The following table summarizes stock-based compensation expense (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Cost of revenue	\$ 2,933	\$ 2,913	\$ 2,700
Sales and marketing	20,810	16,893	12,001
Research and development	19,083	17,000	12,165
General and administrative	27,935	25,965	17,960
	<u>\$ 70,761</u>	<u>\$ 62,771</u>	<u>\$ 44,826</u>
Income tax benefits recognized	<u>\$ 6,964</u>	<u>\$ 10,993</u>	<u>\$ 11,501</u>

The following table summarizes the weighted-average grant date fair values of the Company's stock-based awards granted in the periods indicated:

	Years Ended December 31,		
	2024	2023	2022
Stock options	\$ 17.21	\$ 23.02	\$ 31.86
ESPP	\$ 10.53	\$ 17.96	\$ 18.51
NQ ESPP	\$ 33.66	\$ 42.51	\$ 52.91

The Company values employee stock purchase rights under the NQ ESPP at the closing market price of the Company's common stock on the date of grant.

The Company estimates the fair value of stock options and employee stock purchase right under the ESPP at the grant date using the Black-Scholes option-pricing model. This model requires the use of the following assumptions:

- (i) Expected volatility of the Company's common stock – The Company computes its expected volatility assumption based on a blended volatility (50% historical volatility and 50% implied volatility from traded options on the Company's common stock). The selection of a blended volatility assumption was based upon the Company's assessment that a blended volatility is more representative of the Company's future stock price trend as it weighs the historical volatility with the future implied volatility.
- (ii) Expected life of the option award – Represents the weighted-average period that the stock options are expected to remain outstanding. The Company's computation of expected life utilizes the simplified method in accordance with Staff Accounting Bulletin No. 110 due to the lack of sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The mid-point between the vesting date and the expiration date is used as the expected term under this method.
- (iii) Expected dividend yield – The assumption is zero based on the Company's history of not paying dividends and no future expectations of dividend payouts.
- (iv) Risk-free interest rate – Based on the U.S. Treasury yield curve in effect at the time of grant with maturities approximating the grant's expected life.

The following table summarizes the weighted-average assumptions used in estimating the grant-date fair value of stock options and of each employee's purchase right under the ESPP in the periods indicated:

<u>Stock Options</u>	Years Ended December 31,		
	2024	2023	2022
Expected volatility	51 %	52 %	58 %
Expected life (years)	6.0	6.1	6.1
Risk-free interest rate	4.27 %	4.02 %	3.15 %

<u>ESPP</u>	Years Ended December 31,		
	2024	2023	2022
Expected volatility	48 %	47 %	62 %
Expected life (years)	0.5	0.5	0.5
Risk-free interest rate	5.15 %	5.31 %	2.16 %

In addition, the Company applies an estimated forfeiture rate to awards granted and records stock-based compensation expense only for those awards that are expected to vest. Forfeiture rates are estimated at the time of grant based on the Company's

historical experience. Further, to the extent the Company's actual forfeiture rate is different from management's estimate, stock-based compensation is adjusted accordingly.

As of December 31, 2024, unrecognized stock-based compensation expense by award type, net of estimated forfeitures, and their expected weighted-average recognition periods are summarized in the following table (in thousands).

	Stock Option	ESPPs
Unrecognized stock-based compensation expense	\$ 64,207	\$ 13,661
Weighted-average amortization period (in years)	1.7	0.8

The Company expects to recognize stock-based compensation expense of \$49.0 million in 2025, \$21.4 million in 2026, \$6.6 million in 2027 and \$0.9 million in 2028.

Shares Reserved for Future Issuance

As of December 31, 2024, the Company had common shares reserved for future issuance as follows (in thousands):

Stock options outstanding	12,183
Shares available for future grant under 2019 Plan	2,840
Shares available for future issuance under ESPP	4,218
Shares available for future issuance under NQ ESPP	2,241
	<u>21,482</u>

7. Employee Benefit Plan

The Company sponsors a 401(k) tax-deferred savings plan for all employees who meet certain eligibility requirements. Participants may contribute, on a pre-tax basis, a percentage of their annual compensation, but not to exceed a maximum contribution amount pursuant to Section 401(k) of the Internal Revenue Code. The Company, at the discretion of the Board of Directors, may make additional matching contributions on behalf of the participants. The Company made matching contributions totaling \$5.5 million, \$5.2 million and \$4.1 million in 2024, 2023 and 2022, respectively.

8. Accumulated Other Comprehensive Loss

The table below summarizes the changes in accumulated other comprehensive loss by component:

	Unrealized Gains and Losses on Available-for-Sale Marketable Securities	Foreign Currency Translation Adjustments	Total
Balance as of December 31, 2022	\$ (1,700)	\$ (773)	\$ (2,473)
Other comprehensive income	1,701	113	1,814
Balance as of December 31, 2023	1	(660)	(659)
Other comprehensive income (loss)	187	(140)	47
Balance as of December 31, 2024	<u>\$ 188</u>	<u>\$ (800)</u>	<u>\$ (612)</u>

Assets and liabilities of the Company's wholly owned foreign subsidiaries are translated from their respective functional currencies at exchange rates in effect at the balance sheet date, and revenue and expenses are translated at the monthly average exchange rates. These translations result in differences called foreign currency translation adjustments. Realized foreign currency transaction gains or losses were not significant during the years ended December 31, 2024, 2023 or 2022 and were recorded in "Other expense, net" in the Company's Consolidated Statements of Comprehensive Income (Loss). Realized gains and losses on sales of available-for-sale marketable securities, if any, are reclassified from accumulated other comprehensive loss to "Other expense, net" in our Consolidated Statements of Comprehensive Income (Loss).

9. Income Taxes

The domestic and foreign components of income before incomes taxes were as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Domestic	\$ (36,990)	\$ 30,983	\$ 51,442
Foreign	5,344	3,774	2,600
	<u>\$ (31,646)</u>	<u>\$ 34,757</u>	<u>\$ 54,042</u>

Income taxes consisted of the following (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Current:			
Federal	\$ 3,181	\$ (2,407)	\$ 3,671
State	2,110	6,493	6,555
Foreign	2,779	2,006	874
Current income tax	<u>8,070</u>	<u>6,092</u>	<u>11,100</u>
Deferred:			
Federal	(8,120)	2,050	6,336
State	(926)	(2,525)	(4,372)
Foreign	(923)	(185)	(32)
Deferred income tax	<u>(9,969)</u>	<u>(660)</u>	<u>1,932</u>
	<u>\$ (1,899)</u>	<u>\$ 5,432</u>	<u>\$ 13,032</u>

The differences between the statutory and effective tax rates, expressed as a percentage of net income before income taxes, were as follows:

	Years Ended December 31,		
	2024	2023	2022
Federal statutory rate	21.0 %	21.0 %	21.0 %
Impact of state taxes	0.9	2.6	(4.9)
Foreign operations	(4.2)	0.8	—
R&D tax credits	14.0	(13.5)	(9.1)
U.S. tax impact of foreign operations	(0.4)	(2.4)	7.8
Stock-based compensation	(24.3)	8.8	—
Other permanent items	(1.7)	2.5	1.2
Provision to return adjustments	6.4	(9.7)	(0.4)
Valuation allowance	(2.1)	—	1.3
Attribute expiration	(0.1)	0.8	5.5
Uncertain tax positions	(3.5)	4.7	1.7
	<u>6.0 %</u>	<u>15.6 %</u>	<u>24.1 %</u>

The significant components of the Company's deferred tax assets were as follows (in thousands):

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	\$ 1,405	\$ 1,020
Tax credit carryforwards	53,788	58,349
Inventory	14,737	16,592
Accruals and reserves	5,090	6,684
Deferred revenue	9,463	13,460
Stock-based compensation	13,787	12,087
Lease liability	1,445	2,277
Capitalized R&D	114,050	93,340
Other	383	144
Gross deferred tax assets	214,148	203,953
Valuation allowance	(30,571)	(29,908)
Total deferred tax assets	183,577	174,045
Deferred tax liabilities:		
Fixed assets	(1,760)	(1,484)
Right of use assets	(1,006)	(1,710)
Intangible assets	(3,211)	(3,160)
Total deferred tax liabilities	(5,977)	(6,354)
	<u>\$ 177,600</u>	<u>\$ 167,691</u>

All deferred taxes, along with any related valuation allowance, are classified in the Consolidated Balance Sheet as long-term.

A valuation allowance is required when, based upon an assessment of various factors, including recent operating loss history, anticipated future earnings, and prudent and reasonable tax planning strategies, it is more likely than not that some portion of the deferred tax assets will not be realized. At each reporting period, the Company assesses the estimated future realizability of the gross carrying value of its deferred tax assets. The Company's periodic assessments take into consideration both positive evidence (future profitability projections for example and recent financial performance) and negative evidence (historical financial performance for example) as it relates to evaluating the future recoverability of its deferred tax assets. The valuation allowance increased by \$0.7 million from 2023 to 2024. During the twelve months ended December 31, 2024, the Company released a valuation allowance of \$0.6 million related to federal foreign tax credits that the Company expects to utilize prior to expiration. The Company continues to maintain a valuation allowance of \$30.6 million on certain U.S. state deferred tax assets that the Company believes are not more likely than not to be realized in future periods.

As of December 31, 2024, the Company had U.S. state net operating losses of approximately \$23.6 million which will expire at various dates through 2039 if not utilized. Additionally, the Company has U.S. federal, California and other U.S. states research and development credits of approximately \$39.6 million, \$52.5 million and \$2.7 million as of December 31, 2024, respectively. The U.S. federal research and development credits will expire at various dates through 2044 if not utilized. The California research and development credits have no expiration date. The credits related to other various U.S. states have begun to expire and will continue to expire at various dates through 2039.

Uncertain Tax Positions

ASC 740, "Income Taxes," prescribes a recognition threshold and measurement attribute to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also provides guidance on derecognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions. The standard requires the Company to recognize the financial statement effects of an uncertain tax position when it is more likely than not that such position will be sustained upon audit. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as interest expense and income tax expense, respectively, in its Consolidated Statements of Comprehensive Income (Loss).

The Company's unrecognized tax benefits were as follows (in thousands):

	Years Ended December 31,	
	2024	2023
Balance at beginning of year	\$ 32,449	\$ 29,215
Reduction for tax positions related to prior year	(121)	(19)
Additions for tax positions related to prior year	—	580
Additions for tax positions related to current year	2,310	2,673
Balance at end of year	<u>\$ 34,638</u>	<u>\$ 32,449</u>

As of December 31, 2024 and 2023, the Company had unrecognized tax benefits of \$34.6 million and \$32.4 million, respectively, \$18.9 million of which would affect the Company's effective tax rate if recognized. There were no accrued interest or penalties for uncertain income tax as of December 31, 2024.

The Company files tax returns in the United States and various state jurisdictions, China, India and the United Kingdom. The tax years 2000 through 2024 remain open and subject to examination by the appropriate governmental agencies due to tax attribute carryforwards.

In December 2021, the Organization for Economic Cooperation and Development enacted model rules for a new global minimum tax framework ("Pillar Two"), and certain governments in countries which the Company operates have enacted local Pillar Two legislation, with an effective date from January 1, 2024. The Company currently does not expect Pillar Two to have a material impact on its financial statements.

10. Net Income (Loss) Per Common Share

The computation of basic and diluted net income (loss) per common share for the periods indicated was as follows (in thousands, except per share data):

	Years Ended December 31,		
	2024	2023	2022
Numerator:			
Net income (loss)	\$ (29,747)	\$ 29,325	\$ 41,010
Denominator:			
Weighted-average common shares — basic	65,879	65,980	65,058
Effect of dilutive potential common shares	—	3,340	3,853
Weighted-average common shares — diluted	<u>65,879</u>	<u>69,320</u>	<u>68,911</u>
Basic net income (loss) per common share	\$ (0.45)	\$ 0.44	\$ 0.63
Diluted net income (loss) per common share	\$ (0.45)	\$ 0.42	\$ 0.60
Potentially dilutive shares excluded, weighted-average	12,057	4,688	1,758

Unvested restricted stock awards are included in the calculation of basic weighted-average shares for all periods presented with net income because such shares are participating securities; however, the impact was immaterial.

Potentially dilutive shares have been excluded from the computation of diluted net income per common share when their effect is antidilutive. These antidilutive shares were primarily from stock options.

11. Revenue from Contracts with Customers

Contract Asset

Contract assets include amounts recognized as revenue prior to the Company's contractual right to bill the customer. Amounts are billed in accordance with the agreed-upon contractual terms. The balance as of December 31, 2024 was \$2.8 million of which the Company expects to bill 34% of the balance during 2025.

Contract Liability

Deferred revenue was \$47.6 million and \$61.5 million as of December 31, 2024 and 2023, respectively. The decrease in deferred revenue of \$13.9 million is primarily driven by revenue recognized of \$31.3 million that was included in the deferred revenue balance at the beginning of the year and a trend to move to monthly from annual billing arrangements. This was partially offset by cash payments received or due in advance of satisfying the Company's performance obligations.

Revenue allocated to remaining performance obligations (“RPOs”) represents contract revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods but excludes variable consideration where the monthly invoicing is based on usage or where actual usage exceeds the minimum commitment. RPOs were \$325.8 million as of December 31, 2024, and the Company expects to recognize as revenue 37% of this amount over the next 12 months and a large majority of the remainder over the two years thereafter.

Contract Costs

The Company capitalizes certain sales commissions related primarily to multi-year subscriptions and extended warranty support for which the expected amortization period is greater than one year. As of December 31, 2024 and 2023, the unamortized balance of deferred commissions was \$17.9 million and \$12.0 million, respectively. For the years ended December 31, 2024, 2023 and 2022, the amount of amortization was \$8.9 million, \$6.5 million and \$4.0 million, respectively. There was no impairment loss in relation to the costs capitalized for these respective periods.

Concentration of Customer Risk

No customer accounted for more than 10% of the Company’s revenue for the years ended December 31, 2024, 2023 and 2022.

One customer represented 23% and 19% of the Company’s accounts receivable as of December 31, 2024 and 2023, respectively. Another customer represented 14% of the Company’s accounts receivable as of December 31, 2023.

12. Segment Information

The Company develops, markets and sells an appliance-based broadband platform, cloud and managed services, and there are no segment managers who are held accountable for operations, operating results and plans for levels or components below the Company unit level. Accordingly, the Company is considered to be in a single reporting segment and operating unit structure. The Company’s chief operating decision maker (“CODM”) is the Company’s Chief Executive Officer, who reviews financial information presented on a Company-wide basis, for purposes of allocating resources and evaluating financial performance. The CODM assesses the performance of the single segment and allocates resources based on revenue and measures derived from gross margin and operating income (loss) that is reported in the Consolidated Statements of Comprehensive Income (Loss). In addition, the CODM uses a measure derived from operating expenses in the Consolidated Statements of Comprehensive Income (Loss) to monitor budget versus actual results to determine the Company’s and management’s performance. The Company does not have intra-entity sales or transfers. The measure of the single segment assets is the consolidated assets in the Consolidated Balance Sheet. The accounting policies of the single segment are the same as described in the significant accounting policies.

Geographic Information:

A summary of revenue disaggregated by geographic region based upon the location of the customers was as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
United States	\$ 764,593	\$ 944,201	\$ 786,802
Europe	34,322	54,265	26,916
Americas excluding U.S.	25,583	32,696	41,892
Middle East & Africa	5,917	7,457	10,885
Asia Pacific	1,103	974	1,332
	<u>\$ 831,518</u>	<u>\$ 1,039,593</u>	<u>\$ 867,827</u>

The Company’s property and equipment, net of accumulated depreciation, were located in the following geographical areas (in thousands):

	December 31,	
	2024	2023
United States	\$ 27,601	\$ 25,231
China	2,818	3,385
India	734	845
	<u>\$ 31,153</u>	<u>\$ 29,461</u>

Selected Financial Information:

The following table presents selected financial information with respect to the Company's single operating segment (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Revenue	\$ 831,518	\$ 1,039,593	\$ 867,827
Adjusted cost of revenue ⁽¹⁾	(372,177)	(515,633)	(427,708)
Adjusted sales and marketing operating expenses ⁽²⁾	(197,069)	(197,671)	(162,548)
Adjusted research and development operating expenses ⁽³⁾	(160,787)	(160,772)	(119,829)
Adjusted general and administrative operating expenses ⁽⁴⁾	(70,944)	(71,180)	(58,315)
Other segment items ⁽⁵⁾	(73,575)	(68,752)	(46,817)
Interest income and other expenses, net	11,388	9,172	1,432
Income taxes	1,899	(5,432)	(13,032)
Net income (loss)	<u>\$ (29,747)</u>	<u>\$ 29,325</u>	<u>\$ 41,010</u>

⁽¹⁾ GAAP cost of revenue adjusted for stock-based compensation, intangible asset amortization and tariff refund (2022 only).

⁽²⁾ GAAP sales and marketing operating expenses adjusted for stock-based compensation.

⁽³⁾ GAAP research and development operating expenses adjusted for stock-based compensation.

⁽⁴⁾ GAAP general and administrative operating expenses adjusted for stock-based compensation and litigation settlement (2023 only).

⁽⁵⁾ Other segment items consisted of stock-based compensation expense, tariff refund (2022 only) and litigation settlement (2023 only).

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in nor any disagreements with accountants on accounting principles or practices, financial statement disclosure, auditing scope or procedures, or other reportable events requiring disclosure pursuant to Item 304(b) of Regulation S-K.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, which we refer to as the evaluation date, we carried out an evaluation under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act).

The purpose of this evaluation was to determine whether as of the evaluation date our disclosure controls and procedures were effective to provide reasonable assurance that the information we are required to disclose in our filings with the SEC, (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based upon this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management has evaluated the effectiveness of our internal control over financial reporting as of December 31, 2024 using the criteria set forth in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, (2013 framework). Based on our evaluation, management has concluded that we maintained effective control over financial reporting as of December 31, 2024 based on the COSO criteria. The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report included in this Annual Report on Form 10-K.

Limitations on the Effectiveness of Controls

Our disclosure controls and procedures provide our principal executive officer and our principal financial officer reasonable assurances that our disclosure controls and procedures will achieve their objectives. However, our management, including our principal executive officer and our principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting can or will prevent all human error. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are internal resource constraints, and the benefit of controls must be weighed relative to their corresponding costs. Because of the limitations in all control systems, no evaluation of controls can provide complete assurance that all control issues and instances of error, if any, within our company are detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur due to human error or mistake. Additionally, controls, no matter how well designed, could be circumvented by the individual acts of specific persons within the organization. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all potential future conditions.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fourth quarter of 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

Insider Trading Agreements

During the three months ended December 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) adopted, terminated or modified a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

We have an insider trading policy, or Trading Policy, governing the purchase, sale and other dispositions of our securities that applies to all of our personnel, including directors, officers, employees and other covered persons. We also follow procedures for the repurchase of our securities. We believe that our Trading Policy and repurchase procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations and listing standards applicable to us. A copy of our Trading Policy is filed as Exhibit 19.1 to this Form 10-K.

Information required by this Item 10 relating to our directors is incorporated by reference to the information set forth under the captions “Proposal No. 1—Election of Directors” and “Director Compensation” and in other applicable sections of the Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Exchange Act, or the Proxy Statement, to be filed within 120 days of the end of the fiscal year covered by this Report. Information required by this Item 10 relating to our officers is incorporated by reference to the information set forth under the captions “Executive Officers” and “Executive Compensation” and in other applicable sections of the Proxy Statement. Information regarding our Section 16 reporting compliance is incorporated by reference to the information set forth under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Section 16(a) Beneficial Ownership Reporting Compliance” of the Proxy Statement.

We have adopted a code of ethics, which applies to all employees, officers and directors of Calix. The Code of Business Conduct and Ethics meets the requirements of a “code of ethics” as defined by Item 406 of Regulation S-K, and applies to our Chief Executive Officer, Chief Financial Officer and all other employees, as indicated above. The Code of Business Conduct and Ethics also meets the requirements of a code of conduct under NYSE listing standards. The Code of Business Conduct and Ethics is posted on our website at www.calix.com under the links “About - Investor Relations - Governance - Code of Conduct.” We intend to disclose any amendments to the Code of Business Conduct and Ethics, as well as any waivers for executive officers or directors, on our website at www.calix.com.

ITEM 11. Executive Compensation

Information required by this Item 11 relating to executive compensation and other matters is incorporated by reference to the information set forth under the caption “Compensation Discussion and Analysis” and in other applicable sections of the Proxy Statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item 12 relating to security ownership of certain beneficial owners and management and related stockholder matters is incorporated by reference to the information set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” and in other applicable sections of the Proxy Statement. Information regarding securities authorized for issuance under our equity compensation plans is incorporated by reference to the information set forth under the caption “Equity Compensation Plan Information” of the Proxy Statement.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item 13 relating to certain relationships and related transactions and director independence is incorporated by reference to the information set forth under the caption “Certain Relationships and Related Transactions” and in other applicable sections of the Proxy Statement.

ITEM 14. Principal Accountant Fees and Services

Our independent registered public accounting firm is KPMG LLP, Santa Clara, CA Auditor Firm ID: 185

Information required by this Item 14 relating to principal account fees and services is incorporated by reference to the information set forth under the caption “Principal Accountant Fees and Services” of the Proxy Statement.

PART IV**ITEM 15. Exhibits, Financial Statement Schedules**

(a) The following documents are filed as part of this Report:

1. Consolidated Financial Statements

The consolidated financial statements of Calix and the report of independent registered public accounting firm thereon are set forth under Part II, Item 8 of this report.

Report of Independent Registered Public Accounting Firm	36
Consolidated Balance Sheets, As of December 31, 2024 and 2023	38
Consolidated Statements of Comprehensive Income (Loss), Years Ended December 31, 2024, 2023 and 2022	39
Consolidated Statements of Stockholders' Equity, Years Ended December 31, 2024, 2023 and 2022	40
Consolidated Statements of Cash Flows, Years Ended December 31, 2024, 2023 and 2022	41
Notes to Consolidated Financial Statements	42

2. Consolidated Financial Statement Schedules

All schedules have been omitted because they are not applicable, not required, not presently in amounts sufficient to require submission of the schedule, or the information required to be set forth therein is included in the consolidated financial statements or notes thereto.

3. Exhibits

The following exhibits are filed with or incorporated by reference in this report. Where such filing is made by incorporation by reference to a previously filed registration statement or report, such registration statement or report is identified in parentheses. We will furnish any exhibit upon request to: Calix Investor Relations at InvestorRelations@calix.com.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Calix, Inc. (filed as Exhibit 3.3 to Amendment No. 7 to Calix's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 23, 2010 (File No. 333-163252) and incorporated by reference)
3.2	Amended and Restated Bylaws of Calix, Inc. (filed as Exhibit 3.5 to Amendment No. 7 to Calix's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 23, 2010 (File No. 333-163252) and incorporated by reference)
4.1	Form of Calix, Inc.'s Common Stock Certificate (filed as Exhibit 4.1 to Amendment No. 7 to Calix's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 23, 2010 (File No. 333-163252) and incorporated by reference)
4.2	Description of Securities (filed as Exhibit 4.2 to Calix's Form 10-K filed with the SEC on February 21, 2020 (File No. 001-34674) and incorporated by reference).
10.1*	Calix, Inc. 2010 Equity Incentive Award Plan and related documents (filed as Exhibit 10.4 to Amendment No. 6 to Calix's Registration Statement on Form S-1 filed with the SEC on March 8, 2010 (File No. 333-163252) and incorporated by reference)
10.2	Form of Indemnification Agreement made by and between Calix, Inc. and each of its directors, executive officers and some employees (filed as Exhibit 10.5 to Amendment No. 6 to Calix's Registration Statement on Form S-1 filed with the SEC on March 8, 2010 (File No. 333-163252) and incorporated by reference)
10.3*	Offer Letter between Calix, Inc. and Carl Russo dated November 1, 2006 (filed as Exhibit 10.8 to Amendment No. 1 to Calix's Registration Statement on Form S-1 filed with the SEC on December 31, 2009 (File No. 333-163252) and incorporated by reference)
10.4*	Offer Letter by and between Calix, Inc. and Michael Weening dated May 20, 2016 (filed as Exhibit 10.1 to Calix's Form 10-Q filed with the SEC on August 3, 2016 (File No. 001-34674) and incorporated by reference)
10.5*	Amendment to Letter Agreement dated November 12, 2020 between Calix, Inc. and Michael Weening (filed as Exhibit 10.6 to Calix's Form 10-K filed with the SEC on February 22, 2021 (File No. 001-34674) and incorporated by reference)
10.6*	Offer Letter between Calix, Inc. and Cory Sindelar dated September 28, 2017 (filed as Exhibit 10.2 to Calix's Form 10-Q filed with the SEC on August 11, 2017 (File No. 001-34674) and incorporated by reference)
10.7*	Nonstatutory Inducement Stock Option Grant Notice between Calix, Inc. and Cory Sindelar dated October 1, 2017 (filed as Exhibit 10.3 to Calix's Form 10-Q filed with the SEC on August 11, 2017 (File No. 001-34674) and incorporated by reference)

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Exhibit Number	Description
10.8	Net Lease Agreement by and between Calix, Inc. and Orchard Parkway San Jose, LLC dated March 9, 2018 (filed as Exhibit 10.2 to Calix's Form 10-Q filed with the SEC on May 5, 2018 (File No. 001-34674) and incorporated by reference)
10.9	First Amendment to Net Lease Agreement by and between Calix, Inc. and Orchard Parkway San Jose, LLC dated November 14, 2018 (filed as Exhibit 10.30 to Calix's Form 10-K filed with the SEC on March 1, 2019 (File No. 001-34674) and incorporated by reference)
10.10	Second Amendment to Net Lease Agreement by and between Calix, Inc. and Orchard Parkway San Jose, LLC dated December 10, 2020 (filed as Exhibit 10.12 to Calix's Form 10-K filed with the SEC on February 22, 2021 (File No. 001-34674) and incorporated by reference)
10.11*	Calix, Inc. Third Amended and Restated 2019 Equity Incentive Award Plan (incorporated by reference from Appendix A to Calix's definitive proxy statement on Schedule 14A, filed with the SEC on March 31, 2023 (File No. 001-34674))
10.12*	Calix, Inc. 2019 Equity Incentive Award Plan - Form of Notice of Grant of Stock Option and Option Agreement (filed as Exhibit 10.14 to Calix's Form 10-K filed with the SEC on February 22, 2021 (File No. 001-34674) and incorporated by reference)
10.13*	Calix, Inc. Non-Employee Director Cash Compensation Policy, as amended May 16, 2019 (filed as Exhibit 10.1 to Calix's Form 10-Q filed with the SEC on July 25, 2019 (File No. 001-34674) and incorporated by reference)
10.14*	Calix, Inc. Non-Employee Director Equity Compensation Policy, as amended May 16, 2019 (filed as Exhibit 10.2 to Calix's Form 10-Q filed with the SEC on July 25, 2019 (File No. 001-34674) and incorporated by reference)
10.15*	Calix, Inc. Second Amended and Restated Employee Stock Purchase Plan (incorporated by reference from Appendix B to Calix's definitive proxy statement on Schedule 14A, filed with the SEC on April 1, 2022 (File No. 001-34674))
10.16*	Calix, Inc. Third Amended and Restated 2017 Nonqualified Employee Stock Purchase Plan (incorporated by reference from Appendix B to Calix's definitive proxy statement on Schedule 14A, filed with the SEC on March 31, 2023 (File No. 001-34674))
10.17*	Calix, Inc. Amended and Restated Executive Change in Control and Severance Plan effective March 26, 2021 (filed as Exhibit 10.1 to Calix's Form 10-Q filed with the SEC on April 27, 2021 (File No. 001-34674) and incorporated by reference)
10.18*	Calix, Inc. Non-Employee Director Cash Compensation Policy, as amended February 11, 2021 (filed as Exhibit 10.2 to Calix's Form 10-Q filed with the SEC on April 27, 2021 (File No. 001-34674) and incorporated by reference)
10.19*	Calix, Inc. Non-Employee Director Equity Compensation Policy, as amended February 11, 2021 (filed as Exhibit 10.3 to Calix's Form 10-Q filed with the SEC on July 27, 2021 (File No. 001-34674) and incorporated by reference)
10.20*	Calix, Inc. Non-Employee Director Cash Compensation Policy, as amended August 11, 2021 (filed as Exhibit 10.1 to Calix's Form 10-Q filed with the SEC on October 26, 2021 (File No. 001-34674) and incorporated by reference)
10.21*	Second Amendment to Letter Agreement between Calix, Inc. and Michael Weening dated August 11, 2021 (filed as Exhibit 10.2 to Calix's Form 10-Q filed with the SEC on October 26, 2021 (File No. 001-34674) and incorporated by reference)
10.22*	Promotion Letter between Calix, Inc. and Michael Weening dated September 30, 2022 (filed as Exhibit 10.1 to Calix's Form 10-Q filed with the SEC on October 25, 2022 (File No. 001-34674) and incorporated by reference)
10.23*	Calix, Inc. Non-Employee Director Cash Compensation Policy, as amended February 9, 2023 (filed as Exhibit 10.1 to Calix's Form 10-Q filed with the SEC on July 24, 2023 (File No. 001-34674) and incorporated by reference)
10.24*	Calix, Inc. Non-Employee Director Equity Compensation Policy, as amended February 9, 2023 (filed as Exhibit 10.2 to Calix's Form 10-Q filed with the SEC on July 24, 2023 (File No. 001-34674) and incorporated by reference)
10.25	Office Lease Agreement between Calix, Inc. and SR Winchester, LLC dated December 16, 2024
19.1	Calix, Inc. Insider Trading Compliance Policy, as amended May 11, 2023
21.1	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP, independent registered public accounting firm
24.1	Power of Attorney (included on signature page to this Annual Report on Form 10-K)
31.1	Certification of Principal Executive Officer of Calix, Inc. Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2	Certification of Principal Financial Officer of Calix, Inc. Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1	Certification of Principal Executive Officer and Principal Financial Officer of Calix, Inc. Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97	Calix, Inc. Policy for Recovery of Erroneously Awarded Compensation dated October 2, 2023
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

Exhibit Number	Description
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	Indicates management contract or compensatory plan or arrangement.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

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

Dated:	February 21, 2025	Calix, Inc. (Registrant)
		By: <u>/s/ Michael Weening</u> Michael Weening President, Chief Executive Officer and Director (Principal Executive Officer)
Dated:	February 21, 2025	
		By: <u>/s/ Cory Sindelar</u> Cory Sindelar Chief Financial Officer (Principal Financial Officer)

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Michael Weening and Cory Sindelar, and each of them, with full power of substitution and re-substitution and full power to act without the other, as his true and lawful attorney-in-fact and agent to act in his name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K, 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, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 21, 2025.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ /s/ Michael Weening Michael Weening	President, Chief Executive Officer and Director (Principal Executive Officer)	February 21, 2025
_____ /s/ Cory Sindelar Cory Sindelar	Chief Financial Officer (Principal Financial Officer)	February 21, 2025
_____ /s/ Carl Russo Carl Russo	Chairman of the Board of Directors	February 21, 2025
_____ /s/ Kevin Peters Kevin Peters	Lead Independent Director	February 21, 2025
_____ /s/ Christopher Bowick Christopher Bowick	Director	February 21, 2025
_____ /s/ Kathy Crusco Kathy Crusco	Director	February 21, 2025
_____ /s/ Eleanor Fields Eleanor Fields	Director	February 21, 2025
_____ /s/ Kira Makagon Kira Makagon	Director	February 21, 2025
_____ /s/ Rajatish Mukherjee Rajatish Mukherjee	Director	February 21, 2025
_____ /s/ Wade Oosterman Wade Oosterman	Director	February 21, 2025

ONE SANTANA WEST
OFFICE LEASE AGREEMENT
BETWEEN
SR WINCHESTER, LLC, LANDLORD
AND
CALIX, INC., TENANT
DATE: December 16, 2024

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OFFICE LEASE AGREEMENT

THIS OFFICE LEASE AGREEMENT (this “**Lease**”) is made this 16th day of December, 2024 (the “**Effective Date**”), by and between SR WINCHESTER, LLC, a Delaware limited liability company, by its managing member, STREET RETAIL, INC., a Maryland corporation (“**Landlord**”), and CALIX, INC., a Delaware corporation (“**Tenant**”).

IN CONSIDERATION of the payments of rents and other charges provided for herein and the covenants and conditions hereinafter set forth, Landlord and Tenant hereby covenant and agree as follows:

ARTICLE I

REFERENCE PROVISIONS, DEFINITIONS AND EXHIBITS

As used in this Lease, the following terms shall have the meanings set forth in Sections 1.01 and 1.02 below.

Section 1.01. Reference Provisions.

A. Leased Premises: That portion of the Building described in Section 1.01.J, containing approximately 22,990 square feet of Floor Area and consisting of that portion of the fourth (4th) designated as Suite 450 and depicted on Exhibit A-2 attached hereto.

B. Term: Commencing on the Term Commencement Date and continuing for ninety (90) months, subject to extension pursuant to Exhibit F hereto.

C. Delivery Date: Subject to the terms, conditions and adjustments set forth in Section 9.01 below, the date of delivery of the Leased Premises (the “**Delivery Date**”) shall be the date Landlord delivers the Leased Premises with the Tenant Work Substantially Complete (as defined in Exhibit B hereto), less such number of days of Tenant Delay (as defined in Exhibit B hereto) as offset by any number of days of Landlord Delay (as defined in Exhibit B here). It is estimated that the Delivery Date will occur no later than August 1, 2025, subject to day-for-day extension for delays resulting from Force Majeure Delay (as defined in Exhibit B hereto) or Tenant Delay (as may be extended, the “**Anticipated Delivery Date**”).

D. Term Commencement Date: The date (the “**Term Commencement Date**”) shall be the later of (i) the Delivery Date and (ii) the date that a non-disturbance agreement (the “**Ground Lessor Non-Disturbance Agreement**”) in the form of Exhibit J hereto executed by Landlord and Ground Lessor (as defined below) has been delivered to Tenant (collectively, the “**Delivery Condition**”).

E. Rent Commencement Date: The Term Commencement Date.

F. Termination Date: The date that is (i) the last day of the Term, or (ii) any earlier date on which this Lease is terminated in accordance with the provisions hereof.

G. Minimum Rent:

<u>Lease Months:</u>	<u>Monthly Minimum Rent Per Square Foot of Floor Area:</u>	<u>Monthly Minimum Rent:</u>	<u>Annual Minimum Rent:</u>
1-12*	\$49.80	\$95,408.50	\$1,144,902.00*
13-24	\$51.29	\$98,270.76	\$1,179,249.06
25-36	\$52.83	\$101,218.88	\$1,214,626.53
37-48	\$54.42	\$104,255.44	\$1,251,065.33
49-60	\$56.05	\$107,383.11	\$1,288,597.29
61-72	\$57.73	\$110,604.60	\$1,327,255.21

75-84	\$59.46	\$113,922.74	\$1,367,072.87
85-90	\$61.25	\$117,340.42	\$1,408,085.06

*Notwithstanding the foregoing, Minimum Rent shall be abated during the first six (6) full calendar months of the initial Lease Year following the Rent Commencement Date (the “**Abatement Period**”). Notwithstanding such abatement of Minimum Rent, all other sums due under this Lease including, without limitation, Tenant’s Share of Operating Costs and Taxes (as defined below), shall be payable as provided in this Lease from and after the Rent Commencement Date. The amount of Minimum Rent conditionally abated for the Abatement Period (which Landlord and Tenant hereby agree shall in no event exceed the aggregate total of Five Hundred Seventy-Two Thousand Four Hundred Fifty-One and 00/100 Dollars (\$572,451.00)), shall be referred to herein as the “**Abated Minimum Rent**”. The Abated Minimum Rent is conditioned upon Tenant’s full and timely performance of all of its material obligations under this Lease. If at any time during the initial Term of the Lease a Default (as defined below) by Tenant occurs and this Lease is terminated as a result thereof, then the Abated Minimum Rent shall immediately become void, and Tenant shall promptly pay to Landlord, in addition to all other amounts due to Landlord under this Lease, the unamortized amount of the Abated Minimum Rent (which amount shall be amortized on a straight-line basis without interest over the initial Term of the Lease).

H. Security Deposit: The sum of Two Hundred Eighty-Six Thousand Two Hundred Twenty Five and 50/100ths Dollars (\$286,225.50), subject to reduction in accordance with Section 17.07 of this Lease.

I. Rent Payments: Except to the extent Tenant is required to make such payments electronically in the manner set forth in Section 5.01 of this Lease, Rent payments due herein shall be made payable to Landlord at the following address:

SR Winchester, LLC
c/o Federal Realty Investment Trust
P.O. Box 846073
Los Angeles, CA 90084-6073

J. Notice Addresses:

TO LANDLORD:

SR Winchester, LLC
c/o Federal Realty Investment Trust
909 Rose Avenue, Suite 200
North Bethesda, MD 20852
Attention: Legal Department

TO TENANT:

Prior to the Term Commencement Date:

Calix, Inc.
2777 Orchard Parkway
San Jose, CA 95134
Attention: General Counsel

After the Term Commencement Date:

Calix, Inc.
1 Santana West
3155 Olsen Drive
Suite 450
San Jose, CA 95117
Attention: General Counsel

With a copy of Default notices to:

Nossaman LLP
50 California Street
Floor 34
San Francisco, CA 94111
Attention: Simon T. Adams, Eq.

K. Building: That certain building located at 1 Santana West - 3155 Olsen Drive, San Jose, California and marked as the "Building" on **Exhibit A-1**, including two (2) subterranean floors (the "**Tower Parking Garage**") containing approximately three hundred fifty (350) parking spaces, a bicycle storage room and certain other improvements. The Building contains approximately 365,968 square feet of Floor Area.

L. Parking Spaces: 3 parking spaces per 1,000 square feet of Floor Area (i.e., 69 spaces), approximately 0.8 parking spaces per 1,000 square feet of Floor Area (i.e., initially, 18 spaces) of which shall be located on the Tower Parking Garage and 2.2 parking spaces per 1,000 square feet of Floor Area (i.e., initially, 51 spaces) of which shall be located in the certain parking garage marked as "**Common Parking Garage**" on **Exhibit A-1** (the "**Common Parking Garage**"), all of which shall be provided at no additional charge to Tenant during the Term of this Lease, including any extension of the Term for any Option Period.

M. Renewal Options: See **Exhibit F**.

N. Prepaid Rent: Contemporaneously with Tenant's execution and delivery of this Lease, Tenant shall pay Landlord one (1) month of the monthly Minimum Rent chargeable hereunder during the first Lease Year, and the Security Deposit.

O. Schedules and Exhibits: The schedules and exhibits listed below are attached to this Lease and are hereby incorporated in and made a part of this Lease.

Exhibit A-1 Site Plan
Exhibit A-2 Leased Premises
Exhibit B Work Agreement
Exhibit B-1 Space Plan
Exhibit C Rules and Regulations
Exhibit D Rules for Tenant's Contractors
Exhibit E Rooftop Rules and Regulations
Exhibit F Options To Extend
Exhibit G Tenant's Approved Monument Locations
Exhibit H Office Tenant Sign Criteria
Exhibit I Form of Letter of Credit
Exhibit J Form of Ground Lessor Non-Disturbance Agreement
Exhibit K Ground Lessor Retained Property

Section 1.02. Definitions. In addition to the definitions set forth in Section 1.01, above, the following additional defined terms shall apply to the interpretation of this Lease.

A. Additional Rent: All sums payable by Tenant to Landlord under this Lease, other than Minimum Rent.

B. Building Hours: 7:00 a.m. until 6:00 p.m. on weekdays (excluding holidays) and from 8:00 a.m. until 1:00 p.m. on Saturdays (excluding holidays).

C. Business Day: Monday through Friday other than holidays observed by the State of California or the United States Federal Government.

D. Common Areas: (i) Any existing or future improvements, equipment, areas and/or spaces utilized for "Common Areas" in and around the Project and the Leased Premises which are for the non-exclusive, common and joint use or benefit of Landlord, Tenant and other tenants, occupants and users of the Project, as determined by Landlord, and (ii) the Parking Garage. The Common Areas include, without limitation, walkways; roofs; drains, gutters and downspouts; patio and seating areas; landscaped areas; utility and other building systems and/or maintenance areas, including equipment storage; and parking areas, drive aisles, and the parking islands within the Parking Garage. For the avoidance of doubt, the Common Areas exclude the outdoor terraces/decks on the 2nd, 7th and 8th floors of the Building (each a "**Outdoor Deck**" and, collectively, the "**Outdoor Decks**").

E. Floor Area: When used with respect to the Leased Premises, the number of square feet set forth in Section 1.01.A, above, subject to adjustment as provided herein, which the Leased Premises shall be deemed to contain. The Floor Area of the Leased Premises was calculated by Landlord's architect based on the Building Plans (as defined in Exhibit B) in accordance with a modified BOMA 2017 for Office Buildings: Standard Methods of Measurement Method A (ANSI/BOMA Z65.1-2017) whereby the Floor Area of the Building excludes the Outdoor Decks (the "**Modified BOMA Standard**").

F. Interest: A rate per annum of the lesser of (i) ten percent (10%), or (ii) the maximum permitted by law.

G. Lease Year: Each twelve (12) month period beginning with the Term Commencement Date, and each anniversary thereof, if the Term Commencement Date occurs on the first day of a month. If the Term Commencement Date occurs on a day other than the first day of a month, then the first Lease Year shall begin on the Term Commencement Date and shall terminate on the last day of the twelfth (12th) full calendar month after the Term Commencement Date. Each subsequent Lease Year shall commence on the date immediately following the last day of the preceding Lease Year and shall continue for a period of twelve (12) full calendar months, except that the last Lease Year of the Term shall terminate on the date this Lease expires or is otherwise terminated.

H. Operating Year: Each calendar year or part thereof during the Term of this Lease or any renewal thereof, or at Landlord's option, any other twelve (12) month period or part thereof designated by Landlord.

I. Parking Garage: Collectively, the Tower Parking Garage defined in Section 1.01.K above and the Common Parking Garage defined in Section 1.01.L above.

J. Parking Hours: 7:00 a.m. until 5:00 p.m. on each Business Day during the Term (for the Parking Garage).

K. Partial Lease Year: Any period during the Term which is less than a full Lease Year.

L. Person: Any individual, firm, partnership, association, corporation, limited liability company, or any other legal entity.

M. Project: That certain project known as Santana West located in San Jose, California.

N. Rent: Minimum Rent plus Additional Rent.

O. Tenant's Share: A proportion determined as follows: (a) with respect to the calculation of Operating Costs (including Insurance Costs, as defined below), except as provided in Section 6.03 with respect to Cost Pools or otherwise provided in this Lease, a fraction, the numerator of which is the Floor Area of the Leased Premises and the denominator of which is the total Floor Area of the Building (i.e., 6.28%); and (b) with respect to the cost of providing the services described in Sections 7.01.E and 7.01.F to the Parking Garage and the cost of cleaning, sweeping, trash removal, resurfacing and restriping of or in the Parking Garage and other general upkeep of (1) the Tower Parking Garage, Tenant's Operating Cost Share shall be 6.28%, and (2) of the Common Parking Garage, Tenant's Operating Cost Share shall be 6.28% of 57.36% (i.e., 3.60%).

P. Tenant's Tax Share: Shall mean a fraction, the numerator of which is the Floor Area of the Leased Premises and the denominator of which is the total Floor Area of the Building (i.e., 6.28%).

Q. Tenant Work Allowance: See Exhibit B.

ARTICLE II

LEASED PREMISES

Landlord demises and leases to Tenant, and Tenant leases and takes from Landlord, the Leased Premises together with the right to use for ingress to and egress from the Leased Premises, in common with others, the Common Areas. Except as expressly set forth to the contrary in this Lease, including, without limitation the exterior sign rights provided herein, Landlord has the exclusive right to (i) use the exterior faces of all perimeter walls of the Building, the roof and all air space above the Building, and (ii) install, maintain, use, repair and replace pipes, ducts, cables, conduits, plumbing, vents, utility lines and wires to, in, through, above and below the Leased Premises and other parts of the Building.

The parties acknowledge that this Lease is a sublease which shall, at all times during the Term, be subject and subordinate to the terms, covenants and conditions of that certain Ground Lease dated as of March 14, 2014 as amended from time to time (as amended, the "**Ground Lease**"), by and between Winchester Investments, LLC, a California limited liability company ("**Ground Lessor**"), as landlord, and Landlord, as tenant (the "**Ground Lease**") and to all matters to which the Ground Lease is subject and subordinate. Tenant acknowledges and agrees that it has received a copy of the Ground Lease prior to the date hereof. Landlord and Tenant agree not to take any action or perform any act or fail to perform any act which would reasonably result in the violation or breach of any of the covenants, agreements, terms, or obligations under the Ground Lease on the part of the Landlord as tenant thereunder. Except as otherwise set forth in the Ground Lessor Non-Disturbance Agreement, this Lease shall automatically expire on or

prior to the expiration or earlier termination of the Ground Lease, and Ground Lessor shall have no obligation to Tenant under this Lease. As between the parties hereto only, in the event of a conflict between the terms of the Ground Lease and the terms of this Lease, then the terms of this Lease shall control.

Landlord represents and warrants that to the best of Landlord's knowledge and belief the Landlord is not in default under the terms and conditions of the Ground Lease and that no notice from the Ground Lessor of a default has been received by Landlord, and that no event or circumstance exists that with the passage of time or notice from Ground Lessor would become a default under the terms of the Ground Lease.

Landlord represents and warrants that to the best of Landlord's knowledge and belief the real property and the improvements and buildings and structures are not subject to any loan, mortgage or other security provided to the Landlord, the foreclosure of which would terminate this Lease.

ARTICLE III

TERM

Section 3.01. Term.

A. The Term shall commence on the Term Commencement Date specified in Section 1.01.D above, and shall be for the period of time specified in Section 1.01.B above, and expire on the Termination Date specified in Section 1.01.F above. Notwithstanding the foregoing, all obligations of the parties, as set forth in this Lease, shall be binding as of the date hereof. Notwithstanding the foregoing, all obligations of the parties, as set forth in this Lease, shall be binding as of the date hereof. Landlord shall use commercially reasonable efforts to deliver possession of the Leased Premises to Tenant by the Anticipated Delivery Date. If, despite such efforts, the Delivery Date has not occurred by Anticipated Delivery Date, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder, however, if the Term Commencement Date has not occurred on or before thirty (30) days after the Anticipated Delivery Date, Tenant shall be entitled to a day for day Minimum Rent credit for each day of delay commencing on the thirty-first (31st) day after the Anticipated Delivery Date and continuing until the Term Commencement Date occurs, which rent credit shall be applied after the expiration of the Abatement Period. Notwithstanding the foregoing, if the Term Commencement Date has not occurred on or before the one hundred twentieth (120th) day after the Anticipated Delivery Date (the "**Outside Date**"), Tenant may elect to terminate this Lease by written notice to Landlord not later than thirty (30) business days following the Outside Date. Tenant shall not, however, be obligated to pay Minimum Rent or perform any other obligation of Tenant under the terms of this Lease (except to the extent required under Section 8 of the Work Agreement attached hereto as Exhibit B, as applicable) until Landlord delivers possession of the Leased Premises to Tenant, and any period of rent abatement that Tenant would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Tenant would otherwise have enjoyed under the terms hereof.

Section 3.02. End of Term.

This Lease shall terminate on the Termination Date without the necessity of Notice from either Landlord or Tenant. Upon the Termination Date, Tenant shall quit and surrender to Landlord the Leased Premises broom-clean, in good order and condition, ordinary reasonable wear and tear and damage by casualty not required to be repaired by Tenant or condemnation excepted, and shall surrender to Landlord all keys and access cards, if applicable, to or for the Leased Premises. In addition, Tenant shall remove Tenant's Property (as defined below) in accordance with and subject to the provisions of Sections 9.05 and 9.06 hereof (the foregoing, collectively, the "**Required Condition**").

Section 3.03. Holding Over.

A. Tenant agrees that it will not occupy or retain or allow occupancy or retention by any subtenant of possession of the Leased Premises at any time after the Termination Date. If Tenant fails to vacate the Leased Premises and deliver Landlord possession of the Leased Premises in

the Required Condition on the Termination Date, then Landlord shall have the benefit of all provisions of law respecting the speedy recovery of possession of the Leased Premises (whether by summary proceedings or otherwise). In addition to and not in limitation of the foregoing, occupancy subsequent to the Termination Date (“**Holdover Occupancy**”) shall be a tenancy at sufferance. Holdover Occupancy shall be subject to all terms, covenants, and conditions of this Lease (including those requiring payment of Additional Rent), except that the Minimum Rent for each day that Tenant holds over (“**Holdover Minimum Rent**”) shall be equal to one and one-half (1-1/2) times the per diem Minimum Rent payable in the last Lease Year for the first one hundred twenty (120) days and two (2) times the per diem Minimum Rent payable in the last Lease Year thereafter, and any right or option to extend or renew the Lease or to lease any other space or Leased Premises in the Building or Project shall be void and of no effect.

B. Subject to the terms hereof, Landlord shall also be entitled to recover all damages, including lost business profits and loss opportunity regarding any prospective tenant(s) for the Leased Premises, suffered by Landlord as a result of Tenant’s Holdover Occupancy provided that the Landlord has given Tenant notice of entry in to a new lease for all or a portion of the Leased Premises. Tenant acknowledges and agrees that Landlord may undertake a renovation or redevelopment of the Leased Premises or Building and/or lease the Leased Premises (in whole or in part) to another tenant immediately after the Termination Date and that any breach or other violation of the provisions of this Section 3.03 may result in material damages to Landlord (including without limitation, any damages to Landlord in connection with renovation or redevelopment activities or its reletting of the Leased Premises or any part thereof). Further, Tenant agrees to indemnify, hold harmless and defend Landlord for, from and against any and all claims, causes of action, suits, proceedings, demands, damages, losses (including, without limitation, lost rentals and lost business opportunities), liabilities, expenses and costs (including, without limitation, reasonable experts’, consultants’, attorneys’ and court fees and costs) suffered or incurred by Landlord as a result of Tenant’s Holdover Occupancy except in the instance of Landlord’s negligence or willful misconduct related to the matter in dispute. For the sake of clarity, nothing in this Subsection B shall limit Tenant’s obligation to pay any Holdover Minimum Rent during any Holdover Occupancy or constitute Landlord’s consent to any Holdover Occupancy. The preceding indemnification and hold harmless shall survive the Termination Date and any Holdover Occupancy to the extent applicable.

ARTICLE IV

USE AND OPERATION OF THE LEASED PREMISES

Section 4.01. Use.

A. Tenant shall use the Leased Premises solely for general office, administration, training, research and development, sales and marketing, visitor presentations and meetings, and reasonably ancillary and lawful uses consistent with all recorded matters and in conformity with municipal zoning requirements of the City of San Jose, California; other applicable statutes, laws, rules, orders, regulations and ordinances (collectively, “**Laws**”); and the Operating Standard (as defined in Exhibit F) (the “**Permitted Use**”), and for no other purpose. Tenant shall comply with all Laws affecting the Leased Premises or relating to the use, occupancy or alteration thereof and all the orders or reasonable recommendations of any insurance underwriters, and safety engineers as may from time to time be consulted by Landlord. Without limiting the terms and conditions of Section 6.03.B, below, in addition, if Landlord makes any alteration to any part of the Building or Project as a result of any damage or alteration to the Leased Premises caused or made after the Term Commencement Date by or on behalf of Tenant or in order to comply with any requirement of any Laws applicable to Tenant’s particular use of the Leased Premises (and not office use of the Leased Premises, generally), then Tenant shall reimburse Landlord within thirty (30) days after demand (which demand will include a reasonable substantiation of the cost of the relevant improvements and the reason such improvements are necessary), for the actual out of pocket cost thereof. Tenant acknowledges and agrees that Tenant is solely responsible for determining if its business complies with the applicable zoning regulations, and that Landlord makes no representation (explicit or implied) concerning such zoning regulations.

B. Tenant shall, at its sole expense: (i) keep the portions of the Leased Premises that Tenant is obligated to maintain under this Lease in a good order and condition consistent with

the operation of a Class A institutional quality office building that is part of a mixed use project (the “**Operating Standard**”); (ii) pay before delinquency any and all taxes, assessments and public charges levied, assessed or imposed upon Tenant’s business, upon the leasehold estate created by this Lease or upon Tenant’s fixtures, furnishings or equipment in the Leased Premises; (iii) not use or permit or suffer the use of any portion of the Leased Premises for any unlawful purpose; (iv) not use the plumbing facilities for any purpose other than that for which they were constructed, or dispose of any foreign substances therein; (v) not place a load on any floor exceeding the floor load per square foot which such floor was designed to carry in accordance with the plans and specifications of the Building, and not install, operate or maintain in the Leased Premises any heavy item of equipment except in such manner as to achieve a proper distribution of weight; (vi) not strip, overload, damage or deface the Leased Premises, or the hallways, stairways, elevators of the Building, the Tower Parking Garage, the Common Parking Garage, the Common Areas or the fixtures therein or used therewith, nor permit any hole to be made in any of the same; (vii) not move any furniture or equipment into or out of the Leased Premises except at such reasonable times and in such reasonable manner as Landlord may from time to time reasonably designate; (viii) not install or operate in the Leased Premises any electrical heating, air conditioning or refrigeration equipment, or other equipment not shown on approved plans which will increase the amount of electricity required for use of the Leased Premises as general office space (other than ordinary office equipment such as personal computers, printers, copiers and the like), without first obtaining the written consent of Landlord, which will not be unreasonably withheld or delayed; and (ix) not install any other equipment of any kind or nature which will or may necessitate any changes, replacements or additions to, or in the use of, the water, heating, plumbing, air conditioning or electrical systems of the Leased Premises or the Building, without first obtaining the written consent of Landlord, which will not be unreasonably withheld or delayed.

C. In addition to and not in limitation of the other restrictions on use of the Leased Premises set forth in this Section 4.02, Tenant hereby agrees that the following uses of the Leased Premises shall not be considered permitted: (1) any use of the Leased Premises by an organization or Person enjoying sovereign or diplomatic immunity (the foregoing will not be deemed to prohibit invitees who are representatives or officials of any U.S., state or foreign government); (2) any use of the Leased Premises by or for an employment agency or bureau (other than Tenant’s normal recruitment activities); (3) any use of the Leased Premises for classroom purposes; (4) any use of the Leased Premises by or for any user which distributes governmental or other payments, benefits or information to Persons who are required to personally appear at the Leased Premises to collect such benefits; (5) any laboratory use that requires the handling of Hazardous Substances (as defined below); (6) any medical use involving the treatment of patients or handling of medical waste and/or Hazardous Substances in the Building, other than employee first aid; (7) retail sales of merchandise to members of the public; (8) any use that interferes with, injures or unreasonably annoys other occupants of the Project; (9) any use that constitutes a nuisance; (10) any use that involves the presence, use, release or discharge of Hazardous Substances; provided, however, that Tenant may handle, store, use and dispose of products containing small quantities of Hazardous Substances for general office purposes (such as toner for copiers and standard cleaning solvents and chemicals found in office cleaning supplies and reasonable quantities of other substances that Tenant may store as required to fulfill Tenant’s maintenance obligations under this Lease), to the extent customary and necessary for the Permitted Use of the Leased Premises, so long as Tenant always handles, stores, uses, and disposes of any such Hazardous Substances in a safe and lawful manner and does not allow such Hazardous Substances to contaminate the Leased Premises, Building, or Project or surrounding land or environment; (11) any use that could reasonably be expected to have a material adverse effect on the utility, use, appearance or value of the Building, the Project, or any portion thereof; and (12) any other use of the Leased Premises by any user that is not otherwise permitted in this Lease and will attract a volume, frequency or type of visitor to the Leased Premises which is not consistent with the Operating Standard, or that will in any way impose an excessive demand or use on the facilities or services of the Leased Premises or the Building.

Section 4.02. Signs and Advertising.

Tenant shall not inscribe, paint, affix, or otherwise display any sign, advertisement or notice on any part of the outside of the Leased Premises, other than signs permitted hereunder;

provided, however, that Tenant shall be entitled to standard suite entry signage at the entrance to the Leased Premises, and a name plate designating Tenant on the main directory for the Building on the first floor of the Building and on the glass/window line in the lobby entrance in a location to be determined by Landlord after consultation with Tenant, and monument signage for the Building or Project, all to be affixed by Landlord at Tenant's sole cost and expense. Prior to the Term Commencement Date, Landlord shall advise Tenant of exterior Building signage available to Tenant, the location and the cost associated with the same. Upon Tenant's election Landlord shall install such exterior Building signage within sixty (60) days of receipt of Tenant's signage election notice. All such signs shall be reasonably acceptable to Landlord, comply with Landlord's office sign criteria attached hereto as **Exhibit H** (the "**Office Building Sign Criteria**") and all other matters contained in the public records, including any applicable Laws. The material, typeface, graphic format and proportions of Tenant's signage, as well as the precise location of such signage and method of installation, shall be subject to Landlord's approval, which shall not be unreasonably withheld or delayed. Nothing contained herein shall obviate the need for Tenant to obtain any necessary approvals and permits for such signage from the City of San Jose (the "**City**"), which permits and approvals Tenant shall obtain at Tenant's sole cost. The failure of Tenant to obtain such approvals shall not release Tenant from any of its obligations under this Lease. Tenant, at its sole expense, shall maintain Tenant's signs in accordance with the Operating Standard during the Term. Tenant, at its sole cost and expense, shall remove all such signs by the Termination Date or any earlier termination of this Lease. Such installations and removals shall be made in such manner as to avoid injury to or defacement of the Building and any improvements contained therein and the monument, and Tenant shall reasonably repair any injury or defacement including, without limitation, discoloration caused by such installation or removal to an appearance consistent with the Operating Standard. At such time that Tenant, a Permitted Transferee or another Transferee by assignment or sublease approved by Landlord no longer leases and occupies the Leased Premises, Tenant's right to maintain the foregoing signage shall terminate within thirty (30) days after Landlord provides Notice of the failure of the foregoing condition. If any of Tenant's signs, advertisements or notices are painted, affixed, or otherwise displayed without the prior written approval of Landlord and not in compliance with the foregoing, then, without limiting Landlord's other rights hereunder, Landlord shall have the right after ten (10) Business Days prior Notice to Tenant, to remove the same, and Tenant shall be liable for any and all costs and expenses incurred by Landlord in such removal.

ARTICLE V

RENT

Section 5.01. Rent Payable.

A. Commencing on the Rent Commencement Date, Tenant shall pay all Rent owing from time to time to Landlord, without prior Notice or demand and without offset, deduction or counterclaim whatsoever, in the amounts, at the rates and times set forth herein, in the manner set forth in this Section 5.01.A. Tenant agrees to (i) promptly execute any and all agreements and authorizations, and supply any and all information necessary to Tenant's bank, to initiate automatic monthly payments of Minimum Rent and the monthly payments of estimated Tenant's Share of Operating Costs and Taxes ("**Standing Order Transfers**") from Tenant's bank account to Landlord's bank account for such monthly payments of Minimum Rent and monthly payments of Tenant's Share of Operating Costs due under this Lease; and (ii) take all actions necessary on Tenant's part to insure that all such payments will be received by the Landlord's bank account by the first (1st) day of each calendar month. Except for the first month's Rent and Security Deposit, the monthly payments of Minimum Rent and monthly payments of estimated Tenant's Share of Operating Costs and Taxes shall be paid by Standing Order Transfer. All payments of Rent not made by Standing Order Transfer shall be made via a company check delivered to the place set forth in Section 1.01.I or as Landlord may otherwise designate by Notice to Tenant at least thirty (30) days prior to the effective date of any change. Landlord shall confirm in writing the Landlord's bank account details for Tenant's payments to Landlord with not less than thirty (30) days advance notice in writing from Landlord regarding any change to be made to the same.

B. If Tenant fails to make any payment of Rent by the date such Rent is due, Tenant shall pay Landlord a late payment charge equal to the greater of (i) five percent (5%) of such

payment of Rent, or (ii) Twenty Dollars (\$20.00) per day from the due date until the date of receipt by Landlord. Payment of such late charge shall not excuse or waive the late payment of Rent. Tenant acknowledges and agrees that such late charge is a reasonable estimate of the damages Landlord may incur as a result of Tenant's late payment of Rent, and that it would be impracticable or extremely difficult to determine Landlord's actual damages.

C. If Landlord receives within a twelve (12) month period two (2) or more checks from Tenant that are dishonored by Tenant's bank, all checks for Rent thereafter shall be bank certified and Landlord shall not be required to accept checks except in such form. Tenant shall pay Landlord any bank service charges resulting from dishonored checks, plus Five Hundred Dollars (\$500.00) for each dishonored check as compensation to Landlord for the additional cost of processing such check.

D. Any payment by Tenant of less than the total Rent due shall be treated as a payment on account. Acceptance of any check bearing an endorsement, or accompanied by a letter stating, that such amount constitutes "payment in full" (or terms of similar import) shall not be an accord and satisfaction or a novation, and such statement shall be given no effect. Landlord may accept any check without prejudice to any rights or remedies which Landlord may have against Tenant.

E. For any portion of a calendar month at the beginning of the Term, Tenant shall pay in advance the pro-rated amount of the Rent for each day included in such portion of the month.

Section 5.02. Payment of Minimum Rent.

Tenant shall pay Landlord the Minimum Rent set forth in Section 1.01.G, above, in equal monthly installments, in advance, commencing on the Rent Commencement Date, subject only to the express abatement rights provided in this Lease (including, without limitation, Section 1.01.G, above), and on the first day of each calendar month thereafter throughout the Term. An amount equal to the Prepaid Minimum Rent shall be paid in advance in accordance with Section 1.01.N, above, and credited toward the first payment of Minimum Rent due hereunder.

ARTICLE VI

COMMON AREAS

Section 6.01. Use of Common Areas.

During the Term, Tenant shall have a non-exclusive license to use the Common Areas for ingress to and egress from the Leased Premises, and the non-exclusive right to use any portion of the Common Areas designated for parking, including, without limitation, the Tower Parking Garage and the Common Parking Garage, subject to (i) the exclusive control and management of Landlord and the rights of Landlord, and (ii) to the extent of any such Common Areas are shared with other tenants, the rights of other tenants. Tenant shall comply with the Rules attached hereto as Exhibit C and such other reasonable non-discriminatory rules and regulations as Landlord may prescribe regarding use of the Leased Premises, the Building, Tower Parking Garage, Common Parking Garage, and/or Common Areas; provided, however, that such rules and regulations shall be consistent with the Operating Standard. Tenant shall not use the Common Areas for any sales or display purposes, or for any purpose which would impede or create hazardous conditions for the flow of pedestrian or other traffic. The Common Areas shall at all times be subject to the exclusive control and management of Landlord.

Section 6.02. Management and Operation of Common Areas.

Landlord shall operate, repair, equip and maintain the Common Areas in a manner consistent with the Operating Standard and shall have the exclusive right and authority to employ and discharge personnel with respect thereto (provided Landlord will endeavor to respond, subject to Landlord's customary employment practices and applicable employment Laws, to any reasonable complaints of Tenant regarding the behavior of specific personnel who interact with Tenant or its employees or invitees). Without limiting the foregoing, so long as such use is consistent with the Operating Standard, Landlord may (i) use the Common Areas from time to time for short term promotions, exhibits and displays, outdoor seating, food facilities and any other use which benefits the Project, or any part thereof that are consistent with the Operating

Standard; (ii) grant the temporary right to conduct sales in the Common Areas; (iii) erect, remove and lease kiosks, planters, pools, sculptures and other improvements within the Common Areas; (iv) enter into, modify and terminate easements and other agreements pertaining to the use and maintenance of the Project, or any part thereof that do not materially and adversely affect access to the Leased Premises pursuant to the entrances to the Building or the use of the Leased Premises for the Permitted Use or Tenant's parking rights, or the visibility of Tenant's Exterior Signs; (v) construct, maintain, operate, replace and remove lighting, equipment, and signs on all or any part of the Common Areas; (vi) provide security personnel for the Tower Parking Garage, Common Parking Garage, and/or other Common Areas; and (vii) subject to Tenant's express parking rights hereunder, restrict parking in the Tower Parking Garage and Common Parking Garage. Subject to Tenant's express parking rights in Section 13.01 hereof, Landlord reserves the right at any time and from time to time to change or alter the location, layout, nature or arrangement of the Common Areas or any portion thereof, so long as such changes do not unreasonably interfere with access to the Leased Premises via the entrances to the Building or the use of the Leased Premises for the Permitted Use. Landlord shall have the right to close temporarily all or any portion of the Common Areas to such extent as may, in the reasonable opinion of Landlord, be necessary for repairs, replacements or maintenance to the Common Areas, provided such repairs, replacements or maintenance are performed expeditiously and in such a manner so as not to deprive Tenant of access to the Leased Premises or Tenant's parking rights in the parking facilities (provided that such parking access will be deemed satisfied if Landlord provides reasonable alternative parking facilities during such time) and Landlord otherwise uses reasonable efforts to minimize any interference with access to the Leased Premises via the entrances to the Building, or use of the Leased Premises for the Permitted Use, or efforts to minimize any interference with access and availability to the Common Area parking facilities and are made in good faith and not with the intent to interfere with the visibility of Tenant's signs. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to or in the vicinity of the Building shall in no way affect this Lease or impose any liability on Landlord.

Section 6.03. Tenant's Share of Operating Costs and Taxes.

A. For each Operating Year, Tenant shall pay to Landlord, in the manner provided herein, Tenant's share of Operating Costs and Taxes ("**Tenant's Share of Operating Costs and Taxes**"). The applicable percentage to be applied to each element of Operating Costs and Taxes will be determined in accordance with Sections 1.02(N) and (Q) provided, however, that for the Operating Years during which the Term begins and ends, Tenant's Share of Operating Costs and Taxes shall be prorated based upon the actual number of days Tenant occupied, or could have occupied based on the Term of this Lease, the Leased Premises during each such Operating Year.

B. Tenant's Share of Operating Costs and Taxes shall be paid, in advance, without Notice, demand, abatement (except as otherwise specifically provided in this Lease), deduction or set-off, on the first day of each calendar month during the Term, said monthly amounts to be determined on the basis of reasonable estimates prepared by Landlord on an annual basis (each an "**Operating Costs Statement**") and delivered to Tenant prior to the commencement of each Operating Year. If, however, Landlord fails to furnish any such estimate prior to the commencement of an Operating Year, then (a) until the first day of the month following the month in which such estimate is furnished to Tenant, Tenant shall pay to Landlord on the first day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this Section 6.03 in respect of the last month of the preceding Operating Year; (b) promptly after such estimate is furnished to Tenant, Landlord shall give Notice to Tenant whether the installments of Tenant's Share of Operating Costs and Taxes paid by Tenant for the current Operating Year have resulted in a deficiency or overpayment compared to payments which would have been paid under such estimate, and Tenant, within thirty (30) days after receipt of such estimate, shall pay any deficiency to Landlord and any overpayment shall at the option of Tenant be credited against future payments required by Tenant, or paid to Tenant within thirty (30) days; and (c) on the first day of the month following the month in which such estimate is furnished to Tenant and monthly thereafter throughout the remainder of the Operating Year, Tenant shall pay to Landlord the monthly payment shown on such estimate. Landlord may one (1) time during the Operating Year where reasonably necessary furnish to Tenant a revised estimate of Tenant's Share of Operating Costs and Taxes for such Operating Year, and in such case, Tenant's monthly payments shall be adjusted and paid or credited, as the case may be,

substantially in the same manner as provided in the preceding sentence. Each Operating Costs Statement provided by Landlord shall be conclusive and binding upon Tenant unless, within one hundred twenty (120) days after receipt thereof, Tenant notifies Landlord that it disputes the correctness thereof, specifying those respects in which Tenant claims the Operating Costs Statement to be incorrect. After the expiration of each Operating Year, Landlord shall submit to Tenant a statement showing the determination of Tenant's Share of Operating Costs and Taxes (the "**Reconciliation Statement**"). If such statement shows that the total of Tenant's monthly payments pursuant to this Section 6.03 exceed Tenant's Share of Operating Costs and Taxes, then Landlord will credit such refund to the next payment(s) coming due or, at the election of Tenant, refund such monies to Tenant; provided, however, that no such refund shall be made while Tenant is in Default of any provision of this Lease and such Default shall continue. If such Reconciliation Statement shows that Tenant's Share of Operating Costs and Taxes exceeded the aggregate of Tenant's monthly payments pursuant to this Section 6.03 for the applicable Operating Year, then Tenant shall, within thirty (30) days after receiving the statement, pay such deficiency to Landlord. Each Reconciliation Statement provided by Landlord shall be conclusive and binding upon Tenant unless within six (6) months after receipt thereof, Tenant notifies Landlord that it disputes the correctness thereof. Tenant or its agent (which, in either event, shall be an accountant experienced in conducting such audits that is not paid on a contingency basis) shall have the right, during the six (6) month period following delivery of a Reconciliation Statement, at Tenant's sole cost to review, in Landlord's offices or in the offices of Landlord's property manager in the Project, Landlord's records of Operating Costs and Taxes for the subject Operating Year during normal business hours and upon at least ten (10) Business Days prior Notice to Landlord ("**Audit**"). No Audit shall in any way delay or excuse Tenant's obligation to pay any deficiency referenced in the Reconciliation Statement within the time period stated above. If Tenant does not complete its Audit and object in writing to the Reconciliation Statement within the six (6) month period of its receipt of such Reconciliation Statement, then such Reconciliation Statement shall be deemed final and binding on Landlord and Tenant. Tenant and its agents shall keep any information and copies of documents gained from its Audit of Landlord's books and records confidential and shall not disclose any such information to any other party, except (x) as required by applicable Laws, including securities Laws, or to Tenant's lawyers and accountants (y) in any litigation or dispute resolution process to resolve any disputed amounts with Landlord (provided such disclosure shall be limited to matters relating to such dispute), or (z) as otherwise required by law in response to a court order or legal process; provided, however, that in the event disclosure is required under this clause (z), Tenant shall provide Landlord with prompt notice of any such disclosure requirement so that Landlord may seek an appropriate protective order and/or waive Landlord's compliance with such requirement. Subject to the foregoing, Landlord may require that Tenant and/or its auditor execute a commercially reasonable non-disclosure agreement prior to making any records available for review. Only one (1) Audit may be performed with respect to each Operating Year. Tenant shall promptly provide Landlord with a full and complete copy of any Audit. If such Audit discloses a liability for a refund by Landlord and if Landlord agrees with the analysis provided in Tenant's Audit, then Landlord shall remit such refund to Tenant within thirty (30) days; provided, however, that Landlord shall have the right, without the obligation, to elect within ten (10) Business Days to apply all or any portion of such refund to remedy any monetary Default by Tenant occurring hereunder. If such Audit discloses a liability for a payment by Tenant, then Tenant shall remit such payment to Landlord within thirty (30) days. Further, if such Audit establishes (either by agreement with Landlord or determination by the Audit Professionals (as defined below)) that the Reconciliation Statement overstated the total amount owed by Tenant by more than four percent (4%), then Landlord shall be responsible for the reasonable, out-of-pocket expenses paid by Tenant to third parties in connection with such Audit up to Seven Thousand Five Hundred Dollars (\$7,500) per Audit. Except as provided in the preceding sentence, Tenant shall be responsible for all costs and expenses associated with such Audit. Notwithstanding the foregoing, in the event Landlord disputes the findings of an Audit and the parties are unable to resolve such dispute within thirty (30) days, then Landlord and Tenant agree to submit any disputed items to a firm of real estate audit professionals mutually acceptable to Landlord and Tenant ("**Audit Professionals**") for resolution (as provided below) and any payment or refund shall not become effective until ten (10) Business Days after the determination of the Audit Professionals. If Landlord and Tenant cannot agree on Audit Professionals within fifteen (15) days of the expiration of such thirty (30) day period, then Landlord and Tenant shall each, within ten (10) days of the expiration of such fifteen (15) day period, select one (1) independent firm of

Audit Professionals, and such two (2) Audit Professionals shall together select a third Audit Professional, which third firm shall be the Audit Professional who shall resolve the dispute. The third Audit Professional shall be entitled to review all records relating to the disputed items. The determination of the third Audit Professional shall be final and binding upon both Landlord and Tenant and the third Audit Professional's expenses shall be borne by the party against whom the decision is rendered. Notwithstanding any contrary provision hereof, Tenant may not examine Landlord's records or dispute any Annual Statement if there is an uncured Default that is continuing. No assignee of Tenant's interest in this Lease or the Leased Premises shall have the right to review Landlord's records or dispute any Reconciliation Statement for any period during which such transferee was not in possession of the Leased Premises, and no sublessee of Tenant shall have the right to review Landlord's records or dispute any Reconciliation Statement. Landlord shall not seek to avoid an Audit by bad faith delivery of a notice of default and demand for cure.

C. **"Operating Costs"** means all expenses and costs which Landlord shall pay or become obligated to pay because of or in connection with owning, operating, managing, painting, repairing, insuring and cleaning the Building, the Parking Garage and Project, including without limitation:

(i) a property management fee equal to three percent (3%) of annual Minimum Rent (it being agreed that during the Abatement Period, such property management fee shall be based on the Minimum Rent shown on the Minimum Rent schedule set forth in Section 1.01, above, without considering the abatement of Minimum Rent during such period);

(ii) the cost of all insurance coverage, including self-insurance, for the Building, the Common Areas and the Parking Garage including but not limited to the costs of premiums for insurance with respect to personal injury, bodily injury, including death, property damage (including, without limitation, coverage for earthquake and flood), business interruption, workmen's compensation insurance covering personnel and such other insurance as Landlord shall deem reasonably necessary and is permitted to maintain under this Lease, which insurance Landlord may maintain under policies covering other properties owned by Landlord in which event the premium shall be reasonably allocated among all properties covered by such insurance (collectively, the **"Insurance Costs"**);

(iii) the cost of providing the services described in Sections 7.01 below, except as otherwise expressly provided therein, or unless the service is directly metered and paid to the relevant utility;

(iv) cost of all supplies and materials used, and labor charges incurred, in the operation, maintenance, decoration, repairing and cleaning of the Building, including janitorial service for all Floor Area leased to tenants;

(v) cost of removal of trash, rubbish, garbage and other refuse from the Building as well as removal of ice and snow from the sidewalks on or adjacent to the Building;

(vi) wages, salaries and related expenses of all on-site agents or employees engaged in the operation, maintenance, security and management of the Building; provided, however, the wages, salaries and related expenses of any agents or employees not exclusively engaged in the operation, maintenance, security and management of the Building shall be reasonably apportioned;

(vii) cost of all maintenance and service agreements for the Building and the equipment therein, including, without limitation, alarm service, security service, window cleaning, and elevator maintenance;

(viii) any and all Common Area maintenance, repair or redecoration (including repainting) and exterior and interior landscaping;

(ix) the cost of providing security services to the Project, including, without limitation, a lobby attendant pursuant to Section 7.01.F below;

(x) the cost of performing Landlord's obligations under Section 10.01 below, subject to the exclusions set forth herein, including cost of repairs, replacements and general maintenance to the Building;

(xi) except as otherwise expressly provided herein, all costs of operating any amenities provided to the tenants and occupants of the Building;

(xii) any other cost set forth in this Lease that is expressly states to be included in Operating Costs;

(xiii) Commissioning and certification costs incurred in connection with obtaining and maintaining any LEED or similar certifications for the Project; and

(xiv) any other costs incurred by Landlord in connection with the ownership, management, maintenance, repair and operation of the Leased Premises, Building, Parking Garage and Common Areas except as otherwise expressly provided in this Lease.

Landlord shall have the right, from time to time, to equitably allocate any Operating Costs applicable to the Project among different portions or occupants of the Project (the "**Cost Pools**"); provided, however, in no event shall the use of such Cost Pools result in a duplication of Operating Costs and all such allocations will be made in accordance with sound property management practices and general in accord with the practices of similar landlords of similar projects. Such Cost Pools shall be reasonable such that there is no material cross-subsidy or underpayment of Operating Cost contribution by any user in relation to the services consumed by any such user. The Operating Costs allocated to any such Cost Pool shall be allocated and charged to the tenants and occupants within such Cost Pool in otherwise in an equitable manner, in Landlord's reasonable discretion.

If for any period during the Term less than ninety-five percent (95%) of the Floor Area of the Building is occupied by tenants, then, in calculating Operating Costs that vary based upon occupancy for such period, Landlord may increase those components of Operating Costs that vary based upon occupancy that Landlord reasonably believes would have been incurred during such period had the Building been ninety-five percent (95%) occupied. In addition, if for any period during the Term any part of the Building is leased to a tenant who, in accordance with the terms of its lease, provides its own cleaning services, electricity, and/or any other services otherwise included in Operating Costs, then Operating Costs for such period shall be increased by the additional costs for cleaning, electricity, and/or such other applicable expenses that Landlord reasonably estimates would have been incurred by Landlord if Landlord had furnished and paid for cleaning and/or such other services for the space occupied by such tenant.

Notwithstanding the foregoing, Operating Costs will in no event include the following: (1) costs paid directly by Tenant; (2) depreciation on the Building; (3) debt service and any mortgage or other loan payments of the Landlord; (4) rental under any ground or underlying lease including, without limitation, the Ground Lease; (5) interest unless expressly recoverable under this Lease, (6) attorneys' fees and expenses or other costs, including brokers' commissions incurred in connection with lease negotiations or lease disputes with prospective, current or past Building tenants, including the negotiation of letters of intent or leases; (7) the cost of any improvements, equipment or tools that would be properly classified as capital expenditures under generally accepted accounting principles except that the following capital costs may be included in Operating Costs: (i) costs which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or to reduce current or future Operating Costs or to enhance the safety or security of the Project or its occupants, (ii) costs are required to comply with present or anticipated LEED, "green" "recycling" or other conservation programs, (iii) costs that are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, (iv) costs that are required by Law or insurance requirement, or (v) costs to replace items which Landlord is obligated to maintain under this Lease; provided, however, in each instance such capital expenditure shall be amortized over the useful life thereof (as reasonably determined by Landlord to be in accordance with generally accepted industry standards for operation of Class A office buildings), together with interest on the unamortized balance at a rate per annum equal to the actual rate of interest paid by Landlord on funds borrowed for the purpose of

constructing or acquiring such capital improvements or capital assets as reasonably documented by Landlord (and if Landlord does not borrow funds for such construction or acquisition, then interest at the rate of one percent (1%) above the prime rate of Wells Fargo Bank, N.A. or such successor national bank selected by Landlord then in force (the “**Imputed Interest Rate**”); provided, further, however, that with respect to capital expenditures referenced in subclause (i), above, Landlord may include as an Operating Cost in any calendar year an amount equal to Landlord’s estimate of the amount of reduction of other Operating Costs in such year resulting from such capital expenditure if such amount is greater than the amortization provided above); (8) the cost of decorating, improving for tenant occupancy, painting or redecorating portions of the Building to be demised to tenants; (9) costs of utilities for any tenant’s leased premises if separately metered, (10) costs incurred in connection with the original construction of the Building or Project or in connection with any major change in the Building that is not made at the request of Tenant, or any change to the Building or Project that is required to correct any violation of law not caused by Tenant existing on the Rent Commencement Date, or a breach by Landlord of the Lease; (11) costs for which Landlord is fully reimbursed by any tenant or occupant of the Building or by insurance by its insurance carrier or any tenant’s insurance carrier or by anyone else; (12) any bad debt loss, rent loss, or reserves for bad debts or rent loss; (13) costs associated with the operation of the business of the partnership or limited liability company or other entity that may from time to time constitute Landlord, as the same are distinguished from the costs of operation of the Building or Project, including accounting and legal matters, costs of defending any lawsuits with any Mortgagee (as defined in Section 14.01, below) (except as the actions of Tenant may be the issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord’s interest in the Building or Project (including, without limitation, attorneys’ fees and costs), costs (including, without limitation, attorneys’ fees and costs of settlement, judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitrations respecting Landlord and/or the Building or Project; (14) the wages and benefits of any employee who does not devote substantially all of his or her time to the Building or Project, unless such wages and benefits are prorated to reflect time spent by any such employee on maintaining, securing, repairing, operating or managing the Building or Project vis-a-vis the total time spent by any such employee on matters unrelated to such activities, and in any case no wages or benefits of any employee of Landlord above Building manager will be included in Operating Costs; (15) costs paid to Landlord or to affiliates of Landlord for services in the Building or Project to the extent the same materially exceed or would materially exceed the costs for such services if rendered by first class unaffiliated third parties on a competitive basis; (16) costs arising from Landlord’s political or charitable contributions; (17) costs for sculpture, paintings or other objects of art; (18) Landlord’s general corporate overhead; (19) costs of removal or remediation of Hazardous Substances (except to the extent or treatment, removal or disposal of de minimis amounts of Hazardous Substances common in the operation of an office building project, such as automotive fluid deposits occurring in parking facilities, removal and disposal of clean products, cleansers, office supplies and the like); (20) the cost of rental for items (except when needed in connection with normal repairs and maintenance or keeping permanent systems in operation while repairs are being made) which if purchased, rather than rented, would constitute a capital improvement or expense except to the extent permitted above; (21) expenses directly resulting from defaults by or the gross negligence or willful misconduct of Landlord, its agents, servants or employees; (22) penalties, fines and late charges resulting from Landlord’s failure to make payments when required under applicable law, unless resulting from the failure of Tenant to pay Rental as and when required herein; (23) costs arising from latent defects in any portion of the Premises Base Building Specifications and Tenant Work described in Exhibit B for a period of one (1) year after Substantial Completion; (24) cost, fees and expenses related to any development of the Project and installation of a new building or improvements as generally shown as the location for a future development of a building on Exhibit A-1 Site Plan attached to this Lease; and (25) self-insured retention and deductibles in cumulative amount in excess of Two Hundred Thousand Dollars (\$200,000) in any calendar year.

D. “**Taxes**” means all governmental or quasi-governmental real estate taxes, fees, charges, impositions and assessments (whether general, special, ordinary, or extraordinary) applicable to the Building and/or Project (including without limitation any assessments or charges by any business improvement district), together with all reasonable costs and fees

(including reasonable appraiser, consultant and attorney's fees) incurred by Landlord in any tax contest, appeal or negotiation. "Taxes" shall also include that portion of any ground rent payments made by Landlord that represent the pass-through of real estate taxes from any ground lessor to Landlord and all rent or services taxes and/or so-called "gross receipts" or "receipts" taxes (including, but not limited to, any rent, business license, sales, use or similar taxes) whether or not enacted in addition to, in lieu of or in substitution for any other tax. "Taxes" shall also include any personal property taxes incurred on Landlord's personal property used in connection with the Building. "Taxes" shall not include personal income taxes, personal property taxes, inheritance taxes, or franchise taxes levied against the Landlord, and not directly against said property, even though such taxes might become a lien against said property. If Landlord receives a refund of Taxes for any Lease Year during the Term as result of a reassessment of the Building pursuant to Section 51(a)(2) of the California Revenue and Taxation Code ("**Proposition 8**"), then Landlord shall credit against subsequent payments of Taxes due hereunder, an amount equal to Tenant's Proportionate Share of Taxes of any such refund, net of any reasonable out of pocket expenses incurred by Landlord in achieving such refund. Nothing contained herein shall require Landlord to seek any reduction in the Building's assessed value pursuant to Proposition 8 or otherwise. Taxes also shall not include real estate taxes attributable to construction of a new building at the Project that increases the real estate tax assessment for the Project during the Term.

ARTICLE VII

SERVICES AND UTILITIES

Section 7.01. Services Provided by Landlord.

So long as Tenant is not in Default under this Lease, Landlord shall provide the following facilities and services to Tenant as part of Operating Costs (except as otherwise provided herein), consistent with the Operating Standard:

- A. Access to the Building, Tower Parking Garage, and Common Parking Garage, (subject to the rights of other users of the Parking Garage after the Parking Hours) twenty-four (24) hours per day, seven (7) days per week subject only to closures for casualty or public disturbance;
- B. Normal and usual janitorial services on Business Days (provided, however, that if Tenant may elect, by delivery of not less than thirty (30) days written notice, to take over the obligation to provide such janitorial services within the Leased Premises, at Tenant's sole cost and expense by a service provider reasonably acceptable to Landlord, in which event, upon such takeover by Tenant, Landlord shall no longer be required to provide such services within the Leased Premises and such charges for janitorial services within the Leased Premises and incurred by Tenant shall be deducted from Operating Costs which Tenant is required to pay at its sole cost and expense);
- C. Rest room facilities and necessary lavatory supplies, including running water at the points of supply, as provided for the general use of all tenants in the Building, and routine maintenance, painting, and electric lighting service for all Common Areas of the Building in such manner as Landlord deems reasonable and necessary in order to meet the Operating Standard;
- D. Maintenance of electric bulbs and other lighting elements for Building standard light fixtures in the Common Areas and Parking Garage;
- E. Provision of a lobby attendant on Business Days from 6:00 AM through 6:00 PM local time;
- F. During Building Hours, central heating and air conditioning to the Operating Standard. Capacity of Building HVAC system will be sized in accordance with cooling and heating load calculation procedures established by ASHRAE and local climatic conditions, and the HVAC system will comply with state and local building codes. Systems for the introduction of outside air for ventilation shall be designed, maintained and operated to meet or exceed the requirements of ASHRAE Standard 62.1-2007, unless local requirements are more demanding.

At a minimum, the system shall provide 1 ton of cooling for every 340 USF and 1.0 CFM per 1 RSF of air circulation capacity, based on a 55°F supply air temperature;

G. Tenant acknowledges, agrees and covenants that all Tenant lighting within the Leased Premises is required to comply with the prescriptive requirements defined in Table 140.6-C of the 2019 California Energy Code (Title 24 Part 6). Landlord shall ensure that all lighting within the Leased Premises as of the Term Commencement Date complies with such Title 24 Part 6 standard. Subject to the availability of electricity from Pacific Gas & Electric (or other applicable electrical utilities provider), Landlord shall provide electricity for normal office purposes during normal business hours, including task and task ambient lighting systems, normal office equipment, including, but not limited to, copy machines, computers, terminals, communications and audiovisual equipment, vending machines, and kitchen equipment. Landlord shall furnish to Tenant wattage and electricity up to an amount necessary to operate its business and all equipment of not less than 6.5 watts per usable square foot; and

H. Provision of security services to the Building, Common Areas, Tower Parking Garage, and Common Parking Garage in a manner consistent with those employed by owners of Comparison Buildings (as defined in **Exhibit F** below), including a manned security desk weekdays from 6am–6pm and 24-hour-per-day periodic patrol and CCTV observation service. Landlord will provide Tenant's employees RF programmable key fobs that will be used to access Building and Building elevators, which Fobs can be programmed to restrict access to different floors based on Tenant's direction.

Section 7.02. Landlord's Access to Leased Premises.

Landlord shall have access to and reserves the right to inspect, erect, use, connect to, maintain and repair pipes, ducts, conduits, cables, plumbing, vents and wires, and other facilities in, to and through the Leased Premises as and to the extent that Landlord may now or hereafter deem to be reasonably necessary or appropriate for the proper operation and maintenance of the Building or the Parking Garage and the right at all times to transmit water, heat, air conditioning and electric current through such pipes, conduits, cables, plumbing, vents and wires and the right to interrupt the same in the event of an Emergency (as defined below) without eviction of Tenant or abatement of Rent. Any failure by Landlord to furnish the services described in Section 7.01 (or any other services as may be required of Landlord under this Lease) resulting from circumstances beyond Landlord's reasonable control or from interruption of such services due to repairs or maintenance, shall not render Landlord liable in any respect for damages to either Person or property, nor be construed as an eviction of Tenant, nor cause an abatement of Rent hereunder, nor relieve Tenant from any of its obligations hereunder, unless expressly provided to the contrary in this Lease. If any public utility or governmental body shall require Landlord or Tenant to restrict the consumption of any utility or reduce any service for the Leased Premises or the Building, Landlord and Tenant shall comply with such requirements without any liability on the part of Landlord to Tenant or any other Person or any reduction or adjustment in Rent payable hereunder. Landlord and its agents shall be permitted reasonable access to the Leased Premises for the purpose of installing and servicing systems within the Leased Premises deemed reasonably necessary by Landlord to perform Landlord's obligations under this Lease, provided that, except in the event of an Emergency, Landlord shall provide Tenant not less than twenty-four (24) hours prior notice of work to be performed in the Leased Premises, no such work shall unreasonably interfere with the use of the Leased Premises for the Permitted Use or access to the Leased Premises via the entrances to the Building, or unreasonably disturb the Tenant's employees during regular office hours of the Building, and Tenant may reasonably condition the entry by the Landlord and its agents and contractors on compliance with Tenant's reasonable visitor sign in policy and Tenant may have a representative accompany Landlord's representative, agent or contractor at all times if necessary (except that if no such staff are present or available during such time of Landlord's entry (e.g., janitorial services provided outside of normal business hours) then such visitor sign in and accompaniment requirements shall not apply. For purposes of this Lease, an "**Emergency**" shall mean an event that poses an imminent risk to the health or safety of persons or property in the Building or the Project.

Section 7.03. Utilities.

A. If applicable, Tenant shall pay, when due, all charges for water, sewer, electricity, telephone service and other utilities supplied to the Leased Premises ("**Utility Charges**").

Electric utility charges shall be based upon submeter readings. Tenant shall also pay Landlord Tenant's proportionate share of Utility Charges for any non-separately metered or sub-metered utilities as reasonably determined by Landlord, calculated by Landlord reasonably consistent with the Operating Standards and practices of other first class institutional landlords for calculation of such charges.

B. Landlord shall install, at Landlord's expense, a device to measure electricity usage for and in the Leased Premises. Tenant shall pay Landlord electricity charges based upon such readings, plus a reasonable, non-discriminatory service fee for reading such device(s), within thirty (30) days after billing. It is the intent of the parties that Utility Charges shall be separate from and in addition to Tenant's Share of Operating Costs.

C. Tenant shall cooperate with Landlord's compliance with all disclosures and information related to energy disclosures required by applicable Laws with respect to the Leased Premises, including, without limitation, those codified and implemented in the California Public Resources Code and California Public Utilities Code, and associated regulations, or under any similar law, statute, regulation or ordinance (collectively the "**Energy Benchmarking Laws**"). Without limiting the foregoing, pursuant to Section 1682(b)(4)(A)(i) of the California Code of Regulations, Tenant hereby grants permission to any energy provider to provide Tenant's applicable energy usage data to Landlord. Notwithstanding anything to the contrary contained in this Lease, Tenant acknowledges and agrees that Landlord shall have the right to disclose the foregoing consent to any energy provider(s) as may be necessary for Landlord to comply with the Energy Benchmarking Laws. Tenant further acknowledges that such information may be submitted by Landlord to the California Energy Commission or other public agency or entity, as required by Energy Benchmarking Laws in effect from time to time.

D. The foregoing notwithstanding, in any instance that the failure of Landlord to provide utilities to the Lease Premises due solely and directly to the gross negligence or willful misconduct of the Landlord or its employees or agents and contractors arises and Tenant's employees cannot use and do not use the Leased Premises for a period of at least three (3) Business Days, then commencing after expiration of such three (3) Business Day period, Tenant shall be entitled to an abatement of one day of Minimum Rent for each day that Tenant cannot (and does not) use the Lease Premises until the day that Landlord restores the utility supply such that Tenant reasonably could use the Premises for the Permitted Use.

Section 7.04. LEED Standard. Tenant acknowledges and agrees that Landlord has obtained a LEED Gold Core & Shell certification (the "**LEED Certification**"). Notwithstanding anything to the contrary contained herein, Landlord reserves the right to make alterations, additions, improvements, replacements or modifications to the Common Areas and Building systems for the purposes of sustaining and/or maintaining such LEED Certification or any other like designation or rating related to or associated with the conservation of water, energy or any other natural resource, the use of sustainable or renewable energy sources or products, or the energy efficiency of the Building or any portion thereof, so long as such alterations, additions, improvements, replacements or modifications do not have a material, adverse impact upon Tenant's use of the Common Areas, Building or Leased Premises. Tenant hereby covenants and agrees at no cost to Tenant to cooperate with Landlord and on a reasonably prompt basis, with respect to any reasonable requests by or associated in connection with Landlord's efforts to sustain and/or maintain a LEED Certification or any other like designation or rating for the Project (or any part thereof), which cooperation may include, but not be limited to, delivering to Landlord responses to any questionnaires or any other forms or providing any other information related to the Leased Premises or its use, which Landlord may request.

Section 7.05 Amenities.

A. During the Term and any extension or renewal thereof, at no cost to Tenant or Tenant's employees, Tenant and Tenant's employees shall have the non-exclusive use of the fitness center (the "**Santana West Fit Studio**") in the Building, subject to the Landlord's reasonable non-discriminatory rules and regulations upon which Landlord offers such use rights to other tenants of the Project. Tenant acknowledges that Landlord may elect to change the terms and conditions of use of the Santana West Fit Studio, including implementation of reasonable, non-discriminatory rules, in Landlord's reasonable discretion; provided, however, no

change shall require Tenant or Tenant's employees to pay for the use of the Santana West Fit Studio. Landlord may specifically condition the use of the Santana West Fit Studio by any Person upon such Person's execution of a commercially reasonable written waiver and release holding Landlord and the Landlord's Indemnities harmless from any and all Losses arising from injury to such Person occurring in the Santana West Fit Studio or resulting from the use thereof. Neither Landlord nor any Landlord's Indemnities shall have any liability to Tenant or any of its employees for any Losses whatsoever arising out of the use of the Santana West Fit Studio. Landlord shall not charge Tenant's employees for use of the Santana West Fit Studio use or membership to use the facility. Any charges related to the maintenance and repair of this amenity shall be included within the Common Area charges under the Tenant's Share of Operating Expenses.

B. During the Term, Tenant and Tenant's employees shall have the non-exclusive use of the Fit Studio at Santana Row (the "**Santana Row Fit Studio**"), subject to the terms and conditions upon which Landlord offers such use rights to other tenants of the Project and Santana Row. Tenant acknowledges that Landlord may elect to change the terms and conditions of use of the Santana Row Fit Studio, including implementation of reasonable, non-discriminatory rules, in Landlord's reasonable discretion. Landlord may specifically condition the use of the Santana Row Fit Studio by any Person upon such Person's execution of a commercially reasonable written waiver and release holding Landlord and the Landlord's Indemnities harmless from any and all Losses arising from injury to such Person occurring in the Santa Row Fit Studio or resulting from the use thereof. Neither Landlord nor any Landlord's Indemnities shall have any liability to Tenant or any of its employees for any Losses whatsoever arising out of the use of the Santana Row Fit Studio.

C. The parties acknowledge that the Common Areas include a café for the Building (the "**Café**"). Tenant's use of the Café shall be on a first-come, first-served basis. Use of the Café shall be subject to payment by Tenant's employees and guests of the applicable charges for the food and other items purchased therein. The Café shall initially offer "grab and go" food (e.g., pre-packaged salads, sandwiches and canned and bottled beverages) as well as coffee, tea and smoothies; provided, however, that if more than fifty percent (50%) of the Building is leased and occupied on a regular basis, then Landlord may expand the Café's offerings to include prepared foods. The Café shall also include a board room for meetings that may be reserved by tenants of the Project pursuant to a reservation system and reasonable rules and regulations adopted by Landlord from time to time. Landlord shall initially operate the Café Monday through Friday (excluding non-Business Days) at reasonable hours. All utility and janitorial costs and expenses associated with the Café shall be included in the Operating Costs. Landlord reserves the right to engage an operator (the "**Operator**") to operate the Café. Notwithstanding the foregoing, Landlord shall have the right to alter, suspend and/or terminate the Café upon not less than thirty (30) days prior Notice to Tenant due to low use, as reasonably determined by Landlord. Landlord agrees that during the Term the Landlord will not charge Tenant for use of the board room for meeting where reserved by Tenant, except such charges for set up, clean up and any provisions which may be requested or included.

D. Landlord has installed one hundred eight (108) Charge Point dual EV Stations (each a "**Charging Station**" and, collectively, the "**Charging Stations**"), twenty-two (22) of which are located in the Tower Parking Garage and eighty-six (86) of which are located in the Common Parking Garage. Subject to such reasonable rules and regulations as Landlord may implement from time to time, Tenant shall have the non-exclusive right to use the Charging Stations throughout the Term on a first-come, first-served basis but Landlord makes no representation or warranty that the Charging Stations will be available for the use by Tenant at any time. Landlord reserves the right to modify, replace, and/or upgrade the Charging Stations and the type, manufacturer and characteristics of the Charging Stations shall be determined by Landlord, in Landlord's sole discretion. The cost of operating, maintaining, repairing, modifying, replacing and/or upgrading the Charging Stations may be included in Operating Costs.

E. Landlord shall provide Tenant upon request with reasonable secure bicycle storage facilities at the Project for use by Tenant's employees either in the form of a locked storage room facility or a caged bike storage area within the parking facilities at the Project. Any bicycle storage area shall be part of the Common Area for the purposes of maintenance and repair.

ARTICLE VIII

INDEMNITY AND INSURANCE

Section 8.01. Indemnity.

A. Tenant shall indemnify, defend and hold Landlord, lessors, partners, members and affiliates, and their respective shareholders, partners, members, trustees, agents, representatives, directors, officers, employees and Mortgagee(s) (collectively, “**Landlord’s Indemnitees**”) harmless from and against all claims, causes of action, suits, proceedings, liabilities, losses, obligations, damages, judgments, penalties, claims, costs, charges and expenses (including, without limitation, reasonable architects’, consultants’ and attorneys’ fees and costs) (collectively, “**Losses**”) which may be imposed upon, incurred by, or asserted against any of Landlord’s Indemnitees by a third party and arising, directly or indirectly, out of or in connection with (i) Tenant’s breach of its obligations under this Lease, or (ii) the acts or omissions of Tenant, its subtenants or the respective agents, contractors, employees, servants or licensees in, on or about the Leased Premises, Building, Parking Garage, Project or Santana Row Fit Studio. Tenant shall not be obligated to indemnify Landlord’s Indemnitees against loss, liability, damage, cost or expense arising out of a claim for which Tenant is released from liability pursuant to Section 8.07 below, or a claim to the extent arising out of the willful misconduct or negligent acts or omissions of Landlord or its agents, employees or contractors.

B. Landlord shall indemnify, defend and hold Tenant, its partners, officers, shareholders, members, trustees, principals, agents, directors and employees (collectively, “**Tenant’s Indemnitees**”) harmless from and against all Losses which may be imposed upon, incurred by, or asserted against any of the Tenant’s Indemnitees by a third party and arising, directly or indirectly, out of or in connection with (i) Landlord’s breach of its obligations under this Lease, (ii) the gross negligence or willful misconduct of Landlord or its agents, contractors, servants, employees and/or licensees in, on or about the Building, Parking Garage or Project. Landlord shall not be obligated to indemnify Tenant’s Indemnitees against loss, liability, damage, cost or expense arising out of a claim for which Landlord is released from liability pursuant to Section 8.07 below, or a claim to the extent arising out of the willful misconduct or negligent acts or omissions of Tenant or its agents, employees or contractors.

Section 8.02. Landlord Not Responsible for Acts of Others.

Landlord shall not be liable to Tenant, nor to those claiming through Tenant, for any loss, theft, injury, liability or damage of, for or to Tenant, Tenant’s Indemnitees, Tenant’s business and/or the property of Tenant or Tenant’s Indemnitees which may result from any of the following unless expressly covered under Section 8.01(B), above: (i) any act, omission, fault or negligence of other tenants, occupants or licensees, their respective agents, employees or contractors, or any other Persons (including occupants of adjoining or contiguous buildings, owners of adjacent or contiguous property, or the public); (ii) the breaking, bursting, backup, stoppage or leaking of electrical or phone/internet cables and wires, or water, gas, sewer, HVAC or steam pipes or ducts serving the Leased Premises and/or the Building; (iii) the reduction or interruption of electrical energy, water, gas and/or any other utilities to the Leased Premises; (iv) water, snow or ice being upon the Building or coming into the Leased Premises; and/or (v) earthquake or other acts of God. Tenant acknowledges that its use of the Leased Premises and the Building is at its own risk, subject to Landlord’s indemnity under Section 8.01(B), above.

Section 8.03. Tenant’s Insurance.

Commencing on the earlier of the date Landlord delivers possession of the Leased Premises to Tenant in the Delivery Condition required hereunder or the date Tenant is given earlier access to the Leased Premises in accordance with Exhibit B, and continuing at all times during the Term thereafter, Tenant shall carry and maintain:

A. Commercial General Liability (on a current ISO occurrence form or equivalent) with a deductible of not more than One Hundred Thousand Dollars (\$100,000.00) (the “**Deductible Cap**”), naming Tenant as the named insured and including Landlord and (at Landlord’s request) Landlord’s Mortgagee (and managing agent), if any, Landlord’s property

manager, if any, Federal Realty Investment Trust (“FRIT”), if FRIT is not the Landlord under this Lease, and Ground Lessor, as additional insureds, providing an Additional Insured – Managers or Lessors of Leased Premises Endorsement (#CG-20-11-01-96 or equivalent) protecting Tenant and the additional insureds against liability for bodily injury, death and property damage with respect to liability arising out of the ownership, use, occupancy or maintenance of the Leased Premises and all areas appurtenant thereto, with limits not less than per occurrence limit of Two Million Dollars (\$2,000,000.00) and a general aggregate of Five Million Dollars (\$5,000,000.00). If the policy also covers locations other than the Leased Premises, the policy shall include a provision to the effect that the aggregate limit of Four Million Dollars (\$4,000,000.00) shall apply separately at the Leased Premises. These policy limits may be obtained through any combination of primary, umbrella and excess insurance. If Tenant sells, serves or distributes food in or on the Leased Premises, then such General Liability Insurance shall include products liability with a combined single limit of Two Million Dollars (\$2,000,000.00) per occurrence and an aggregate limit of Two Million Dollars (\$2,000,000.00). In addition, if Tenant hosts a function in or on the Leased Premises where alcoholic beverages are served, then Tenant agrees to cause any persons or parties providing services for such function to obtain, commercially reasonable host liquor liability coverage naming Landlord, Landlord’s managing agent and those others designated by Landlord as additional insureds and provide Landlord with evidence of the same.

B. “All Risks” or “Special Causes of Loss Form” property insurance covering all of Tenant’s Property, Leasehold Improvements and Specialized Leasehold Improvements (as each are defined in Section 9.05, below), and coverage for those building components for those portions of the Leased Premises that Tenant is responsible to repair pursuant to Section 10.02, below and written for at least the full replacement cost with a deductible of not more than the Deductible Cap.

C. Business interruption, loss of income and extra expense insurance with at least Five Million Dollars (\$5,000,000.00) of coverage.

D. Worker’s compensation insurance and employer’s liability insurance with a minimum of One Million Dollars (\$1,000,000.00), and statutory worker’s compensation insurance as required by the State of California. Such policy shall provide a waiver of subrogation in favor of Landlord and Landlord’s managing agent.

Notwithstanding anything set forth above, all dollar limits specified in this Section 8.03, may be adjusted not more than once every three (3) years of the Term effective not less than sixty (60) days after the date of any proposed increase, to effect (i) economically equivalent insurance coverage, or coverage deemed adequate in light of then existing circumstances, based on the written recommendations of a reputable insurance consultant retained by Landlord at Landlord’s sole cost and the practices of owners of comparable mixed-projects in the area of the Project, provided the written report containing the consultant’s recommendation will be provided to Tenant together with any proposed increase in coverage, and/or (ii) the requirements of Landlord’s then-Mortgagee.

Section 8.04. Tenant’s Contractor’s Insurance.

Tenant shall cause any contractor performing work on the Leased Premises to obtain, carry and maintain, at no expense to Landlord the following coverages with limits not less than indicated: (i) worker’s compensation insurance, as required by the State of California and employer’s liability with limits not less than Five Hundred Thousand Dollars (\$500,000.00) providing a waiver of subrogation in favor of Landlord, Federal Realty Investment Trust, if FRIT is not the Landlord, Landlord’s managing agent (if applicable) and Ground Lessor; (ii) builder’s risk insurance with a deductible no greater than Ten Thousand Dollars (\$10,000.00), in the amount of the full replacement cost of Tenant’s Property and Leasehold Improvements; (iii) Commercial General Liability Insurance, including completed operations and contractual liability coverage, providing on an occurrence basis limits not less than Two Million Dollars (\$2,000,000.00) per occurrence and Five Million Dollars (\$5,000,000.00) general aggregate including Landlord, Federal Realty Investment Trust, if FRIT is not the Landlord, Landlord’s managing agent (if applicable) and Ground Lessor as additional insureds using the current ISO Additional Insured Endorsement forms CG 20 38 for ongoing operations and CG 20 37 for

completed operations or their equivalent providing coverage at least as broad; and (iv) business automobile liability insurance including the ownership, maintenance and operation of the automotive equipment, owned, hired, and non-owned coverage with a combined single limit of not less than One Million Dollars (\$1,000,000.00) for bodily injury and property damage. If the contractor fails to acquire such insurance, Tenant shall provide such insurance (except worker's compensation insurance and employer's liability). These policy limits may be obtained through any combination of primary, umbrella and excess insurance.

Section 8.05. Policy Requirements.

Any company writing any insurance which Tenant is required to maintain or cause to be maintained under Sections 8.03 and 8.04 as well as any other insurance pertaining to the Leased Premises or the operation of Tenant's business therein (all such insurance being referred to as "**Tenant's Insurance**") shall at all times be licensed and qualified to do business in the jurisdiction in which the Leased Premises are located and shall have received an A-VII or better rating by the latest edition of A.M. Best's Insurance Rating Service. All of Tenant's Insurance may be carried under a blanket policy covering the Leased Premises and any other location of Tenant, if (i) the coverage afforded Landlord and any designees of Landlord shall not be reduced or otherwise adversely affected, and (ii) such blanket policy allocates to the properties and liabilities to be insured under this Article VIII an amount not less than the amount of insurance required to be covered pursuant to this Article VIII, so that the proceeds of such insurance shall not be less than the proceeds that would be available if Tenant were insured under a unitary policy. Tenant's and Tenant's contractors Commercial General Liability policies shall name Landlord and/or its designees described in Section 8.03(A), above as additional insured, and Tenant's property insurance policies shall include Landlord as additional insured for Leasehold Improvements and betterments installed by Landlord. Tenant shall notify Landlord in writing of any cancellation or material reduction of policy limits below those required by this Lease with regard to Tenant's insurance policies of which Tenant has knowledge at least ten (10) Business Days before any such insurance shall be cancelled or modified. Tenant shall be solely responsible for payment of premiums for all of Tenant's Insurance. Tenant shall deliver to Landlord at least ten (10) Business Days prior to the time Tenant's Insurance is first required to be carried by Tenant, and upon renewals within three (3) days from the expiration of the term of any such insurance policy (provided, however, in no event shall Tenant allow any such insurance to lapse at any time during the Term), a copy of the certificate of insurance, or binder of insurance, of all policies of Tenant's Insurance. The limits of Tenant's Insurance shall not limit Tenant's liability under the Lease, at law, or in equity. Tenant's Commercial General Liability Insurance shall be primary and non-contributory with respect to Landlord's liability arising out of the act or omission of Tenant, its officers, agents, contractors, employees. If Tenant fails to deposit reasonable evidence of insurance with Landlord (which shows compliance with the provisions of this Article VIII) within three (3) Business Days after Notice from Landlord, Landlord may acquire such insurance, and Tenant shall pay Landlord the amount of the premium applicable thereto within thirty (30) days following receipt of invoice for the same.

Neither the insurance requirements set forth in the Lease nor the Landlord's review and approval of any insurer or insurance policy shall be deemed to limit the Tenant's obligations under this Lease or the Tenant's underlying liability in any manner. The insurance requirements herein merely prescribe the minimum amounts and forms of insurance coverage that the Tenant and their contractors are required to carry. Any failure by the Landlord to enforce in a timely manner any of the Tenant's insurance provisions of the Lease shall not act as a waiver to enforcement of any of such provisions at a later date.

Section 8.06. Increase in Insurance Premiums.

Tenant shall not keep or do anything in the Leased Premises, the Building, the Common Areas (including, without limitation, the Parking Garage) or the Project that will: (i) cause an increase in the rate of any insurance on the Building and/or Project; (ii) violate the terms of any insurance coverage on the Building or Project carried by Landlord or any other tenant; (iii) prevent Landlord from obtaining such policies of insurance acceptable to Landlord or any Mortgagee of the Building; or (iv) violate the rules, regulations or recommendations of Landlord's insurers, loss prevention consultants, safety engineers, the National Fire Protection Association, or any similar body having jurisdiction over the Leased Premises. If Tenant does so, and Tenant does not correct the relevant condition within thirty (30) days after Notice, Tenant

shall pay to Landlord upon demand the amount of any increase in any such insurance premium. In determining the cause of any increase in insurance premiums, the schedule or rate of the organization issuing the insurance or rating procedures shall be conclusive evidence of the items and charges which comprise the insurance rates and premiums on such property. Notwithstanding anything to the contrary in the foregoing, Landlord hereby represents to Tenant that general office use and the use described in Section 4.02 of this Lease will neither cause an increase in Landlord's insurance premiums or violate the terms of Landlord's insurance coverage; provided, however, that Landlord has no knowledge of and makes no representations, actual or implied, of Tenant's actual use and operations within the Leased Premises.

Section 8.07. Waiver of Right of Recovery.

Except for the indemnification for Hazardous Substances as set forth in Section 17.22, neither Landlord nor Tenant shall be liable to the other party or to any insurance company (by way of subrogation or otherwise) insuring such other party for loss or damage to any building, structure or other tangible property, or any resulting loss of income, or losses under worker's compensation Laws or benefits, even though such loss or damage might have been occasioned by the negligence of Landlord or Tenant, or their respective managing agents, officers, directors and employees; provided, however, the mutual release contained herein shall not apply to damage to property or loss of income caused by the intentional willful misconduct of the other party or that other party's officers, directors, or employees. This Section 8.07 shall not expand, limit or supersede the indemnification to third parties as provided in Section 8.01. The provisions of this Section 8.07 shall apply to any Transferee pursuant to Article XV of this Lease, and the Transferee shall expressly agree in writing to be bound by the provisions of this Section 8.07 (as if such Transferee were Tenant hereunder) for the benefit of Landlord.

Section 8.08. Landlord's Insurance.

All insurance maintained by Landlord shall be for the sole benefit of Landlord and under Landlord's sole control. Landlord shall maintain throughout the Term (i) "all risk" or "special causes of loss form" property insurance including, at Landlord's election, standard earthquake and flood insurance, insuring the structural components of the Building and the Project, to the extent of the full replacement value of such Building and Project (excluding the Leasehold Improvements and Specialized Leasehold Improvements); and (ii) Commercial General Liability Insurance (ISO form or equivalent) covering Landlord's activities in and about the Project with policy terms providing not less than a per occurrence limit of Two Million Dollars (\$2,000,000.00) and a general aggregate of Ten Million Dollars (\$10,000,000.00). Landlord will carry commercially reasonable insurance with policy limits that are consistent with the standard of a reasonably prudent landlord covering loss of rental income coverage and automobile coverage for any vehicles owned by Landlord. Provided the insurance coverage carried by Landlord pursuant to (i) above shall not be reduced or otherwise adversely affected, all of Landlord's insurance may be carried under a blanket policy covering the Project and any other property owned, leased or operated by Landlord or its affiliates, provided the insurance requirements in this Lease are fulfilled and the insurance coverage is not diminished in any way. The cost of all such insurance is included in Operating Costs. Landlord shall not be obligated to insure, and shall have no responsibility whatsoever for any damage to, any Leasehold Improvements, Specialized Leasehold Improvements or Tenant's Property that Tenant may make, keep or maintain in the Leased Premises during the Term.

The Landlord's insurance requirements set forth in Section 8.08 of the Lease, and the Landlord's insurer or insurance policy shall not limit the Landlord's obligations or liability under the terms and conditions of this Lease. The Landlord's insurance requirements prescribe the minimum amounts and forms of insurance coverage that Landlord and its agents and contractors are required to carry. Any failure by the Tenant to enforce in a timely manner any of the provisions of the Lease regarding insurance to be carried by the Landlord, its agents and contractors shall not act as a waiver to enforcement of any of such provisions at a later date.

ARTICLE IX

CONSTRUCTION AND ALTERATIONS

Section 9.01. Condition of Leased Premises Upon Delivery.

Tenant agrees to accept possession of the Leased Premises in the Delivery Condition (when the Tenant Work has been Substantially Completed), subject only to Landlord's express representations and warranties set forth in this Section 9.01. Except for Landlord's express representations and warranties contained in this Lease, neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Leased Premises, the Building, or the Project, the suitability of the Leased Premises for Tenant's use, or the identity of other tenants or potential tenants of the Project. Landlord represents and warrants that upon the Delivery Date (i) Landlord shall not have received any written notice from any governmental agency that the Building, Land or Leased Premises are in violation of any Laws which remain uncorrected where such violation would have a material and adverse impact on Tenant's ability to obtain a building permit for the completion of the Tenant's work and a certificate of occupancy for the Premises, and (ii) to Landlord's actual knowledge, the Leased Premises and Building will comply in all material respects with all applicable Laws, including, but not limited to, the Americans With Disability Act and Title 24 (as such Laws are applied and interpreted by the applicable governmental authorities or quasi-governmental authorities as of the date of this Lease) applicable to the condition in which the Leased Premises is being delivered, without regard to any specific use of the Leased Premises or the improvements to be installed by Tenant, (b) the Building systems shall be in good working order, condition and repair. If (i) the Tenant Work completed by Landlord pursuant to Exhibit B hereto, or (ii) the Building or Premises roofs, doors, skylights, windows, seals as well as the plumbing, fire sprinkler/life safety, lighting, heating, ventilation and air conditioning, electrical and elevator systems serving the Leased Premises are not in good operating condition and repair during the Landlord Warranty Period (as defined below), then Landlord shall not be liable to Tenant for any damages, but as Tenant's sole remedy, Landlord, at no cost to Tenant (and not charged as Operating Costs), shall promptly perform such corrective work or take such other actions as may be necessary to put such condition (as set forth in subsection (i) or (ii) above) in good operating condition and repair. Notwithstanding the foregoing, Landlord shall not be responsible for any condition that arises due to the construction of any Tenant modifications, alterations and/or improvements or the installation of any of Tenant's furniture, fixtures, equipment or property, or that are due to Tenant's particular use of the Leased Premises or the particular manner in which Tenant conducts its business in the Leased Premises. Landlord shall have the right to apply for and obtain a waiver or deferment of compliance, the right to contest any violation in good faith, including, but not limited to, the right to assert any and all defenses allowed by applicable Laws, and the right to appeal any decisions, judgments or rulings to the fullest extent permitted by applicable Laws, and Landlord's obligation to perform corrective work or take other action to cure a violation under this Section 9.01 shall not apply until after the exhaustion of any and all rights to appeal or contest, provided no such contest may materially, adversely affect Tenant's ability to use and operate any portion of the Leased Premises during the progress of any such contest, or result in the expiration of the Landlord Warranty Period so long as Notice of the initial claim is given to Landlord during the Landlord Warranty Period. If Tenant does not notify Landlord in writing on or before the earlier of (A) ten (10) Business Days after learning of any violation or alleged violation of subsection (i) or (ii) above, or (B) on or before the first (1st) anniversary of Term Commencement Date (the period of time from Term Commencement Date to the first (1st) anniversary thereof being referred to herein as the "**Landlord Warranty Period**") of any violation of subsections (i) or (ii), above, then Landlord shall not be responsible for correcting such condition pursuant to this Section 9.01 but rather such condition shall be corrected as otherwise provided in the Lease and the cost of performing such correction shall be included in Operating Costs, or performed by Tenant as required under Section 10.02

Section 9.02. Tenant Improvements.

Landlord and Tenant, at their respective sole cost and expense, agree to provide all improvements to the Building and Leased Premises in accordance with their respective obligations set forth in Exhibit B. If Landlord has not delivered the Lease Premises to Tenant in the Delivery Condition on or before the first anniversary of the Effective Date, provided such date shall be extended on a day-for-day basis as a result of Force Majeure and Tenant Delay (as

may be extended, the “**Termination Election Date**”), then the Tenant shall have the right, but not the obligation, to deliver a written notice of termination of this Lease within five (5) Business Days of the Termination Election Date; provided however, if (i) Tenant fails to deliver such written termination notice within such five (5) Business Day period, or (ii) Landlord delivers the Leased Premises in the Delivery Condition prior to Tenant’s delivery of such written termination notice, then Tenant shall be deemed to have affirmatively elected not to so terminate this Lease, and Tenant’s termination right hereunder shall expire and be of no further force or effect. If Tenant timely delivers such termination notice prior to the occurrence under subsection (i) or (ii) in the preceding sentence, then this Lease shall terminate and the parties hereto shall be immediately released of all obligations and liabilities under the terms of this Lease except those that expressly survive termination or expiration of this Lease, and Landlord shall within ten (10) Business Days refund to Tenant all of the Security Deposit and prepaid Rent delivered to the Landlord.

Section 9.03. Alterations.

Following the Term Commencement Date, Tenant shall not make or cause to be made any alterations, additions, renovations, improvements or installations in or to the Leased Premises (“**Alterations**”) without Landlord’s prior consent, which such consent will not be unreasonably withheld, condition or delayed by the Landlord. Tenant shall in no event make or permit to be made any Alterations that affect (i) any of the Building Systems, (ii) the structural components of the Building including, without limitation, the roof, (iii) the exterior appearance of the Building, or (iv) the Tower Parking Garage or Common Parking Garage (collectively, the “**Restricted Alterations**”), without the prior written consent of Landlord, which may be granted or withheld in Landlord’s sole and absolute discretion. Notwithstanding the foregoing, Tenant may make cosmetic Alterations within the Leased Premises that are not otherwise Restricted Alterations that cost up to One Hundred Thousand Dollars (\$100,000.00) in the aggregate annually as long as such cosmetic Alterations comply with all applicable Laws, are consistent in appearance with the Operating Standard and such Alterations where practicable are removed, and any damage to the Leased Premises repaired as required hereunder, prior to the expiration of the Term; provided, however, that such repair and restoration obligation shall not apply to any cosmetic Alterations that are paint or carpet or floor finishes. If Landlord consents to any such Alterations by Tenant and such Alterations are Restricted Alterations, then Landlord shall have the right (but not the obligation) in its sole discretion to manage or supervise such work and Tenant shall pay to Landlord a reasonable fee to reimburse Landlord for overhead and administrative costs and expenses incurred in connection with the management or supervision of such work by Landlord, not to exceed two percent (2%) of the hard costs of construction of any such Restricted Alterations. If, however, such Alterations are not Restricted Alterations, then Landlord shall have the right (but not the obligation) in its sole discretion to review the plans, specifications and design drawings with respect to such work, and Tenant shall pay to Landlord a reasonable fee to reimburse Landlord for the actual out of pocket costs incurred by Landlord not to exceed Five Thousand Dollars (\$5,000.00). At any time Landlord approves any plans for Alterations the Landlord shall provide Tenant in writing the description of any Alterations that Landlord shall require Tenant to remove from the Lease Premises and restore the same to substantially the same condition upon the expiration Lease. Approval of the Alterations by Landlord or approval of Restricted Alterations shall not require Tenant to implement and perform the same and at all times Tenant shall have the right to withdraw any plans for Alterations to the Leased Premises.

Section 9.04. Work Requirements.

All Alterations performed by Tenant in the Leased Premises shall be performed (i) promptly and in a workmanlike manner with first-class materials; (ii) by duly qualified or licensed Persons; (iii) without unreasonable interference with, or disruption to, the operations of Landlord or other tenants or occupants of the Building; and (iv) in accordance with (a) plans and specifications approved in writing in advance by Landlord (as to both design and materials) which such approval shall not be unreasonably delayed, except as otherwise provided in Section 9.03 above, and (b) all applicable governmental permits, rules and regulations.

Section 9.05. Ownership of Improvements.

All Alterations and Specialized Leasehold Improvements made by Tenant (collectively the “**Leasehold Improvements**”), that are accepted by Landlord in accordance herewith, shall

become property of Landlord upon Tenant's vacation or abandonment of the Leased Premises and, unless Landlord directs otherwise, shall remain upon and be surrendered with the Leased Premises in good order, condition and repair, reasonable wear and tear and damage due to casualty not to be repaired by Tenant or condemnation excepted. Notwithstanding the foregoing or anything to the contrary contained in this Lease, Tenant, at its sole cost and expense, shall be required to remove all alterations, additions, renovations, improvements and installations made to the Leased Premises that constitute Specialized Leasehold Improvements, or which constitute Alterations that Landlord has indicated upon approval thereof pursuant to Section 9.03 above will be required to be removed upon surrender, no later than the Termination Date and repair all damage to the Leased Premises and the Building resulting from such removal; provided, however, in no event shall Landlord require Tenant to remove any Tenant Work (as defined in Exhibit B attached hereto) unless the same are Specialized Leasehold Improvements. For purposes of this Lease, **"Specialized Leasehold Improvements"** shall mean Leasehold Improvements that are not general office improvements in Comparison Buildings; provided, however, that without limitation to the foregoing, in all events the following shall constitute Specialized Leasehold Improvements: any alterations or improvements that materially and adversely affect the Building Structure or Building systems or are located outside of the Leased Premises; any alterations requiring floor reinforcement or enhanced systems requirements; reinforced flooring or raised flooring at the end of the Lease Term, so long as the same shall then be in good condition, (ordinary wear and tear accepted), floor penetrations, stone flooring and structural reinforcements; kitchens; private or executive bathrooms, showers and similar facilities that are not part of the base Building; interstitial staircases, installed by or on behalf of Tenant after the Effective Date; all supplemental HVAC systems (including chillers); atriums; auditoriums; vaults; safes; generators; rack systems; back-up energy supply systems; generators, fuel tanks and UPS (and all related gear and equipment); all built in or embedded artwork that is subject to the Visual Artists Rights Act, all Tenant Lines and all electrical and telecommunications risers (and all related gear and equipment); Rooftop Installations, and Rooftop Equipment and Tenant Security Systems (each as defined below); provided, further, however, that the foregoing shall not constitute Landlord's consent to the installation of any of the foregoing. All movable goods, inventory, office furniture, equipment, trade fixtures, signs, Tenant Lines, Rooftop Installations, Rooftop Equipment and other movable personal property belonging to Tenant that are not permanently affixed to the Leased Premises (collectively, **"Tenant's Property"**), shall remain Tenant's property and shall be removable by Tenant at any time, provided that Tenant repairs any damage to the Leased Premises or the Building caused by the removal of any of Tenant's Property.

Section 9.06. Removal of Tenant's Property.

Tenant shall remove all of Tenant's Property (and any Leasehold Improvements as Landlord may direct, consistent with Section 9.05, above) prior to the Termination Date or the termination of Tenant's right to possession. Tenant shall repair any damage to the remaining Leasehold Improvements, the Leased Premises or any other portion of the Building caused by such removal to a condition reasonably comparable to the condition delivered or the initial condition of the Leasehold Improvements, as applicable, reasonable wear and tear and damage by casualty to be repaired by Landlord excepted. If Tenant fails to timely remove said items, they shall be considered as abandoned and shall become the property of Landlord, or Landlord may remove and dispose of them.

Section 9.07. Mechanic's Liens.

No mechanic's or other lien shall be allowed against the Building as a result of Tenant's Alterations to the Leased Premises. Tenant shall give Landlord Notice not less than thirty (30) days prior to commencement of any work in, on or about the Leased Premises, and Landlord shall have the right to record and post notices of non-responsibility in or on the Leased Premises. Tenant shall promptly pay all Persons furnishing labor, materials or services with respect to any work performed by Tenant on the Leased Premises. If any mechanic's or other lien shall be filed against the Leased Premises or the Building by reason of work, labor, services or materials performed or furnished, or alleged to have been performed or furnished, to or for the benefit of Tenant, Tenant shall cause the same to be discharged of record or bonded in the manner required by statute to remove the effect of the relevant lien within ten (10) days subsequent to Notice by Landlord. If Tenant fails to discharge or bond any such lien, Landlord, in addition to all other rights or remedies provided in this Lease, may bond said lien or claim (or payoff said lien or

claim if it cannot with reasonable effort be bonded) without inquiring into the validity thereof and all expenses incurred by Landlord in so discharging said lien, including reasonable attorney's fees, shall be paid by Tenant to Landlord as Additional Rent on ten (10) Business Days demand.

Section 9.08. Cabling; Rooftop Installations.

A. All voice, data, video, audio and other low voltage control transport system cabling and/or cable bundles ("**Tenant Lines**") installed in the Building by Tenant or its contractor shall be (i) in compliance with all applicable Laws and have a composition makeup suited for its environmental use in accordance with NFPA 70/National Electrical Code; (ii) reasonably identifiable as Tenant Lines; (iii) installed in accordance with all EIA/TIA standards and the National Electric Code; and (iv) installed and routed in accordance with a routing plan showing "as built" or "as installed" configurations of cable pathways, outlet identification numbers, locations of all wall, ceiling and floor penetrations, riser cable routing and conduit routing (if applicable), and such other reasonable information as Landlord may request. The routing plan shall be available to Landlord and its agents at the Leased Premises upon request. Upon Landlord's written request and at Tenant's sole cost and expense, Tenant shall cause all Tenant Lines (or such Tenant Lines as Landlord shall request) to be removed at the expiration or earlier termination of this Lease; provided, however, Landlord, at Landlord's option, shall have the right within ten (10) Business Days following Notice, to cause such Tenant Lines to be removed by Landlord's contractors at the expiration or earlier termination of this Lease, and in such event, Tenant shall reimburse Landlord (within thirty (30) days following Landlord's written demand) for all reasonable out of pocket costs and expenses incurred by Landlord in connection therewith, as reasonably demonstrated by Landlord (which obligation shall survive the expiration or earlier termination of this Lease). Tenant and its telecommunications companies, including local exchange telecommunications companies and alternative access vendor services companies, shall have no right of access to and within the Building (including the roof of the Building), for the installation and operation of telecommunications systems, including voice, video, data, Internet, and any other services provided over wire, fiber optic, microwave, wireless, and any other transmission systems ("**Telecommunications Services**"), for part or all of Tenant's telecommunications within the Building and from the Building to any other location without Landlord's prior written consent, not be unreasonably withheld, provided in all cases such providers will have access to the Minimum Point of Entry ("**MPOE**") of the Building for the purposes of initiating such service. All providers of Telecommunications Services must be on the then-current pre-approved list for the Project, if any, which Landlord shall provide upon request by Tenant, or shall be approved by Landlord in advance, which approval shall not be unreasonably withheld if Tenant selects a national provider of such services, and shall be required to comply with the rules and regulations of the Building, all applicable Laws, and Landlord's reasonable, nondiscriminatory policies and practices for the Building. Tenant acknowledges that Landlord shall not be required to provide or arrange for any Telecommunications Services and that Landlord shall have no liability to Tenant in connection with the installation, operation or maintenance of Telecommunications Services or any equipment or facilities relating thereto, subject to the indemnity provision hereof. Tenant, at its cost and for its own account, shall be solely responsible for obtaining all Telecommunications Services.

B. Subject to the terms and conditions of this Lease including, without limitation, the Rooftop Rules and Regulations (as defined below), Tenant may during the Term, at no additional charge to Tenant, install, operate, maintain and repair on a location of the roof of the Building designated by Landlord, solely in connection with the conduct of Tenant's business in the Leased Premises, the Rooftop Equipment (as defined below) (collectively, "**Rooftop Installations**"). All costs associated with the design, fabrication, engineering, permitting, installation, screening, maintenance, repair, operation, use and removal of the Rooftop Installations shall be borne solely by Tenant except to the extent that the Rooftop Installations are part of the Tenant Work and are paid for out of the Tenant Work Allowance. For purposes of this Lease, "**Rooftop Equipment**" shall mean (i) telecommunications antennae, microwave dishes and other communications and information technology equipment to serve Tenant's business in the Leased Premises, (ii) equipment required for any supplemental heating, ventilation or air conditioning system (supplemental to the Leased Premises HVAC system) for cooling of any server room or racking of information technology equipment in a size as calculated and reasonably determined by

Tenant's engineer to be necessary to meet cooling requirements, and (iii) connections for such equipment for electrical wiring to the Building's existing electrical supply and cable (including the Tenant Lines) or similar connections necessary to connect the Rooftop Equipment with Tenant's related equipment located in the Leased Premises.

C. The routes or paths for wiring and connections serving the Rooftop Equipment shall be through the Building's risers, plenums, conduits and shafts, subject to reasonable space limitations and Landlord's reasonable requirements for use of such areas, and in all events subject to Landlord's approval of plans and installation pursuant to other provisions of this Lease (such routes or paths are collectively referred to herein as "**Cable Paths**") and all such electrical and other connections, including the Tenant Lines, are collectively referred to herein as "**Connections**") with respect to any Rooftop Installations installed after the Tenant Work is completed. If the Rooftop Equipment or other Rooftop Installations or Connections, or any part thereof, constitute part of the Tenant Work, then Landlord's approvals or disapprovals above shall be given by Landlord in connection with, and subject to the time periods governing, its approval or disapproval of the Working Plans or other construction drawings pursuant to the Work Agreement.

D. Without limiting the generality of any other provision hereof, Tenant shall install, maintain, use and operate its Rooftop Equipment in compliance with all applicable Laws and the Rooftop Rules and Regulations attached hereto as **Exhibit E**, and shall not interfere with or otherwise impair the use and operation of any of the following that is operating within the manufacturer's specifications therefor or any license granted in connection therewith: (i) television or radio equipment in or about the Project; (ii) transmitting, receiving or master television, telecommunications or microwave antennae equipment located in any portion of the Project; or (iii) radio communication system located on any portion of the Project.

E. If roof repairs and/or roof replacements to the Building (the "**Roof Repairs**") are reasonably necessary at any time, and such roof repairs are conducted by Landlord, Landlord shall give Tenant at least ten (10) Business Days' prior Notice of the date Landlord intends to commence such Roof Repairs (except that no prior Notice shall be required in the event of an Emergency), along with a description of the work scheduled to be performed, where it is scheduled to be performed on the roof, and an estimate of the time frame required for that performance. Tenant shall, at its sole expense, within ten (10) Business Days following receipt of such Notice, use reasonable effort to arrange for removal or relocation of the Rooftop Installations on a temporary basis if Landlord reasonably determines such removal or relocation is reasonably necessary or appropriate for the expeditious performance of any Roof Repairs, provided Landlord and Tenant will reasonably cooperate to minimize any interference in or loss of service from Rooftop Equipment critical to Tenant's business operations that may otherwise be caused by such relocation or Roof Repairs.

F. Notwithstanding anything to the contrary set forth in this Section 9.08 or elsewhere in this Lease, except as approved in writing in advance by Landlord, Tenant shall not be entitled to use more than a proportionate share of the roof area of the Building designated by Landlord for the installation of such type of equipment, calculated based on the total number of square feet available on the roof for the installation of such equipment, and the proportion of the Floor Area of the Leased Premises to the total Floor Area in the Building.

Section 9.09. Tenant Security Systems.

Tenant shall have the right, at Tenant's sole cost and expense, to install a separate security system for the Leased Premises ("**Tenant Security System**"), provided that any such Tenant Security System shall be subject to Landlord's reasonable prior review and approval of the plans and specifications for such Tenant Security System in accordance herewith. Tenant shall coordinate the installation and operation of the Tenant Security System with Landlord to assure that the Tenant Security System is compatible with Landlord's security system and the Building's systems and equipment. Landlord shall coordinate with Tenant to install the Lease Premises Security System that is compatible with Landlord's security system for the entry to the Building security systems, including the use of a single key fob or other key card access badge to operate said Tenant Security System. Tenant shall monitor, keep and maintain the Tenant Security System in good working order, condition and repair throughout the Term. The

installation, maintenance, use and operation of the Tenant Security System shall comply with all applicable Laws and the terms of the Lease. Tenant shall provide Landlord with key cards or access codes, as applicable to permit Landlord access to the Leased Premises at all times. Tenant acknowledges and agrees that the Tenant's use of the Tenant Security System and the installation, operation, maintenance and use thereof shall be at Tenant's sole risk and Landlord shall have no liability whatsoever in connection therewith. Tenant hereby waives any and all Losses against Landlord for any damages arising from Tenant's exercise of its rights under this Section. On or before the Termination Date, unless otherwise indicated in writing by Landlord, Tenant shall, at Landlord's option, remove the Tenant Security System, at Tenant's cost, in accordance with the terms of this Lease. If Tenant is required to remove the Tenant Security System from the Lease Premises at the expiration of the Lease then the Leased Premises shall be secured by the Landlord at the Landlord's sole cost and expense.

ARTICLE X

REPAIRS, MAINTENANCE, AND LANDLORD'S ACCESS

Section 10.01. Repairs by Landlord.

Landlord covenants to keep, maintain, repair, replace, manage and operate the Common Areas of the Project in manner consistent with the Operating Standard. Subject to the terms of this Lease, Landlord agrees to maintain the roof, the exterior including plate glass and structural portions of the Building, and the central or base Building mechanical, electrical, HVAC and plumbing systems (specifically excluding any supplemental HVAC system, sprinkler system or any other system exclusively servicing the Leased Premises). The costs incurred by Landlord to perform such repairs, maintenance and replacements shall constitute Operating Costs and shall be reimbursed to Landlord in accordance with Article VI above, subject to the exclusions and limitations therein. Notwithstanding the foregoing, if any such repairs, maintenance or replacements are necessitated by Tenant's Default under this Lease, or by any act or negligence of Tenant, its agents, employees, assigns, concessionaires, contractors, subcontractors or invitees, Tenant shall reimburse to Landlord the reasonable cost incurred in completing such repairs within thirty (30) days after demand therefor, which demand will be accompanied by a reasonable itemization and invoices to evidence the relevant charges.

Section 10.02. Repairs and Maintenance by Tenant.

A. Except for the performance of repairs and maintenance that are expressly the responsibility of Landlord under Section 10.01 above, Tenant shall at all times during the Term at Tenant's sole cost and expense maintain the entire interior of the Leased Premises, including any Tenant Work, Leasehold Improvements, Alterations or other improvements therein, in a first-class, good, clean, and secure condition and promptly make all necessary repairs and replacements with materials and workmanship of the same character, kind and quality as the original, including, without limitation, the repair and replacement of appliances and equipment installed specifically for Tenant such as refrigerators, disposals, computer room, air conditioning, sinks and special plumbing fixtures, special fixtures and bulbs for those fixtures, and any non-standard outlets. Tenant shall not be required to maintain and repair any of the Building systems above the drop ceiling within the Leased Premises that are part of the Landlord's maintenance and repair responsibility for the Building, or maintain, repair or replace any cables or lines running through the interior of the Leased Premises or duct located within the Leased Premises belonging to Landlord or any other tenant of the Building.

Section 10.03. Inspections, Access and Emergency Repairs by Landlord.

Upon reasonable prior Notice (not less than one (1) Business Day) and without materially adversely affecting Tenant's business within the Leased Premises, Tenant shall permit Landlord to enter all parts of the Leased Premises to inspect the same and to perform its obligations under this Lease, provided no such entry will unreasonably interfere with access to, or use of the Leased Premises. In the event of an Emergency, Landlord may enter the Leased Premises at any time and make such inspection and repairs as Landlord deems necessary, at the risk and for the account of Tenant. The foregoing Landlord access rights shall remain subject to any restrictions described in Section 7.02 of this Lease except in the event of an Emergency.

Section 10.04. California Accessibility Compliance.

Landlord hereby discloses to Tenant, in accordance with California Civil Code Section 1938, and Tenant hereby acknowledges that the Leased Premises have not undergone an inspection by a Certified Access Specialist (“CASp”) to determine whether the Leased Premises meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: “A Certified Access Specialist (CASp) can inspect the subject Leased Premises and determine whether the subject Leased Premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject Leased Premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject Leased Premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Leased Premises.” In furtherance of the foregoing, and notwithstanding anything to the contrary contained in this Lease, Landlord and Tenant hereby agree as follows: (i) any CASp inspection requested by Tenant shall be conducted, at Tenant’s sole cost and expense, by a CASp approved in advance by Landlord, subject to Landlord’s rules and requirements; (ii) Landlord shall have no obligation to perform any work or repairs identified in any such CASp inspection, unless required to correct a defect in the improvements performed by Landlord in accordance with the Work Letter; (iii) to the extent that any work, repairs, replacements, or Alterations are recommended or required by the CASp (or otherwise required as a result of any such CASp inspection or anything done by Tenant in its use or occupancy of the Leased Premises), and do not arise solely from a failure of Landlord to complete the Leased Premises Delivery Condition, then, at Landlord’s election, Tenant shall be required to perform the same at Tenant’s sole cost and expense (subject to the terms and conditions of this Lease, including Landlord’s right to approve of detailed plans and specifications in advance); provided, however, Landlord shall have the option to perform any or all of the foregoing at Tenant’s sole cost and expense (with Tenant to reimburse Landlord upon demand for the costs and expenses incurred by Landlord in performing the same, provided Landlord will use contractors who charge market rates and Tenant will have reasonable approval rights over the cost of such alterations); and (iv) Tenant agrees to keep the information in the CASp Report confidential except as necessary for the Tenant to complete such Alterations.

ARTICLE XI

CASUALTY

Section 11.01. Fire or Other Casualty.

Tenant shall give prompt Notice to Landlord in case of fire or other casualty (“Casualty”) to the Leased Premises or the Building.

Section 11.02. Right to Terminate.

A. If (i) the Leased Premises are damaged to the extent of fifty percent (50%) or more of the cost of replacement thereof (i.e., more than fifty percent (50%) of the Floor Area of the Leased Premises immediately before such Casualty is rendered untenable) and Landlord determines that such damage cannot be repaired to the condition required hereunder within two hundred seventy (270) days from the date of such occurrence; or (ii) during the last two (2) Lease Years or in any Partial Lease Year at the end of the Term, the Leased Premises are damaged to the extent of more than twenty-five percent (25%) of the cost of replacement thereof; then (x) Landlord may terminate this Lease by Notice to Tenant within sixty (60) days after the date of the Casualty, subject to Tenant’s rights hereunder to negate such Notice, provided Landlord’s Notice will include reasonable substantiation of Landlord’s cost of repair and the time required to repair. If Landlord so terminates this Lease and Tenant does not negate Landlord’s Notice as provided herein, then the Termination Date shall be the date set forth in the Notice to Tenant, which date shall not be more than ninety (90) days after the giving of said Notice. Rent shall be abated from the date of the Casualty. The “cost of replacement” shall be determined by the company or companies insuring Landlord against the Casualty, or, if there shall be no such

determination, by a qualified Person selected by Landlord to determine such “cost of replacement.”

B. If (i) at any time during the Term of this Lease, the Leased Premises or the Common Areas (to the extent such Common Areas are insured by Landlord and only if Tenant is unable to access the Leased Premises) are damaged and Landlord, in good faith, determines after consultation with Landlord’s architect that such damage cannot be repaired within three hundred and sixty five (365) days from the date of such occurrence, or (ii) during the last two (2) Lease Years or in any Partial Lease Year at the end of the Term either the Leased Premises are damaged to the extent of more than twenty-five percent (25%) of the cost of replacement thereof, or more than twenty five percent (25%) of the Floor Area of the Leased Premises immediately before such Casualty is rendered untenable and Landlord, in good faith, determines that such damage cannot be repaired within one hundred eighty (180) days from the date of such occurrence, Tenant may, notwithstanding any right Landlord may have hereunder to elect that this Lease continue, terminate this Lease by giving Landlord sixty (60) days’ prior Notice given within sixty (60) days after the date of the Casualty. If Tenant so terminates this Lease then the Termination Date shall be the date set forth in the Notice to Landlord.

Section 11.03. Landlord’s Duty to Reconstruct.

Landlord shall repair the Leased Premises (excluding Tenant’s Property, the Leasehold Improvements (including Specialized Leasehold Improvements) and Tenant Work, which shall be Tenant’s obligation to repair, restore or replace) and the Common Areas to a substantially similar condition as existed prior to the Casualty except for modifications required by zoning and building codes and other applicable Laws that do not materially reduce Floor Area. Unless this Lease is terminated as provided in this Article XI, Landlord shall to the extent the insurance proceeds are received by Landlord therefor (or would have been available to Landlord had Landlord carried the insurance required to be carried pursuant to this Lease and complied with the terms thereof), proceed with reasonable diligence and promptness, given the nature of the damage to be repaired, to effect the Landlord’s restoration work, all subject to reasonable delays for insurance adjustments, zoning and building codes, and other applicable Laws then in effect, and Force Majeure. Under no circumstance shall Landlord’s restoration work include repairs and restoration of any Tenant Work, Leasehold Improvements (including Specialized Leasehold Improvements) or Tenant’s Property. Unless this Lease is terminated as provided in this Article XI, if and to the extent that any damaged Tenant Work, Leasehold Improvements (including Specialized Leasehold Improvements) or Tenant’s Property must be removed in order for Landlord to prosecute Landlord’s restoration work or to eliminate any hazard or nuisance resulting from such damaged Tenant Work, Leasehold Improvements (including Specialized Leasehold Improvements) or Tenant’s Property then, after Landlord gives Tenant access for that purpose, Tenant shall proceed with reasonable diligence, given the nature of the work, to remove such damaged Tenant Work, Leasehold Improvements (including Specialized Leasehold Improvements) and/or Tenant’s Property in accordance with applicable Laws, subject to reasonable delays for insurance adjustments and Force Majeure, unless removal is covered by Landlord’s insurance if Landlord removes such items, in which case Landlord shall remove such items.

Section 11.04. Tenant’s Duty to Reconstruct.

Unless this Lease is terminated as provided in this Article XI, in the event of a Casualty, Tenant shall, to the extent that insurance proceeds are available to Tenant therefor (or would have been available to Tenant had Tenant carried the insurance required to be carried pursuant to this Lease and complied with the terms thereof) restore the Tenant Work, Leasehold Improvements (including Specialized Leasehold Improvements) and Tenant’s Property to substantially the same condition existing prior to the Casualty except for modifications required by zoning and building codes and other applicable Laws. Tenant shall proceed with reasonable diligence, given the nature of the work, to effect such restoration in a good and workmanlike manner and in accordance with applicable Laws, subject to Force Majeure. If this Lease is terminated as provided in this Article XI, Tenant, no later than the expiration or sooner termination of this Lease, shall apply insurance proceeds to remove the damaged Tenant Work, Leasehold Improvements (including Specialized Leasehold Improvements) and Tenant’s Property unless the Building is to be razed and/or demolished, in which case Tenant shall have no obligation to remove any such improvements or personal property.

Section 11.05. Insurance Proceeds.

In the event of any damage to the Leased Premises or the Building (or any equipment, furniture, furnishings, trade fixtures or personal property therein) from any Casualty, Landlord shall be entitled to the full proceeds of any insurance coverage carried by Landlord in connection with such loss or damage, and Tenant shall be entitled to the full proceeds of any insurance coverage carried by Tenant in connection with such loss or damage; provided, however, in the event Tenant shall exercise any right to terminate this Lease as a result of a Casualty in accordance with this Article XI, then Tenant shall have the obligation to remit to Landlord, from (and to the extent of) the proceeds of any of Tenant's insurance covering the Tenant Work, an amount equal to the unamortized cost of the Tenant Work (or other allowances afforded Tenant by Landlord hereunder with respect to construction of improvements to any portion of the damaged Leased Premises) if Landlord advises Tenant that Landlord intends in good faith to restore the Building to substantially the condition and substantially the same use existing prior to such loss or damage. Landlord restoration work to the Leased Premises shall be performed by Landlord in a timely manner and without unreasonable delay. Tenant delivery of any insurance proceeds shall be conditioned upon Landlord performance of restoration work (or portion thereof to which such delivery of proceeds applies) to the Leased Premises.

Section 11.06. Landlord Not Liable For Business Interruption.

Notwithstanding any provision in this Lease to the contrary, Landlord shall not be liable for any loss of business, inconvenience or annoyance arising from any repair, restoration or rehabilitation of any portion of the Leased Premises or the Building as a result of any damage from a Casualty; provided that the foregoing shall not be deemed to excuse or otherwise modify Landlord's continuing obligation to perform Landlord's restoration work, all as and to the extent otherwise provided in this Article XI, nor impair Tenant's right to abatement of Rent as provided herein.

Section 11.07. Rent Abatement.

Whether or not Landlord or Tenant elect to terminate this Lease under this Article XI, while this Lease shall remain in full force after a Casualty, Tenant shall be entitled to a reduction of Minimum Rent and Tenant's Share of Operating Costs and Taxes in proportion that the Floor Area of the Leased Premises not actually used by Tenant in good faith after the Casualty bears to the total Floor Area of the Leased Premises as reasonably determined by Tenant, during the period beginning with the date such Floor Area becomes untenable and Tenant ceases to use such Floor Area for the normal conduct of its business and ending either thirty (30) days after substantial completion of Landlord's restoration work or on the effective date of any termination, as applicable. For purposes of this Article XI, the term "Substantial Completion" shall have the same meaning as provided in **Exhibit B** with respect to substantial completion of the Landlord's restoration work. If fifty percent (50%) or more of the Leased Premises are damaged and Tenant determines in its sole reasonable discretion that it is not in its best interest to operate from the remainder of the Leased Premises, and Tenant in fact does not operate from the Leased Premises, then all Rent shall be abated as to the entire Lease Premises as of the date of the Casualty (or such later date as Tenant ceases operations in the Leased Premises) until the delivery of the Leased Premises to the Tenant with Landlord's restoration obligations completed.

Section 11.08. Casualty Prior To Term Commencement Date.

The terms and provisions of this Article XI shall apply to any damage to the Building caused as a result of a Casualty, regardless of whether such damage occurs prior to or after the Term Commencement Date.

Section 11.09. Waiver.

This Article XI shall be Tenant's sole and exclusive remedy in the event of damage or destruction to the Leased Premises or the Building. As a material inducement to Landlord entering into this Lease, Tenant hereby waives any rights it may have under Sections 1932, 1933(4), 1941 or 1942 of the Civil Code of California with respect to any destruction of the Leased Premises, Landlord's obligation for tenantability of the Leased Premises and Tenant's

right to make repairs and deduct the expenses of such repairs, or under any similar law, statute or ordinance now or hereafter in effect.

ARTICLE XII

CONDEMNATION

Section 12.01. Taking of Leased Premises.

A. If more than twenty-five percent (25%) of the Floor Area of the Leased Premises shall be appropriated or taken under the power of eminent domain, or conveyance shall be made in anticipation or in lieu thereof (“**Taking**”), either party may terminate this Lease as of the effective date of the Taking by giving Notice to the other party of such election within thirty (30) days prior to the date of such Taking.

B. If there is a Taking of a portion of the Leased Premises and this Lease is not terminated pursuant to Section 12.01.A, above, then (i) as of the effective date of the Taking, this Lease shall terminate only with respect to the portion of the Leased Premises taken; (ii) after the effective date of the Taking, the Rent shall be reduced by multiplying the same by a fraction, the numerator of which shall be the Floor Area not useable by Tenant after the Taking and the denominator of which shall be the Floor Area of the Leased Premises immediately prior to the Taking; and (iii) as soon as reasonably possible after the effective date of the Taking, Landlord shall, to the extent feasible, restore the remaining portion of the Leased Premises to a complete unit of a similar condition as existed prior to any work performed by Tenant, provided, however, Landlord shall not be required to expend more on such alteration or restoration work than the condemnation award received and retained by Landlord for the Leased Premises.

Section 12.02. Taking of Building.

If there is a Taking of any portion of the Building so as to render, in Landlord’s reasonable judgment, the remainder unsuitable for use as an office building, Landlord shall have the right to terminate this Lease upon thirty (30) days’ Notice to Tenant. Provided Tenant is not then in Default, Tenant shall receive a proportionate refund from Landlord of any Rent paid in advance by Tenant.

Section 12.03. Condemnation Award.

All compensation awarded for a Taking of any part of the Leased Premises (including the Leasehold Improvements) or a Taking of any other part of the Building shall belong to Landlord. Tenant hereby assigns to Landlord all of its right, title and interest in any such award. Tenant shall have the right to collect and pursue any separate award as may be available under local procedure for moving expenses or Tenant’s Property and loss of goodwill, so long as such award does not reduce the award otherwise belonging to Landlord as aforesaid.

Section 12.04. Waiver of CCP § 1265.130.

Each party waives the provisions of California Civil Code Procedure Section 1265.130 allowing either party to petition the superior court to terminate this Lease as a result of a partial taking. The rights contained in this Article XII shall be Tenant’s sole and exclusive remedy in the event of a Taking. Tenant waives the provisions of Sections 1265.130 and 1265.150 of the California Code of Civil Procedure and the provisions of any successor or other law of like import.

ARTICLE XIII

PARKING GARAGE; PARKING RIGHTS & BUILDING AMENITIES

Section 13.01. Parking Rights.

Provided that Tenant is not in Default under this Lease, Tenant shall have the right to use the number of parking spaces on the Tower Parking Garage and in the Common Parking Garage set forth in Section 1.01(L), above, which right shall include (a) the non-exclusive right to use up to 0.8 parking spaces per 1,000 square feet of Floor Area (i.e., initially, 18 spaces) in the Tower Parking Garage; and (b) the non-exclusive right to use 2.2 parking spaces per 1,000 square feet of Floor Area (i.e., initially, 51 spaces) in the Common Parking Garage; provided, however, that

Tenant acknowledges and agrees that (i) the parking spaces in the Common Parking Garage may be made available to the public after 5:00 p.m. Pacific Time; and (ii) Landlord shall have the right to designate up to one hundred (100) of the parking spaces in the Common Parking Garage as reserved exclusive parking for Ground Lessor and the patrons of the Winchester Mystery House (if applicable, the “**WMH Reserved Parking**”) and to ratably designate parking spaces for use by other tenants of the Building in the Tower Parking Garage and Common Parking Garage. If Tenant or any Permitted Transferee or assignee or sublessee of Tenant approved by Landlord no longer leases the entire Leased Premises originally leased hereunder, then the number of parking spaces allocated to Tenant shall be proportionately reduced based on a fraction the numerator of which is the Floor Area then leased by Tenant and the denominator of which is the Floor Area of the entire Leased Premises. Tenant acknowledges and agrees that (1) neither Tenant nor its employees, business invitees, and permitted sublessees and assignees shall park in the WMH Reserved Parking; (2) the parking spaces in the Tower Parking Garage and in the Common Parking Garage shall be used solely for the parking of passenger vehicles by Tenant and its employees, business invitees, and permitted sublessees and assignees hereunder only; (3) Tenant’s parking passes shall not be assigned or transferred separate and apart from this Lease, or any sublease or license hereunder, and upon the expiration or earlier termination of this Lease, Tenant’s parking rights (including its right to the parking passes) shall immediately terminate; (4) with the exception of the WMH Reserved Parking, if applicable, the parking spaces in the Common Parking Garage shall be available for use, on a non-exclusive, first come/first served basis; and (5) with the exception of the parking spaces designated for exclusive use by tenants of the Building, the parking spaces in the Tower Parking Garage shall be available for use on a non-exclusive, first come/first served basis. Landlord may reasonably regulate the access to the Tower Parking Garage and Common Parking Garage, including, without limitation, installing such equipment, including gates and card key access, as may be required to regulate access thereto, provided the cost of such gates and access control systems shall be included in Operating Costs. Landlord will use commercially reasonable efforts to enforce Tenant’s parking rights hereunder in a manner consistent with Landlord’s enforcement efforts throughout the balance of the Project. Tenant acknowledges and agrees that (A) those areas identified on **Exhibit K** attached hereto (the “**Ground Lessor Retained Property**”) are for the sole use of Ground Lessor, its affiliates and the patrons of the Winchester Mystery House; (B) neither Tenant nor its employees, business invitees, permitted sublessees or assignees shall park on the Ground Lessor Retained Property or use either side of Olsen Drive for any use other than permitted ingress or egress; and (C) Ground Lessor has the right to institute parking controls on the Ground Lessor Retained Property, including towing of offending vehicles, if Tenant or any employees, business invitees, permitted sublessees or assignees park or otherwise use the Ground Lessor Retained Property or use either side of Olsen Drive for any use other than permitted ingress or egress.

Section 13.02. Parking Rules and Conditions.

Use of the Tower Parking Garage and any other parking facilities of the Project by Tenant, its employees, business invitees, and permitted sublessees and assignees is further subject to the reasonable non-discriminatory parking rules and regulations of Landlord as may be promulgated or amended by Landlord from time to time in Landlord’s reasonable discretion that are not inconsistent with the foregoing.

ARTICLE XIV

SUBORDINATION AND ATTORNMEN

Section 14.01. Subordination.

Tenant’s rights under this Lease are subordinate to (i) all present and future ground or underlying leases affecting all or any part of the Building including, without limitation, the Ground Lease, and (ii) any easement, license, mortgage, deed of trust or other security instrument now or hereafter affecting the Building (those documents referred to in (i) and (ii) above being collectively referred to as a “**Mortgage**” and the Person or Persons having the benefit of same being collectively referred to as a “**Mortgagee**”). Tenant’s subordination provided in this Section 14.01 is self-operative and no further instrument of subordination shall be required; provided, however, (a) any such subordination is conditioned on the Mortgagee’s agreement not to disturb Tenant in possession of the Leased Premises after a foreclosure of any Mortgage for so long as there shall be no Default under the Lease and (b) if requested by Tenant,

Landlord agrees to use commercially reasonable efforts to obtain a commercially reasonable subordination, non-disturbance and attornment agreement from any future Mortgage recognizing Tenant's rights under this Lease; provided, however, that Landlord's inability to obtain such an agreement shall neither constitute a default herein or release Tenant from its obligations hereunder. Except for the Ground Lease, Landlord represents and warrants that, as of the Effective Date of this Lease, the Leased Premises is not encumbered by any Mortgage or other interest superior to that of Tenant, the foreclosure or termination of which could give rise to a termination of this Lease.

Section 14.02. Attornment.

If any Person succeeds to all or part of Landlord's interest in the Leased Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease or otherwise, Tenant shall, without charge, attorn to such successor-in-interest upon request from Landlord, provided such successor agrees to recognize this Lease for so long as there is no Default beyond applicable notice and cure period hereunder.

Section 14.03. Estoppel Certificate.

Each of Landlord and Tenant, within twenty (20) days after receiving Notice from, and without charge or cost to, the other, shall certify by written instrument to the other or any other Person designated by Landlord or Tenant: (i) that this Lease is in full force and effect and unmodified (or if modified, stating the modification); (ii) the dates, if any, to which each component of the Rent due under this Lease has been paid; (iii) whether Landlord or Tenant, to the knowledge of the certifying party, has failed to perform any covenant, term or condition under this Lease, and the nature of Landlord's or Tenant's failure, if any; and (iv) such other relevant information as Landlord or Tenant may reasonably request.

Section 14.04. Quiet Enjoyment.

Landlord covenants that it has full right, power and authority to enter into this Lease and that Tenant, upon performing all of Tenant's obligations under this Lease and timely paying all Rent, shall, subject to the terms of this Lease, the Ground Lease and all matters of record affecting the Leased Premises, peaceably and quietly have, hold and enjoy the Leased Premises during the Term without hindrance, ejection or molestation by any Person lawfully claiming by, through or under Landlord. The foregoing rights of Tenant in this Section 14.04 shall include, to the extent applicable, such rights provided by California Civil Code Section 1927.-2023 where necessary to enforcement this covenant.

ARTICLE XV

ASSIGNMENT AND SUBLETTING

Section 15.01. Landlord's Consent Required.

A. Tenant, shall not voluntarily or involuntarily, by operation of law or otherwise: (i) transfer, assign, mortgage, encumber, pledge, hypothecate, or assign all or any of its interest in this Lease; (ii) sublet or permit the Leased Premises, or any part thereof, to be used by others, including, but not limited to, concessionaires or licensees; (iii) issue new stock (or partnership shares or membership interests), create additional classes of stock (or partnership shares or membership interests), or sell, assign, hypothecate or otherwise transfer the outstanding voting stock (or partnership shares or membership interests) so as to result in a change in the present control of Tenant, provided, however, that this subsection (iii) shall not be applicable to Tenant so long as it is a publicly owned corporation whose outstanding voting stock is listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or is traded actively in the over-the-counter market; without the prior consent of Landlord, in each instance, which consent Landlord may not unreasonably withhold, which reasonableness is subject to the provisions set forth in Section 15.01.D and subject to Section 15.03, below. All of the foregoing transactions shall be referred to collectively or singularly as a "**Transfer**", and the Person to whom Tenant's interest is transferred shall be referred to as a "**Transferee**".

B. Any Transfer requiring consent hereunder and made without Landlord's consent shall not be binding upon Landlord, shall confer no rights upon any third Person, and shall, without Notice or grace period of any kind, constitute an immediate Default by Tenant under this Lease.

Acceptance by Landlord of Rent following any Transfer shall not be deemed to be a consent by Landlord to any such Transfer, acceptance of the Transferee as a tenant, release of Tenant from the performance of any covenants herein, or waiver by Landlord of any remedy of Landlord under this Lease, although amounts received shall be credited by Landlord against Tenant's Rent obligations. Consent by Landlord to any one Transfer shall not be a waiver of the requirement for consent to any other Transfer. No reference in this Lease to assignees, concessionaires, subtenants or licensees shall be deemed to be a consent by Landlord to occupancy of the Leased Premises by any such assignee, concessionaire, subtenant or licensee. Nothing herein shall require Tenant to sublease all or any portion of the Leased Premise or otherwise transfer its interest to Landlord as a condition of permitting occupancy of the Leased Premises by Transferee where Tenant shall remain liable for performance under this Lease.

C. Landlord's consent to any Transfer shall not operate as a waiver of, or release of Tenant from, Tenant's covenants and obligations hereunder; nor shall the collection or acceptance of Rent or other performance from any Transferee have such effect. Rather, Tenant shall remain fully and primarily liable and obligated under this Lease for the entire Term in the event of any Transfer, and in the event of a Default by the Transferee, Landlord shall be free to pursue Tenant, the Transferee, or both, without prior Notice or demand to either.

D. Landlord reserves the right to withhold its consent to a Transfer if any of the following conditions are applicable and it shall be deemed reasonable for Landlord to deny such consent if any of the following conditions are applicable:

(i) Tenant is in Default of this Lease;

(ii) The Net Worth (as defined below) of the Transferee immediately prior to the Transfer is insufficient to fulfill the financial obligations arising under the Lease or the relevant sublease, as reasonably determined by Landlord, based on financial information provided by Tenant or the Transferee taking in to consideration any information provided by any accountant of either party;

(iii) The inability of Transferee to continue to operate the business conducted in the Leased Premises for general office purposes or the other purposes permitted in this Lease; or

(iv) Transferee is an existing tenant in the Project and Landlord has sufficient available space in the Building not subject to Lease to satisfy such proposed subtenant's space requirements.

(v) The Transferee would be any of the following parties (A) Ernst & Young LLP, (B) Deloitte and Touche LLP, (C) KPMG LLP, (D) BDO Seidman LLP, (E) Grant Thornton LLP, (F) Accenture, (G) McKinsey & Company, (H) Boston Consulting Group (BCG), (I) Bain & Company, (J) Baker Tilly, (K) Schneider Downs, and (L) Moss Adams, or any entity resulting from a merger or consolidation of any of the foregoing entities or any entity primarily engaged in the delivery of "top-tier" accounting, tax, advisory or related business consulting services; or

(vi) The Transferee would be any of the following parties (A) Huawei Technologies Co., Ltd. ("Huawei"), ZTE Corporation ("ZTE") or any of their respective affiliates or subsidiaries.

E. Notwithstanding the foregoing, the following conditions shall apply to any proposed Transfer:

(i) Each and every covenant, condition, or obligation imposed upon Tenant by this Lease and each and every right, remedy, or benefit afforded Landlord by this Lease shall not be impaired or diminished as a result of such Transfer.

(ii) The Tenant to which the Leased Premises were initially leased shall continue to remain liable under this Lease for the performances of all terms, including, but not limited to, payment of Rent due under this Lease.

(iii) The Transferee must expressly assume in a written instrument delivered and reasonably acceptable by Landlord all the obligations of Tenant under the Lease.

(iv) Landlord shall furnish the appropriate documentation in connection with any such Transfer and be entitled to a reasonable administrative fee therefor, as set forth in Section 17.03.

(v) At the time Tenant requests approval of the Transfer, Landlord shall receive the following information in connection with such Transfer: the name of the proposed Transferee, a copy of the financial statement of the proposed Transferee and any guarantor, information regarding the proposed Transferee's business history and experience and the proposed Transferee's business plan and projections for the Leased Premises.

(vi) If Landlord consents to a Transfer, as a condition thereto, Tenant shall pay to Landlord monthly, as Additional Rent, following receipt of the same from Transferee, fifty percent (50%) of any Transfer Premium within thirty (30) days of receipt. The term "**Transfer Premium**" shall mean all rent, additional rent and other consideration payable by such Transferee which either initially or over the term of the Transfer exceeds the Rent or pro rata portion of the Rent, as the case may be, for the applicable space in the case of a subletting, or any amount allocated in writing to the value of the leasehold in the Building, in the case of an assignment, and (a) the actual third party brokers' commissions paid by Tenant, (b) reasonable attorneys' fees incurred by Tenant to effect such Transfer, (c) reasonable tenant improvement costs incurred by Tenant to effect such Transfer, and (d) reasonable "free" rent incentives. "Transfer Premium" shall also include, but not be limited to, key money and bonus money paid by Transferee to Tenant in connection with such Transfer. Notwithstanding anything herein to the contrary, this Section 15.01.E(vi) shall not apply to, and no Transfer Premium shall be payable in connection with, any Permitted Transfer (as defined below).

(vii) In the case of a subletting of less than all of the Leased Premises, Tenant, at its sole cost and expense, shall be solely responsible for constructing any and all necessary demising improvements (collectively, the "**Demising Improvements**"); provided, however, that (A) such Demising Improvements shall be constructed in accordance with this Lease, and (B) notwithstanding anything to the contrary contained herein, Tenant shall remove the Demising Improvements and restore the Leased Premises to condition in which it existed prior to the construction thereof upon the earlier of the termination or expiration of the sublease of the Term. The foregoing shall not obligate Tenant to construct Demising Improvements in the event of a proposed sublease of space less than the Leased Premises where Tenant and proposed Transferee reach sublease terms acceptable to the parties on how the Leased Premises space is to be allocated and used by Transferee.

Landlord shall approve or disapprove of such proposed Transfer within fifteen (15) Business Days following receipt of Tenant's Notice of its intent to Transfer the Lease together with the required information set forth above.

Section 15.02. Tenant Remedies.

Notwithstanding anything to the contrary in this Lease, if Tenant claims that Landlord has unreasonably withheld, conditioned, or delayed its consent under this Article XV or otherwise has breached or acted unreasonably under this Article XV, Tenant's sole remedies shall be declaratory judgment and an injunction for the relief sought, or an action for compensatory monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right provided under California Civil Code Section 1995.310 or other applicable Laws to terminate this Lease.

Section 15.03. [Intentionally omitted.]

Section 15.04. Landlord Consent Not Required.

Notwithstanding anything to the contrary contained in this Article XV, as long as no Default by Tenant has then occurred and is continuing, Tenant may assign this Lease or sublet any portion of the Leased Premises (hereinafter collectively referred to as a "**Permitted Transfer**") to (i) an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), (ii) any successor entity to Tenant by way of merger, consolidation or other non-bankruptcy corporate reorganization, (iii) an entity which acquires all or substantially all of Tenant's assets or stock and continuing Tenant's business operations at or from the Leased Premises, or (iv) any entity resulting from a spin-off or roll-up of any former,

current and/or future division or group of Tenant (collectively, “**Permitted Transferees**,” and, individually, a “**Permitted Transferee**”); provided that (a) at least ten (10) Business Days prior to the Transfer (or three (3) Business Days after the Transfer if prior notice of such Transfer is prevented by applicable Laws or confidentiality restrictions), Tenant notifies Landlord of such Transfer, and supplies Landlord with any documents or information reasonably requested by Landlord regarding such Transfer or Permitted Transferee, including, but not limited to, copies of any sublease or instrument of assignment and copies of documents establishing to the reasonable satisfaction of Landlord that the transaction in question is one permitted under this Section 15.03; (b) if the transaction is an assignment, or acquisition of all or substantially all of the assets of Tenant, promptly after the Permitted Transfer, Tenant furnishes Landlord with a written document executed by the proposed Permitted Transferee in which, in the case of an assignment, such entity assumes all of Tenant’s obligations under this Lease thereafter to be performed, and, in the case of a sublease, such entity agrees to sublease the applicable space subject to this Lease; (c) in the case of an assignment pursuant to clauses (ii), (iii) or (iv) above, the successor entity must have a net worth (computed in accordance with generally accepted accounting principles, except that intangible assets such as goodwill, patents, copyrights, and trademarks shall be excluded in the calculation (“**Net Worth**”)) at the time of the Transfer of at least One Hundred Million and 00/100 Dollars (\$100,000,000.00) together with a debt to market capitalization ratio of twenty five percent (25%) or less; (d) any such proposed Transfer is not, whether in a single transaction or in a series of transactions, entered into as a subterfuge to evade the obligations and restrictions relating to Transfers set forth in this Article 15; and (e) the Tenant to which the Leased Premises were initially leased shall continue to remain liable under this Lease for the performances of all terms, including, but not limited to, payment of Rent due under this Lease. “**Control**,” as used in this Section 15.03, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity.

ARTICLE XVI

DEFAULT AND REMEDIES

Section 16.01. Default.

Each of the following events shall constitute a default (“**Default**”) by Tenant under this Lease: (i) Tenant’s failure to pay, or make available as required by this Lease, any Rent (including, without limitation, the Prepaid Minimum Rent and Security Deposit) by the date such Rent is due and such failure is not cured within five (5) Business Days following receipt of Notice from the Landlord; (ii) if Tenant breaches or fails to observe or perform any term, condition or covenant of this Lease, other than those involving the payment of Rent or the timely delivery by Tenant of an estoppel certificate, documents in connection with a Transfer or insurance certificates, and such breach or failure is not cured within thirty (30) days after Tenant’s receipt of Notice thereof, unless such condition cannot reasonably be cured within such thirty (30) days, in which case Tenant must commence such cure within said thirty (30) days and diligently pursue said cure to its completion (provided, however, if such breach or failure creates a hazard, public nuisance or dangerous situation, said thirty (30) day grace period shall be reduced to forty-eight (48) hours after Tenant’s receipt of Notice); (iii) Tenant’s failure to timely deliver an estoppel certificate, a document in connection with a Transfer or any insurance certificate and such failure continues for ten (10) Business Days after Tenant’s receipt of Notice thereof; or (iv) if Tenant fails to carry and maintain the insurance required by this Lease and such failure continues for ten (10) Business Days after Tenant’s receipt of Notice thereof. Notwithstanding the preceding sentence, if Landlord shall give Notice of two (2) such monetary Defaults within any twelve (12) month period, then thereafter, Tenant shall be in Default under this Lease if it fails to pay any Rent within ten (10) days after the same shall be due and payable, without the necessity of Notice.

Section 16.02. Remedies and Damages.

A. If a Default described in Section 16.01, above, occurs, Landlord shall have all the rights and remedies provided in this Section 16.02, in addition to all other rights and remedies available under this Lease or provided at law or in equity.

B. Landlord may, upon Notice to Tenant, terminate this Lease, or terminate Tenant's right to possession without terminating this Lease (as Landlord may elect). If this Lease or Tenant's right to possession under this Lease are at any time terminated under this Section 16.02 or otherwise, Tenant shall immediately surrender and deliver the Leased Premises peaceably to Landlord. If Tenant fails to do so, Landlord shall be entitled to re-enter, without process and without Notice (any Notice to quit or of re-entry being hereby expressly waived), using such force as may be necessary, and, alternatively, Landlord shall have the benefit of all provisions of law respecting the speedy recovery of possession of the Leased Premises (whether by summary proceedings or otherwise).

C. Landlord may also perform, on behalf and at the expense of Tenant, any obligation of Tenant under this Lease which Tenant fails to perform, the cost of which (together with an administrative fee of ten percent (10%) to cover Landlord's overhead in connection therewith) shall be paid by Tenant to Landlord within five (5) Business Days after demand therefor. In performing any obligations of Tenant, Landlord shall incur no liability for any loss or damage that may accrue to Tenant, the Leased Premises or Tenant's Property by reason thereof, except if caused by Landlord's willful and malicious act. The performance by Landlord of any such obligation shall not constitute a release or waiver of any of Tenant's obligations under this Lease.

D. Upon termination of this Lease or of Tenant's right to possession under this Lease, Landlord may at any time and from time to time relet all or any part of the Leased Premises for the account of Tenant or otherwise, at such rentals and upon such terms and conditions as Landlord shall deem appropriate. Landlord shall receive and collect the rents therefor, applying the same first to the payment of such expenses as Landlord may incur in recovering possession of the Leased Premises, including legal expenses and attorneys' fees, in placing the Leased Premises in good order and condition and in preparing or altering the same for re-rental; second, to the payment of such expenses, commissions and charges as may be incurred by or on behalf of Landlord in connection with the reletting of the Leased Premises; and third, to the fulfillment of the covenants of Tenant under this Lease, including the various covenants to pay Rent. Any such reletting may be for such term(s) as Landlord elects. Thereafter, Tenant shall pay Landlord until the end of the Term of this Lease the equivalent of the amount of all the Rent and all other sums required to be paid by Tenant, less the net avails of such reletting, if any, on the dates such Rent and other sums above specified are due. Any reletting by Landlord shall not be construed as an election by Landlord to terminate this Lease unless Notice of such intention is given by Landlord to Tenant. Notwithstanding any reletting without termination of this Lease, Landlord may at any time thereafter elect to terminate this Lease. In any event, Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished by reason of, any failure by Landlord to relet the Leased Premises or any failure by Landlord to collect any sums due upon such reletting.

E. In addition to all other remedies provided in this Lease and at law, if there occurs a Default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord may terminate this Lease and all rights of Tenant hereunder by Notice to Tenant, in which event Tenant shall immediately surrender the Leased Premises to Landlord. 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 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 Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus
- (iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of events would likely result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Leased Premises or any portion thereof for a new tenant, whether for the same or a different

use, and any special concessions made to obtain a new tenant, and the unamortized balance of such reimbursements paid by Landlord to Tenant pursuant to Section 17.31 below; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

As used in subsections (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Interest Rate. As used in subsection (iii) 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%).

Efforts by Landlord to mitigate damages caused by Tenant's Default or breach of this Lease shall not waive Landlord's right to recover damages under this Section. If termination of this Lease is obtained through an unlawful detainer action, Landlord shall have the right to recover in such proceeding the unpaid rent and damages as are recoverable thereon, or Landlord may reserve the right to recover all or any part thereof in a separate suit for such rent and/or damages.

F. At Landlord's option and in addition to all other remedies provided in this Lease and at law, if there occurs a Default, Landlord may elect to continue this Lease and Tenant's right to possession in effect under California Civil Code Section 1951.4 after Tenant's breach or Default and recover the rent as it becomes due. Landlord and Tenant agree that the limitations on assignment and subletting set forth in Article XV in this Lease are reasonable. Acts of maintenance or preservation, efforts to relet the Leased Premises or the appointment of a receiver to protect Landlord's interest under this Lease, shall not constitute a termination of Tenant's right to possession.

Section 16.03. Remedies Cumulative.

No reference to any specific right or remedy in this Lease shall preclude Landlord from exercising any other right, from having any other remedy, or from maintaining any action to which it may otherwise be entitled under this Lease, at law or in equity.

Section 16.04. Waiver.

A. Landlord shall not be deemed to have waived any provision of this Lease, or the breach of any such provision, unless specifically waived by Landlord in a writing executed by an authorized officer of Landlord. No waiver of a breach shall be deemed to be a waiver of any subsequent breach of the same provision, or of the provision itself, or of any other provision.

B. Tenant hereby expressly waives any and all rights of redemption and any and all rights to relief from forfeiture which would otherwise be granted or available to Tenant under any present or future statutes, rules or case law.

C. IN ANY LITIGATION (WHETHER OR NOT ARISING OUT OF OR RELATING TO THE LEASE) IN WHICH LANDLORD AND TENANT SHALL BE ADVERSE PARTIES, BOTH LANDLORD AND TENANT KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND TO THE FULLEST EXTENT PERMITTED BY LAW, WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY.

D. Notwithstanding anything to the contrary contained in this Lease, Tenant waives the right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code and all other Laws now or hereafter in effect. Furthermore, Tenant hereby waives the provisions of California Civil Code Sections 1932(2) and 1933(4) and the provisions of any successor or other law of like import.

ARTICLE XVII

MISCELLANEOUS PROVISIONS

Section 17.01. Notices.

A. Whenever any demand, request, approval, consent or Notice (singularly and collectively, "**Notice**") shall or may be given by one party to the other, such Notice shall be in

writing and addressed to the parties at their respective addresses as set forth in Section 1.01.I, above, and served by (i) hand, (ii) a nationally recognized overnight express courier, or (iii) registered or certified mail return receipt requested. The date the Notice is received shall be the date of service of Notice. If an addressee refuses to accept delivery, however, then Notice shall be deemed to have been served on either (i) the date hand delivery is refused, (ii) the next business day after the Notice was sent in the case of attempted delivery by overnight courier, or (iii) five (5) Business Days after mailing the Notice in the case of registered or certified mail. Either party may, at any time, change its Notice address by giving the other party Notice, in accordance with the above, stating the change and setting forth the new address.

B. If any Mortgagee shall notify Tenant that it is the holder of a Mortgage affecting the Leased Premises, no Notice thereafter sent by Tenant to Landlord shall be effective unless and until a copy of the same shall also be sent to such Mortgagee, in the manner prescribed in this Section 17.01, to the address as such Mortgagee shall designate.

Section 17.02. Recording.

Neither this Lease nor a memorandum thereof shall be recorded without the prior written consent of Landlord.

Section 17.03. Interest and Administrative Costs.

A. If (i) Tenant fails to make any payment under this Lease when due, or (ii) Landlord incurs any costs or expenses in performing any obligation of Tenant or as a result of Tenant's Default under this Lease, then Tenant shall pay, within five (5) Business Days after demand, such costs and/or expenses plus Interest from the date such payment was due or from the date Landlord incurs such costs or expenses relating to the performance of any such obligation or Tenant's Default.

B. If (i) Landlord fails to make any payment under this Lease when due, or (ii) Tenant incurs any costs or expenses in performing any obligation of Landlord or as a result of Landlord's Default under this Lease, then Landlord shall pay, within five (5) Business Days after demand, such costs and/or expenses plus Interest from the date such payment was due or from the date Tenant incurs such costs or expenses relating to the performance of any such obligation or Landlord's Default.

C. If Tenant requests that Landlord review and/or execute any documents in connection with any Transfer, Tenant shall pay to Landlord, upon demand, as an administrative fee for the review and/or execution thereof, all costs and expenses, including reasonable attorney's fees (which shall include the cost of time expended by in-house counsel) incurred by Landlord and/or Landlord's agent.

Section 17.04. Legal Expenses.

If Landlord or Tenant institutes any suit against the other in connection with the enforcement of their respective rights under this Lease, the violation of any term of this Lease, the declaration of their rights hereunder, or the protection of Landlord's or Tenant's interests under this Lease, the non-prevailing party shall reimburse the prevailing party for its reasonable expenses incurred as a result thereof including court costs, consultant and witness fees and expenses and attorneys' fees within five (5) Business Days after demand therefor. Notwithstanding the foregoing, if Landlord files any legal action for collection of Rent or any eviction proceedings, whether summary or otherwise, for the non-payment of Rent, and Tenant pays such Rent prior to the rendering of any judgment, the Landlord shall be entitled to collect, and Tenant shall pay, all court filing fees and the reasonable fees of Landlord's attorneys. Notwithstanding the entry of any judgment related to this Lease, this Section 17.04 shall not be merged with such judgment, but shall survive the entry of such judgment and shall continue to be binding and conclusive on the parties for all time. Post-judgment attorneys' fees and costs related to the enforcement of any such judgment shall be recoverable in the same or a separate action.

Section 17.05. Successors and Assigns.

This Lease and the covenants and conditions herein contained shall inure to the benefit of and be binding upon Landlord and Tenant, and their respective permitted successors and assigns.

Upon any sale or other transfer by Landlord of its interest in the Leased Premises, Landlord shall be relieved of any obligations under this Lease occurring for the period after such sale or other transfer.

Section 17.06. Limitation on Right of Recovery Against Landlord; Transfer of Landlord's Interest.

No shareholder, member, trustee, partner, director, officer, employee, representative or agent of Landlord shall be personally liable in respect of any covenant, condition or provision of this Lease. If Landlord breaches or defaults in any of its obligations in this Lease, Tenant shall look solely to the equity of the Landlord in the Building and Project and any insurance proceeds arising from the insurance required hereunder for satisfaction of Tenant's remedies. Further, Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Leased Premises, Building and/or this Lease. Tenant expressly agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease arising after the date of any such transfer and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of such transfer, except as provided in Section 17.07, below, provided that successor Landlord has assumed the obligations as landlord under the Lease. Any transferee shall agree to perform Landlord's obligations hereunder arising or accruing after the date of such transfer, including, without limitation, the right to a return of the Security Deposit. Tenant's foregoing release of Landlord upon a transfer of this Lease shall not apply to Landlord's breach of the Lease terms and conditions during Landlord's period of ownership prior to the date of transfer except in the instance that successor landlord agrees in writing to assume the obligations of landlord under the Lease. Landlord shall transfer the Security Deposit to the transferee in the event of such transfer. A ground lease or similar long term lease by Landlord of the entire Building, of which the Leased Premises are a part, shall be deemed a sale within the meaning of this Section 17.06. Tenant agrees to attorn to such new owner provided such new owner does not disturb Tenant's use, occupancy or quiet enjoyment of the Leased Premises so long as Tenant is not in Default of this Lease. In no event shall Landlord be responsible for consequential damages (e.g., lost profits), punitive damages or any damages other than direct, actual and compensatory damages incurred by Tenant.

Section 17.07. Security Deposit; Letter of Credit.

A. Security Deposit. Unless Tenant elects to deliver a Letter of Credit pursuant to Section 17.07.B, below, contemporaneously with Tenant's execution and delivery of this Lease, Tenant shall deposit with Landlord, for Landlord's general account, the Security Deposit set forth in Section 1.01.H hereof as security for the performance of each and every term, covenant, agreement and condition of this Lease to be performed by Tenant. Landlord may use, apply on Tenant's behalf or retain (without liability for interest) during the Term all or any part of the Security Deposit to the extent required for the payment of any Rent which may be owed hereunder which is not paid when due, or for any sum which Landlord may expend to cure any Default of Tenant. In this regard, Tenant hereby waives any restriction on the uses to which the Security Deposit may be applied as contained in Section 1950.7(c) of the California Civil Code and/or any successor statute. After each application from the Security Deposit, Tenant shall, within ten (10) Business Days after of Notice from Landlord, restore said Security Deposit to the amount required in accordance with the terms of this Lease. The use, application or retention of the Security Deposit by Landlord shall not be deemed a limitation on Landlord's recovery in any case, or a waiver by Landlord of any Default, nor shall it prevent Landlord from exercising any other right or remedy for a Default by Tenant. Landlord shall not be deemed a trustee of the Security Deposit. Landlord may use the Security Deposit in Landlord's ordinary business and shall not be required to segregate it from Landlord's general accounts. Tenant shall not be entitled to any interest on the Security Deposit. If Landlord transfers the Building during the Term, Landlord must pay the Security Deposit to any subsequent owner in conformity with the provisions of Section 1950.7 of the California Civil Code and/or any successor statute, in which event the transferring landlord shall be released from all liability for the return of the Security Deposit. Tenant specifically grants to Landlord (and Tenant hereby waives the provisions of California Civil Code Section 1950.7 to the contrary) a period of sixty (60) days following the later of (i) the Termination Date, and (ii) when Tenant surrenders possession of the Leased Premises to Landlord in accordance with the terms of this Lease within which to inspect the Leased Premises, make required restorations and repairs, receive and verify workmen's billings therefor, and prepare a final accounting with respect to the Security Deposit and return any

unused portion. In no event shall the Security Deposit or any portion thereof, be considered prepaid rent.

B. Letter of Credit.

1. In lieu of a Security Deposit, Tenant shall have the right to deliver to Landlord, as protection for the full and faithful performance by Tenant of all of its obligations under this Lease and for all losses and damages Landlord may suffer (or that Landlord reasonably estimates it may suffer) as a result of any breach or default by Tenant under this Lease, an irrevocable and unconditional negotiable standby Letter of Credit ("**Letter of Credit**"), in the form attached to this Lease as **Exhibit I** and containing the terms required in this provision, payable in the cities of Washington, D.C. or San Jose, California, running in favor of Landlord and issued by a solvent, nationally recognized bank with a rating of (i) "A3" or better by Moody's Investors Service, (ii) "A-" or better by Standard & Poor's Rating Service, or its successor; or (iii) "A-" or better by Fitch Ratings, in the amount of the Two Hundred Eighty-Six Thousand Two Hundred Twenty Five and 50/100ths Dollars (\$286,225.50) ("**Letter of Credit Amount**"). Tenant shall deliver the Letter of Credit to Landlord no later than five (5) Business Days after the mutual execution and delivery of this Lease. Tenant shall pay all expenses, points, or fees incurred by Tenant in obtaining the Letter of Credit. The Letter of Credit shall (1) be "callable" at sight, irrevocable, and unconditional; (2) be maintained in effect, whether through renewal or extension, for the period from the Lease Commencement Date and continuing until the date ("**Letter of Credit Expiration Date**") that is sixty (60) days after the expiration of the Term, and Tenant shall deliver a new Letter of Credit or certificate of renewal or extension to Landlord on or before the expiration of the Letter of Credit then held by Landlord, without any action whatsoever on the part of Landlord; (3) be fully assignable by Landlord, its successors, and assigns; (4) permit partial draws and multiple presentations and drawings; (5) be honored by the bank issuing the same ("**Issuing Bank**") regardless of whether Tenant disputes Landlord's right to draw on the Letter of Credit; and (6) be otherwise subject to Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (UCP600) or International Standby Practices-ISP98, International Chamber of Commerce Publication No. 590 (1998). In addition, the form and terms of the Letter of Credit and the Issuing Bank shall be acceptable to Landlord, in Landlord's sole discretion. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the Letter of Credit if any of the following shall have occurred or be applicable: (1) such amount is due to Landlord under the terms and conditions of this Lease; (2) Tenant has filed a voluntary petition under any chapter of the U.S. Bankruptcy Code or any similar state law (collectively, "**Bankruptcy Code**"); (3) Tenant has assigned any or all of its assets to creditors in accordance with any federal or state Laws; (4) an involuntary petition has been filed against Tenant under any chapter of the Bankruptcy Code; or (5) the Issuing Bank has notified Landlord that the Letter of Credit will not be renewed or extended through the Letter of Credit Expiration Date.

2. The Letter of Credit shall also provide that Landlord, its successors, and assigns, may, at any time and without notice to Tenant and without first obtaining Tenant's consent, transfer (one or more times) all or any portion of its interest in and to the Letter of Credit to another party, person, or entity, regardless of whether such transfer is separate from or a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in the Leased Premises, Landlord shall transfer the Letter of Credit, in whole or in part, to the transferee and Landlord shall then, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions of this Article shall apply to every transfer or assignment of the whole or any portion of the Letter of Credit to a new landlord. In connection with any such transfer of the Letter of Credit by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Issuing Bank such applications, documents, and instruments as may be necessary to effectuate such transfer, and Tenant shall be responsible for paying the Issuing Bank's transfer and processing fees in connection with any such transfer.

3. If, as a result of Landlord drawing on the Letter of Credit, the amount of the Letter of Credit shall be less than the Letter of Credit Amount, Tenant shall, within five (5) Business Days after the drawdown by Landlord, provide Landlord with additional letter(s) of credit, or cash security deposit, in an amount equal to the deficiency, and any such additional

letter(s) of credit shall comply with all of the provisions of this Section 17.07.B. If Tenant fails to comply with this requirement, despite anything to the contrary contained in this Lease, the same shall constitute an incurable default by Tenant.

4. Tenant covenants and warrants that it will neither assign nor encumber the Letter of Credit or any part of it and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment, or attempted encumbrance. Without limiting the generality of the foregoing, if the Letter of Credit expires earlier than the Letter of Credit Expiration Date, Landlord will accept a renewal of the letter of credit (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than sixty (60) days before the expiration of the Letter of Credit), which shall be irrevocable and automatically renewable as required in Section 17.07.B.1 above through the Letter of Credit Expiration Date on the same terms as the expiring Letter of Credit or such other terms as may be acceptable to Landlord in its reasonable discretion taking into account Tenant's net worth and credit rating. However, if the Letter of Credit is not timely renewed, or if Tenant fails to maintain the Letter of Credit in the amount and in accordance with the terms set forth above, Landlord shall have the right to present the Letter of Credit to the Issuing Bank in accordance with the terms hereof, and the proceeds of the Letter of Credit may be applied by Landlord against any Rent payable by Tenant under this Lease that is not paid when due and to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease. Any unused and unapplied proceeds shall constitute the property of Landlord and need not be segregated from Landlord's other assets; provided, however, Letter of Credit proceeds drawn by Landlord and applied to cure a Default that result in excess proceeds held by the Landlord shall be held as a security for the Tenant performance under this Lease in accordance with the terms of Section 17.07 A. above. Landlord agrees to pay to Tenant within thirty (30) days after the Letter of Credit Expiration Date the amount of any proceeds of the Letter of Credit received by Landlord and not (1) applied against any Rent payable by Tenant under this Lease that was not paid when due or (2) used to pay for any losses and damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or Default by Tenant under this Lease; provided, however, that if before the Letter of Credit Expiration Date a voluntary petition under the Bankruptcy Code is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, then Landlord shall not be obligated to make such payment in the amount of the unused Letter of Credit proceeds until either (x) all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or (y) such bankruptcy or reorganization case has been dismissed.

5. Tenant acknowledges and agrees that Landlord is entering into this Lease in material reliance on the ability of Landlord to draw on the Letter of Credit on the occurrence of any breach or Default on the part of Tenant under this Lease. If Tenant shall breach any provision of this Lease or otherwise be in Default under this Lease, Landlord may, but without obligation to do so, and without notice to Tenant, draw on the Letter of Credit, in part or in whole, to cure any breach or Default of Tenant and to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or Default, including any damages that accrue upon termination of the Lease under the Lease and/or California Civil Code §1951.2 or any similar provision. Landlord's use, application, or retention of any proceeds of the Letter of Credit, or any portion of it, shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable law, it being intended that Landlord shall not first be required to proceed against the Letter of Credit, and shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Tenant agrees not to interfere in any way with payment to Landlord of the proceeds of the Letter of Credit, either before or following a draw by Landlord of any portion of the Letter of Credit, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw on the Letter of Credit. No condition or term of this Lease shall be deemed to render the Letter of Credit conditional to justify the issuer of the Letter of Credit in failing to honor a draw on such Letter of Credit in a timely manner. Tenant agrees and acknowledges that (1) the Letter of Credit constitutes a separate and independent contract between Landlord and the Issuing Bank; (2) Tenant is not a third party beneficiary of such contract; (3) Tenant has no property interest whatsoever in the Letter of Credit or the proceeds of it; and (4) if Tenant becomes a debtor under any chapter of the Bankruptcy Code,

neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim or rights to the Letter of Credit or the proceeds of it by application of 11 USC §502(b)(6) or otherwise.

6. Tenant may, from time to time, replace any existing Letter of Credit with a new Letter of Credit if the new Letter of Credit: (1) becomes effective at least sixty (60) days before expiration of the Letter of Credit that it replaces; (2) is in the required Letter of Credit amount; (3) is issued by a Letter of Credit bank acceptable to Landlord; and (4) otherwise complies with the requirements of this Section 17.07.B.

7. Landlord and Tenant acknowledge and agree that in no event or circumstance shall the Letter of Credit or any renewal or proceeds of it be (1) deemed to be or treated as a "security deposit" within the meaning of California Civil Code §1950.7, (2) subject to the terms of §1950.7, (3) intended to serve as a "security deposit" within the meaning of §1950.7, or (4) limit Landlord's remedies hereunder. Landlord and Tenant (x) confirm that the Letter of Credit is not intended to serve as a security deposit and §1950.7 and any and all other Laws applicable to security deposits in the commercial context ("**Security Deposit Laws**") shall have no applicability or relevancy to the Letter of Credit.

8. Notwithstanding the foregoing or anything to the contrary contained herein, if at any time during the Term, Landlord determines that (i) the Issuing Bank is closed for any reason, whether by the Federal Deposit Insurance Corporation ("**FDIC**"), by any other governmental authority, or otherwise, or (ii) the Issuing Bank fails to meet any of the following three ratings standards as to its unsecured and senior, long-term debt obligations (not supported by third party credit enhancement): (a) "A3" or better by Moody's Investors Service, or its successor, (b) "A-" or better by Standard & Poor's Rating Service, or its successor; or (c) "A-" or better by Fitch Ratings, or its successor, or (c) the Issuing Bank is no longer considered to be well capitalized under the "Prompt Corrective Action" rules of the FDIC (as disclosed by the Issuing Bank's Report of Condition and Income (commonly known as the "**Call Report**") or otherwise), or (d) the Issuing Bank has been placed into receivership by the FDIC, or has entered into any other form of regulatory or governmental receivership, conservatorship or other similar regulatory or governmental proceeding, or is otherwise declared insolvent or downgraded by the FDIC or other governmental authority (any of the foregoing, an "**Issuing Bank Credit Event**"), then, within ten (10) Business Days following Landlord's notice to Tenant, Tenant shall deliver to Landlord a new Letter of Credit meeting the terms of this Section issued by an Issuing Bank meeting Landlord's credit rating standards set forth above and otherwise acceptable to Landlord, in which event, Landlord shall return to Tenant the previously held Letter of Credit. If Tenant fails to timely deliver such replacement Letter of Credit to Landlord, such failure shall be deemed a default by Tenant under this Lease, without the necessity of additional notice or the passage of additional grace periods, entitling Landlord to draw upon the Letter of Credit.

C. Burndown. If, as of the first day of the thirty first (31st) month following the Term Commencement Date, and upon the first anniversary thereof (such date, and such anniversary thereof, being referred to herein as a "Reduction Date" (for avoidance of doubt, it being agreed that there shall be up to two (2) total Reduction Dates, as applicable)), no Default by Tenant has occurred, the Security Deposit, or the face amount of the Letter of Credit if Tenant has delivered a Letter of Credit pursuant to Section 17.07(B) above, shall be reduced by Ninety-Five Thousand Four Hundred Eight and 50/100ths Dollars (\$95,408.50) on each Reduction Date. Provided Tenant is entitled to a reduction as provided above, then within thirty (30) days after the applicable Reduction Date, Tenant may request, in writing, that Landlord deliver (i) that portion of the Security Deposit in such reduction amount, or (ii) if Tenant has delivered a Letter of Credit pursuant to Section 17.07(B) above, a written authorization of the applicable reduction to the Issuing Bank, which authorization shall be delivered within fifteen (15) days following receipt of Tenant's written request, and Tenant shall then have thirty (30) days following delivery of such authorization by Landlord to deliver Landlord a replacement Letter of Credit or certificate of amendment to the then existing Letter of Credit conforming in all respects to the requirements of Section 17.07(B) and otherwise in form and substance acceptable to Landlord, in the applicable face amount as of such Reduction Date.

Section 17.08. Entire Agreement; No Representations; Modification.

This Lease is intended by the parties to be a final expression of their agreement and as a complete and exclusive statement of the terms thereof. All prior negotiations, considerations and representations between the parties (oral or written) are incorporated herein. No course of prior dealings between the parties or their officers, employees, agents or affiliates shall be relevant or admissible to supplement, explain or vary any of the terms of this Lease. No representations, understandings, agreements, warranties or promises with respect to the Leased Premises or the Building with respect to past, present or future tenancies, rents, expenses, operations, or any other matter, have been made or relied upon in the making of this Lease, other than those specifically set forth herein. This Lease may only be modified, or a term thereof waived, by a writing signed by an authorized officer of Landlord and Tenant expressly setting forth said modification or waiver.

Section 17.09. Severability.

If any term or provision of this Lease, or the application thereof to any Person or circumstance, shall be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 17.10. Joint and Several Liability.

If two or more Persons shall sign this Lease as Tenant, the liability of each such Person to pay the 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 Persons 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 legal entity, the partners or members of which are, by virtue of any applicable law, rule, or regulation, subject to personal liability, the liability of each such partner or member under this Lease shall be joint and several and each such partner or member shall be fully obligated hereunder and bound hereby as if each such partner or member had personally signed this Lease.

Section 17.11. Broker's Commission.

Other than Newmark, representing Landlord, and Jones Lang LaSalle, representing Tenant (collectively, "**Broker**"), Landlord and Tenant each warrants and represents to the other that no broker, finder or agent has acted for or on its behalf in connection with the negotiation, execution or procurement of this Lease. Subject to the next sentence, Landlord and Tenant each agrees to indemnify and hold the other harmless from and against all liabilities, obligations and damages arising, directly or indirectly, out of or in connection with a claim from a broker, finder or agent with respect to this Lease or the negotiation thereof, including costs and attorneys' fees incurred in the defense of any claim made by a broker alleging to have performed services on behalf of the indemnifying party. Landlord agrees to pay Broker a commission with respect to this Lease in accordance with a separate written agreement between Landlord and Broker.

Section 17.12. No Option; Irrevocable Offer.

The submission of this Lease by Landlord, its broker, agent or representative, for examination or execution by Tenant, does not constitute an option or offer to lease the Leased Premises upon the terms and conditions contained herein or a reservation of the Leased Premises in favor of Tenant; it being intended hereby that notwithstanding the preparation of space plans and/or tenant improvements plans, etc., and/or the expenditure by Tenant of time and/or money while engaged in negotiations in anticipation of it becoming the Tenant under this Lease, or Tenant's forbearing pursuit of other leasing opportunities, or even Tenant's execution of this Lease and submission of same to Landlord, that this Lease shall become effective and binding upon Landlord only upon the execution hereof by Landlord and its delivery of a fully executed counterpart hereof to Tenant. No exception to the foregoing disclaimer is intended, nor shall any be implied, from expressions of Landlord's willingness to negotiate with respect to any of the terms and conditions contained herein. Tenant's execution of this Lease shall be deemed an offer by Tenant.

Section 17.13. Inability to Perform.

Except for the payment of monetary obligations, in any case where either party hereto is required to do any act, and the performance of such act is prevented, delayed or stopped due to any of the following (“**Force Majeure**”): acts of God or nature, war, terrorism, civil commotion, fire, flood or other Casualty, labor difficulties (provided each party shall use commercially reasonable efforts to resolve such labor difficulties), shortages of labor or materials or equipment, government regulations, delay by government or regulatory agencies with respect to approval or permit process, unusually severe weather or other reasonably unforeseeable circumstances not within the control of the party or its agents delayed in performing work or doing acts required under the terms of this Lease, the time for performance of such act (whether designated by a fixed date, a fixed time or a “reasonable time”) shall be deemed to be extended by the period of such prevention, delay or stoppage. Notwithstanding anything contained in this Lease to the contrary, if either party is unable to perform or delayed in performing any of its obligations under this Lease to the extent due to a foregoing event, such party shall not be in default under this Lease; provided, however, that nothing contained in this Section shall (i) extend the time at which Tenant is entitled to terminate this Lease pursuant to any express termination right under this Lease, or (ii) permit Tenant to holdover in the Leased Premises after the Termination Date. It shall be a condition of the right to claim an extension of time or other consequence as a result of any of the foregoing events that the party seeking such extension or consequence shall notify the other party thereof, specifying the nature and (to the extent known) the estimated length thereof. If such Notice is given later than five (5) Business Days after the notifying party first has actual knowledge of the existence of the event, then the event occurring during the period commencing on such fifth (5th) Business Day and ending on the date of such Notice, shall be disregarded and deemed not to have occurred.

Section 17.14. Survival.

Occurrence of the Termination Date shall not relieve either party from its obligations accruing prior to the expiration of the Term. All such obligations shall survive termination of this Lease.

Section 17.15. Corporate Tenants.

If Tenant is not an individual, the individual(s) executing this Lease on behalf of Tenant, without incurring any personal liability, hereby covenant(s) and warrant(s) that: (i) Tenant is duly formed, qualified to do business and in good standing in the State of California; and (ii) such Person(s) are duly authorized by Tenant to execute and deliver this Lease on behalf of Tenant. Tenant shall remain qualified to do business and in good standing in the State of California throughout the Term.

Section 17.16. Construction of Certain Terms.

The term “including” shall mean in all cases “including, without limitation.” Wherever Tenant is required to perform any act hereunder, such party shall do so at its sole cost and expense, unless expressly provided otherwise. All payments to Landlord, other than Minimum Rent, whether as reimbursement or otherwise, shall be deemed to be Additional Rent, regardless of whether denominated as “**Additional Rent**.” The parties acknowledge that this Lease has been agreed to by both the parties, that both Landlord and Tenant have consulted with attorneys with respect to the terms of this Lease and that no presumption shall be created against Landlord because Landlord drafted this Lease.

Section 17.17. Showing of Leased Premises.

Landlord may enter upon the Leased Premises for purposes of showing the Leased Premises to Mortgagees, prospective Mortgagees, insurers, prospective insurers, investors, underwriters, and purchasers and prospective purchasers at any time during the Term and to prospective tenants during the last twelve (12) months of the Term, subject to execution of a reasonable and customary nondisclosure agreement by any person other than Landlord having access to the Leased Premises, and after providing at least two (2) Business Days’ Notice. Notwithstanding the foregoing, if any Mortgagee, prospective Mortgagee, insurer or prospective insurer refuses to execute a nondisclosure agreement, then such Mortgagee, prospective Mortgagee, insurer or prospective insurer shall nevertheless be permitted to access the Leased

Premises for purposes of completing customary underwriting activities (i.e., seismic and property condition reports) in the Leased Premises.

Section 17.18. Relationship of Parties.

This Lease shall not create any relationship between the parties other than that of Landlord and Tenant.

Section 17.19. Rule Against Perpetuities.

Notwithstanding any provision in this Lease to the contrary, if the Term has not commenced within twenty-one (21) years after the date of this Lease, this Lease shall automatically terminate on the twenty-first (21st) anniversary of the date of this Lease. The sole purpose of this provision is to avoid any possible interpretation of this Lease as violating the Rule Against Perpetuities, or any other rule of law or equity concerning restraints on alienation.

Section 17.20. Choice of Law.

This Lease shall be construed, and all disputes, claims, and questions arising hereunder shall be determined in accordance with the laws of the State of California without reference to its choice of law principles.

Section 17.21. Choice of Forum.

Any action involving a dispute relating in any manner to this Lease, the relationship of Landlord/Tenant, the use or occupancy of the Leased Premises, and/or any claim of injury or damage shall be filed and adjudicated solely in the state or federal courts of the jurisdiction in which the Leased Premises are located.

Section 17.22. Hazardous Substances.

No Hazardous Substances (as hereafter defined) shall be used, generated, stored, treated, released, disposed or otherwise managed by or on behalf of Tenant or any invitee at the Leased Premises or the Building with the exception of appropriate amounts of office and cleaning products customarily and lawfully used in conjunction with an office use and/or any materials used in connection with any maintenance required to be performed by Tenant hereunder. Tenant shall immediately notify Landlord upon discovery of any Hazardous Substance release affecting the Leased Premises and, at its sole expense and at Landlord's option, commence and thereafter diligently pursue remediation to Landlord's satisfaction or reimburse Landlord's costs of investigation or remediation of any release of Hazardous Substances arising from any act or omission of Tenant, its employees, agents, contractors or invitees within five (5) Business Days after demand therefor. Tenant shall cooperate with Landlord and provide access to the Leased Premises from time to time for inspections and assessments of environmental conditions and shall remove all Hazardous Substances from the Leased Premises upon expiration or termination of the Lease. Tenant agrees to indemnify, defend and hold Landlord and Landlord's Indemnitees harmless from and against all Losses which may be imposed upon, incurred by or asserted against Landlord or Landlord's Indemnitees by a third party and arising, directly or indirectly, out of or in connection with the presence of Hazardous Substances at or affecting the Building due to any act or failure to act of Tenant, its agents, servants, employees or contractors.

Landlord warrants to Tenant that, to Landlord's actual knowledge as of the Delivery Date, the Leased Premises will not contain any asbestos or asbestos-containing materials in quantities that violate any applicable Laws in effect on the Delivery Date. Landlord shall, at Landlord's sole cost, comply with all applicable Laws relating to the investigation, monitoring, disposal, remediation and/or removal of Hazardous Substances in violation of any applicable Laws except for which Tenant is responsible pursuant to the terms hereon (a) present in the Leased Premises prior to the Term Commencement Date except to the extent brought thereon by Tenant or any of Tenant's employees, assignees, subtenants, agents, contractors and representatives ("**Pre-Existing Hazardous Substances**"), or (b) brought, used, generated, emitted or disposed of by Landlord in the Leased Premises ("**Landlord Hazardous Materials**"). Further, if any Hazardous Substances are released in the Leased Premises by a Person other than Landlord, Landlord's Indemnities, Tenant or any of Tenant's or any of Tenant's employees, assignees, subtenants, agents, contractors and representatives, then Landlord shall not be in breach hereof or liable to Tenant for damaged but Landlord, at its sole cost, shall use commercially reasonable efforts to cause such Person to investigate, monitor, dispose, remediate

and/or remove such Hazardous Substances to the extent required by applicable Laws. Subject to the terms and conditions of this Lease, Landlord agrees to indemnify, defend and hold Tenant harmless from and against all Losses which may be imposed upon, incurred by or asserted against Tenant by a third party and arising solely and directly out of any Pre-Existing Hazardous Substances or any Landlord Hazardous Materials.

As used herein, “**Hazardous Substances**” shall mean (i) hazardous or toxic substances, wastes, materials, pollutants and contaminants which are included in or regulated by any federal, state or local law, regulation, rule or ordinance, including CERCLA, Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, and the Toxic Substances Control Act, as any of the foregoing may be amended from time to time, (ii) petroleum products, (iii) halogenated and non-halogenated solvents, and (iv) all other regulated chemicals, materials and solutions which, alone or in combination with other substances, are potentially harmful to the environment, public health or safety or natural resources, and (v) black mold or other toxic fungus.

Section 17.23. OFAC Certification.

Tenant certifies that: (i) it is not acting, 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 engaging in, instigating or facilitating this transaction, directly or indirectly, on behalf of any such Person, group, entity, or nation.

Tenant hereby agrees to defend, indemnify, and hold harmless Landlord from and against any and all claims, damages, losses, risks, liabilities, and expenses (including attorneys’ fees and costs) arising from or related to any breach of the foregoing certification.

Section 17.24. Time is of the Essence.

Time is of the essence with respect to each and every obligation of either party arising under this Lease.

Section 17.25. Counterparts; Electronic Signature.

This Lease and any amendments hereto may be executed in counterparts with the same effect as if the parties had executed one instrument, and each such counterpart shall constitute an original of this Lease. Further, the parties hereto consent and agree that this Lease, any amendment hereto and/or any notice to be delivered in accordance herewith may be signed and/or transmitted by electronic mail of a .PDF document and/or using electronic signature technology (e.g., DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and effective to bind the party so signing as a paper copy bearing such party’s hand-written signature. The parties further consent and agree that (a) to the extent a party signs this Lease using such electronic signature technology, by clicking “Sign” is signing this Lease electronically, and (b) the electronic signatures appearing on this Lease, shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

Section 17.26. Confidentiality.

Tenant and Landlord each acknowledges that the contents of this Lease and any related documents are confidential information. Tenant and Landlord each shall keep and maintain such information strictly confidential and shall not disclose such confidential information to any person or entity; provided, however, each such party may disclose the terms and conditions of this Lease if required by law (including without limitation, as deemed necessary or desirable in connection with its status as a public traded company or a subsidiary of a publicly traded company) or court order or in connection with any effort or action to enforce or interpret the terms of this Lease, and to its attorneys, insurance consultants or providers, accountants, employees, auditors, and existing or prospective financial partners, investors, purchasers or lenders provided same are advised by such party of the confidential nature of such terms and conditions as well as to its brokers or other real estate advisors, appraisers, contractors, architects or engineers in connection with the negotiation, administration, or performance of or the exercise

of any rights of such party under this Lease, and to any prospective transferees of any or all of such party's interest in this Lease or the Leased Premises.

Section 17.27. Right of First Offer to Lease.

A. If any spaces in excess of ten thousand (10,000) contiguous square feet of Floor Area of the third (3rd) floor the Building (the "**3rd Floor**") becomes available for lease to third parties (each and any such portion is herein referred to as "**First Offer Space**") at any time during the Term hereof, but only after initial "lease-up" of the 3rd Floor, Tenant shall have an on-going right of first offer to lease such First Offer Space, subject to, and in accordance with, the terms and conditions set forth in this Section 17.28. For purposes of this Section 17.28, "available for lease" shall mean First Offer Space which Landlord has determined that it will place on the market for lease and which Landlord is free to lease to the general public, unencumbered by any existing lease, renewal rights, expansion rights, rights of first offer or other similar rights in favor of other tenants in the Building or the Project.

B. Offering Notice. Prior to leasing to a third party any First Offer Space that is available for lease for which Tenant has a right of first offer to lease under Section 17.27.A above, Landlord will give notice to Tenant (an "**Offering Notice**") setting forth the material terms upon which Landlord is willing to lease the First Offer Space to Tenant, including, but not limited to, (i) the location and approximate rentable square footage of the First Offer Space, (ii) the Minimum Rent (which may include periodic increases) Landlord proposes to charge, based upon Landlord's assessment of current market conditions, and which amount may be more or less than the Minimum Rent set forth in this Lease; (iii) the tenant improvements, if any, Landlord proposes to install and/or the tenant improvement allowance, if any, that Landlord proposes to pay in connection with a lease of the First Offer Space; (iv) the anticipated date upon which possession of the First Offer Space will be available; (v) the term for which Landlord proposes to lease the First Offer Space; (vi) the period of free or abated rent, if any; and (vii) any other material conditions or provisions relating to the leasing of the First Offer Space which materially vary from the provisions of this Lease.

C. Acceptance of Offer. If Tenant wishes to lease the First Offer Space on the terms specified by Landlord in the Offering Notice, Tenant shall so notify Landlord within ten (10) Business Days after receipt thereof, which notice (the "**First Offer Election Notice**") shall be unconditional and irrevocable and binding upon the parties. Tenant may exercise its right of first offer only with respect to all, but not less than all, of the First Offer Space identified in any Offering Notice.

D. Lease of First Offer Space.

1. If Tenant timely exercises its right to lease the First Offer Space, then Landlord and Tenant shall enter into an amendment to this Lease for the First Offer Space on all of the terms and conditions of this Lease, provided that (a) the Minimum Rent for the First Offer Space shall be as set forth in the Offering Notice, (b) Tenant's Share shall be adjusted to reflect the addition of the First Offer Space, (c) except as specified in the Offering Notice (which shall govern to the extent of any conflict with this Lease), the First Offer Space shall be delivered in its then existing "as is" condition, without obligation on the part of Landlord to make any repairs or construct any improvements to the First Offer Space in connection with Tenant's contemplated use, or to demolish existing improvements therein, and Tenant shall be responsible for the construction and installation in accordance with the provisions of Section 9.03 above of any tenant improvements it desires to install within the First Offer Space, at Tenant's sole cost and expense, and (d) all other terms of the Offering Notice shall be incorporated. Except as may be specified in the Offering Notice, Tenant shall commence paying Minimum Rent and all Additional Rent with respect to the First Offer Space on the date of delivery of the First Offer Space to Tenant in the condition required pursuant to the terms of the Offering Notice if other than "as is" as provided above in clause (c) above. Landlord shall promptly prepare and Landlord and Tenant shall promptly execute an amendment to lease reflecting the terms of this Section 17.27.D.1.

2. If Tenant (a) fails to timely notify Landlord that it wishes to lease the First Offer Space identified in any Offering Notice, or (b) fails to execute and deliver to Landlord the

amendment for the First Offer Space within thirty (30) days following receipt thereof by Tenant, then Landlord may lease the First Offer Space to any third party on terms and conditions Landlord may deem appropriate. Notwithstanding the foregoing, if Landlord desires to consummate a lease of (i) the First Offer Space with Net Effective Economic Terms (as defined below) which are less than ninety five percent (95%) of the Net Effective Economic Terms listed in the initial First Offer Notice, or (ii) more than five percent (5%) more or less Floor Area than set forth in the initial First Offer Notice, the Landlord must first offer the applicable First Offer Space to Tenant on such revised terms, and Tenant shall have the right to deliver a First Offer Election Notice on the terms and conditions set forth in above with respect to such space based on such revised terms, except that Tenant shall make such election, if at all, within five (5) Business Days after the date of receipt of the revised First Offer Notice. “**Net Effective Economic Terms**” shall mean the base rental rate, as adjusted to reflect the value of any free rent, tenant improvement allowance or similar monetary concessions and economic terms contained in the initial First Offer Notice doing a net present value comparison using a seven percent (7%) annual discount rate. Further, if Landlord does not lease the applicable First Offer Space within one hundred eighty (180) days after Tenant’s election (or deemed election) not to lease the First Offer Space, then Tenant’s rights shall be fully reinstated with respect to the applicable First Offer Space on the terms and conditions set forth above and Landlord shall not thereafter lease the applicable First Offer Space without first complying with the procedures set forth in this Article.

E. Conditions to Exercise. Notwithstanding anything to the contrary set forth herein, if Tenant is in Default at the time an Offering Notice would otherwise be required to be sent under this Section 17.27, then Landlord shall have, in addition to any other remedies, the right (but not the obligation) to refrain from delivering the Offering Notice to Tenant. Nothing contained in this Section 17.27 shall be deemed to impose any obligation on Landlord to refrain from negotiating with the existing tenant(s) of the First Offer Space, to withhold the First Offer Space from the market, or to take any other action or omit to take any other action in order to make the First Offer Space available to Tenant.

F. Rights Personal to Original Tenant. Tenant’s rights pursuant to this Section 17.27 are personal to, and may be exercised only by, the original tenant under this Lease (i.e. Calix, Inc. (the “**Original Tenant**”)) or a Permitted Transferee, and only if the Original Tenant or Permitted Transferee continues to occupy the entire Leased Premises initially leased hereunder at the time of such exercise. If Tenant shall assign this Lease or sublet the Leased Premises (as the same may be expanded hereunder), except to a Permitted Transferee, then immediately upon such assignment or subletting, Tenant’s rights pursuant to this Section 17.27 shall simultaneously terminate and be of no further force or effect. No assignee or subtenant, except a Permitted Transferee, shall have any right to lease First Offer Space pursuant to this Section 17.27.

Section 17.28. Future Development.

A. Tenant understands and agrees that Landlord is, will or may be engaged in the design, development, demolition, construction and leasing activities in connection with additional development of the Project and the Common Areas within areas adjacent to or near the Leased Premises and that these activities may result in, among other things, the creation of temporary periods of noise, vibrations, dust, lights, and odors. Tenant acknowledges that it has received notification of these activities. In addition to Landlord’s rights set forth elsewhere in this Lease, Tenant covenants and agrees that Landlord shall have the right, in the nature of an easement, to subject the Leased Premises and areas adjacent to or near to the Leased Premises to such temporary nuisances during such activities. Landlord shall use its reasonable efforts to minimize any interference with or disruption of Tenant’s business in the Leased Premises, but neither Landlord nor its related entities or affiliates shall be liable to Tenant for any inconvenience or disruption resulting from such construction nor shall any such inconvenience serve as the basis for any abatement in Rent. Tenant further agrees that Tenant shall take no action to limit or delay Landlord’s activities in connection with the design, development, demolition, construction or leasing of such areas in the Project.

B. Landlord reserves the right to subdivide all or a portion of the Project so long as the same does not materially interfere with Tenant’s use of or access to the Leased Premises or Tenant’s parking rights hereunder. Tenant agrees to execute and deliver, upon demand by

Landlord and in the form requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from a subdivision and any all maps, reciprocal easement agreements or other instruments, documents, and agreements in connection therewith, so long as the same does not materially increase Tenant's obligations or materially decrease Tenant's rights under this Lease. Notwithstanding anything to the contrary set forth in this Lease, the separate ownership of any buildings and/or Common Area by an entity other than Landlord shall not affect the calculation of Operating Costs, Insurance Costs or Taxes or Tenant's payment of Tenant's Share of any Operating Costs, Insurance Costs or Taxes, except that Operating Costs attributable to Common Areas utilized by both the Building and any such new building in the Project shall be proportionally allocated amongst the Building and such new building, and tenants in the Building shall not be responsible for payment of any real estate taxes attributable to such new building improvements.

[Remainder Of Page Intentionally Left Blank; Signature Page To Follow.]

**SIGNATURE PAGE TO
OFFICE LEASE AGREEMENT
BETWEEN
SR WINCHESTER, LLC
AND
CALIX, INC.**

IN WITNESS WHEREOF, the parties hereto intending to be legally bound hereby have executed this Lease under their respective hands and seals as of the day and year first above written.

LANDLORD:

SR WINCHESTER, LLC, a Delaware limited liability company

By: Street Retail, LLC,
a Maryland limited liability company

Its: Sole Member

By:	<u>/s/ Becca Walker</u>
Name:	<u>Becca Walker</u>
Title:	<u>Vice President - Head of Legal, Real Estate</u>

TENANT:

CALIX, INC.,
a Delaware corporation

By:	<u>/s/ Cory Sindelar</u>
Name:	<u>Cory Sindelar</u>
Title:	<u>CFO</u>

EXHIBIT A-1

SITE PLAN

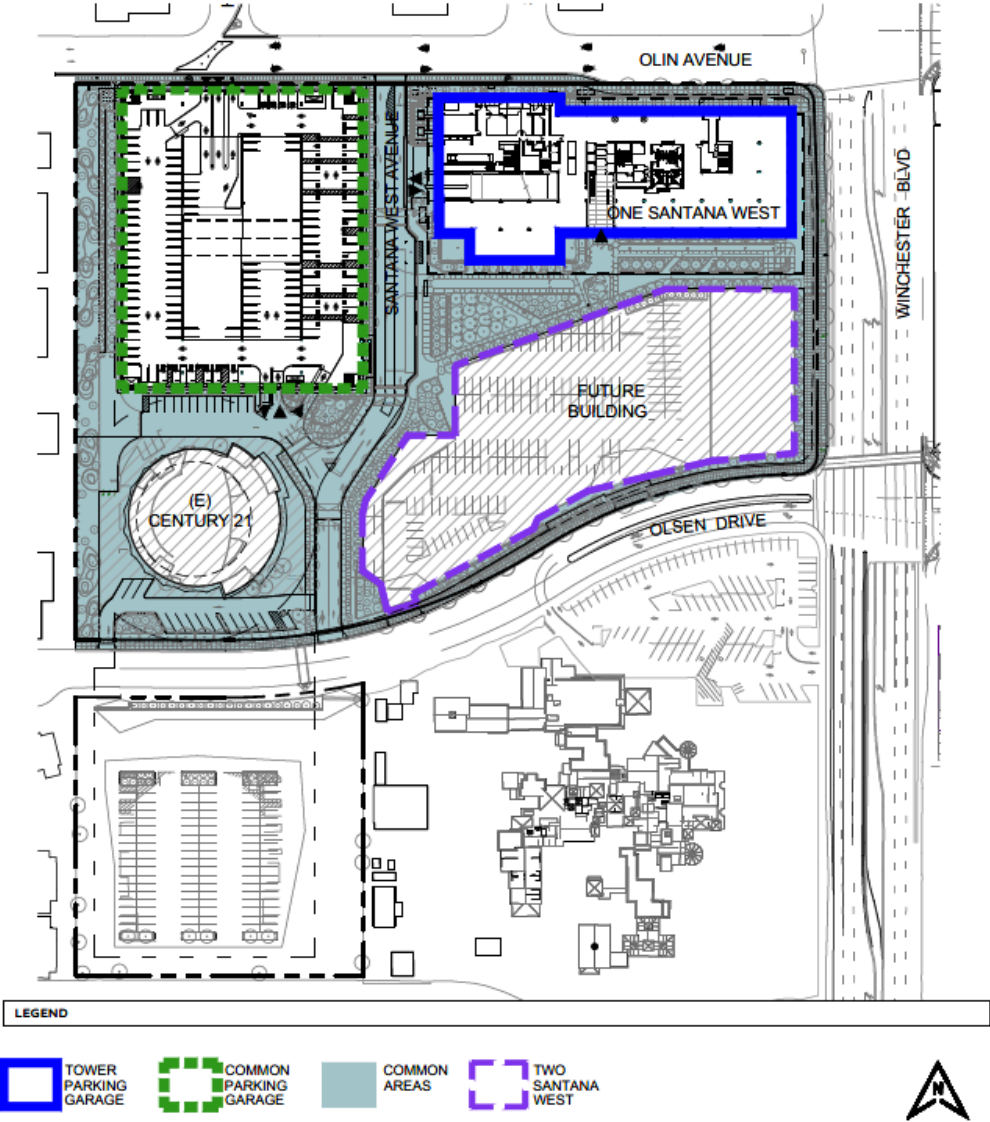


EXHIBIT A-2

LEASED PREMISES

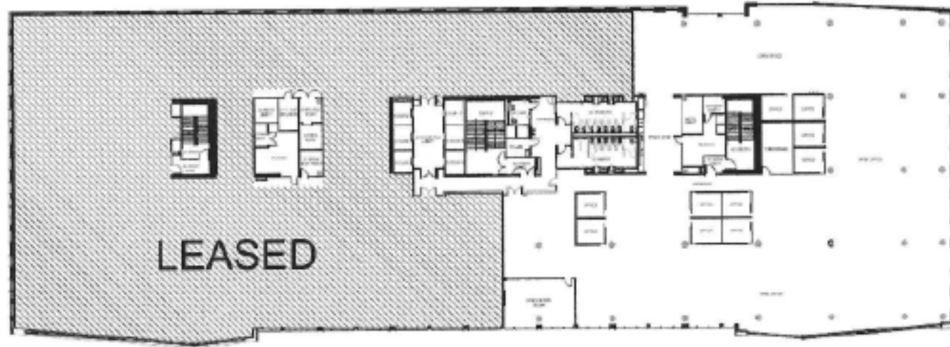


EXHIBIT B

WORK AGREEMENT

This Work Agreement is attached to and made a part of that certain Office Lease (the “**Lease**”) by and between SR WINCHESTER, LLC, a Delaware limited liability company, as landlord (“**Landlord**”) and CALIX, INC., a Delaware corporation, as tenant (“**Tenant**”) for the Leased Premises (the “**Leased Premises**”) described therein and consisting of approximately 22,990 rentable square feet of Floor Area in the building in the City of San Jose, California commonly known as One Santana West (the “**Building**”). This Work Agreement sets forth the understandings and agreements of Landlord and Tenant regarding the performance by Landlord of work in and to the Leased Premises in connection with the preparation of the Leased Premises for Tenant’s original occupancy and use (all such work, excluding the Premises Base Building Specifications work, shall be referred to herein as “**Tenant Work**”). Any capitalized terms used herein, not otherwise defined herein, shall have the meanings set forth elsewhere in the Lease.

1. **Landlord Work.** Landlord shall construct the “**Premises Base Building Specifications**” set forth on Exhibit B-2 attached hereto, at Landlord’s sole cost and expense, which construction work shall not be deemed to be part of any Tenant Work. No part of the Tenant Work Allowance shall be utilized for any of the Premises Base Building Specifications. For purposes of this Exhibit B, Landlord Work costs shall include, without limitation, the following Landlord out-of-pocket costs incurred in connection with the Premises Base Building Specifications only: (a) all design fees, engineering fees, and consultants’ fees incurred by Landlord in connection with the design and engineering of the Landlord Work; (b) governmental agency plan check, permit, and other fees; (c) sales and use taxes; (d) Title 24 fees; (e) testing and inspection costs; (f) the cost of materials, labor, and supplies; (vii) the General Contractor’s overhead and profit; (g) all other costs expended or to be expended in connection with the construction of the Premises Base Building Specifications.

2. **Tenant Work.** Landlord shall construct the Tenant Work, at Landlord’s sole cost and expense (subject to the Tenant Work Allowance (as hereafter defined) and Tenant’s obligation to fund any Deficit (as hereafter defined)) through the General Contractor (as hereinafter defined) in accordance with the Final Plans (as hereinafter defined) and the provisions of this Exhibit B; provided, however, in no event shall the Tenant Work include (a) any costs of any Finishing Work (as defined below), and (b) any costs or expenses of any consultants retained by Tenant with respect to design, procurement, installation or construction of improvements or installations, whether real or personal property, for the Leased Premises. For purposes of this Agreement, “Substantial Completion,” “**substantially complete**” (or any variation thereof) shall have the meaning as defined below. Substantial Completion shall be deemed to have occurred upon receipt of a temporary certificate of occupancy and, if timely requested by Tenant, an architect certificate of substantial completion, notwithstanding a requirement to complete “punch list” or similar minor corrective work. Substantial Completion shall not be deemed to have occurred in any instance that more than five percent (5%) of the value of the Tenant Work remains outstanding and still to be performed. Upon Substantial Completion of the Premises Base Building Specifications and the Tenant Work, Landlord shall have no further obligation to construct improvements or construct modifications to or changes in the Premises Base Building Specifications or the Tenant Work, except to correct any defects, to

complete the punchlist of Premises Base Building Specifications and Tenant Work remaining to be completed, and except as otherwise provided in the Lease.

3. Plans.

(A) Prior to the execution of the Lease, Landlord and Tenant approved a space plan for the Tenant Work (the “**Space Plan**”). A copy of the Space Plan is attached hereto as Exhibit B-1 and incorporated herein by this reference. Landlord and Tenant acknowledge that the Space Plan may not depict certain structural elements of the Building and/or various elements of the Building systems that may result in material modifications to the final plans and specifications for the Tenant Work (collectively “**Structural Modifications**”). Furthermore, any final plans and specifications for the construction of the Landlord Work and the Tenant Work may require modification to account for the requirements of building codes and other Legal Requirements including, but not limited to, Title 24 and the Americans with Disabilities Act (collectively the “**Building Codes**”). Landlord shall use commercially reasonable efforts to cause to be prepared within ninety (90) days following the Effective Date of this Lease the final plans and specifications in substantial conformity with the Space Plan taking into account (i) Structural Modifications, (ii) the requirements of the Building Codes, and (iii) other modifications resulting from physical constraints of the Leased Premises (the “**Working Plans**”). Tenant agrees that, in addition to other factors and considerations Landlord may take into account, it shall not be unreasonable for Landlord to withhold its consent to any requested modifications to the Space Plan (1) if such requested modifications would not comply with the Building Codes, (2) if such requested modifications would cause a materially undue burden on the General Contractor, the subcontractors, or Landlord’s personnel, (3) if such requested modifications would materially and adversely increase the burden on the Building systems, either during construction or after completion of same, (4) if such requested modifications would actually delay the completion of the Tenant Work unless Tenant agrees in writing that all such delays shall constitute a Tenant Delay hereunder; or (5) such requested modifications would result in a Deficit unless Tenant agrees in writing to pay such Deficit and actually delivers such deficit amount to Landlord. Upon completion of the Working Plans, Landlord shall submit the same to Tenant for its review and approval, which approval shall not be unreasonably withheld, delayed or conditioned. Any disapproval by Tenant shall be accompanied by a written statement of the disapproved item, the reasons for disapproval, and the specific changes required to make the item acceptable. If Tenant’s written notice of disapproval is not delivered within five (5) Business Days of its receipt of such Working Plans, then Tenant shall be deemed to have approved the same. Tenant shall be permitted a maximum of three (3) disapprovals, and thereafter Landlord shall complete the Working Plans in accordance with the Space Plan as reasonably determined by Landlord and its architect and engineer and such modified Working Plans shall be deemed approved by Tenant. Once approved (or deemed approved) by Landlord and Tenant, the Working Plans shall thereafter be referred to herein as the “**Final Plans**.”

4. **Tenant Work Costs.**

(A) For purposes of this Exhibit B, “**Tenant Work Costs**” shall include, without limitation, the following out-of-pocket costs: (i) all design fees, engineering fees, and consultants’ fees incurred by Landlord in connection with the design and engineering of the Tenant Work; (ii) governmental agency plan check, permit, and other fees; (iii) sales and use taxes; (iv) Title 24 fees; (v) testing and inspection costs; (vi) the cost of materials, labor, and supplies; (vii) the General Contractor’s overhead and profit; (viii) all other costs expended or to be expended in connection with the construction of the Tenant Improvements; and (ix) Landlord’s administration and supervisory fee of two percent (2%) of the Tenant Work Allowance.

(B) Notwithstanding anything in this Work Letter to the contrary, Landlord shall perform Premises Base Building Specifications at Landlord’s sole cost and expense, and such costs shall not be included as Tenant Work Costs. In addition, Tenant acknowledges that, as an accommodation to Tenant and its desired scheduling for completion of the Tenant Work, Landlord has commenced certain Tenant Work (i.e., in excess of the Premises Base Building Specifications) prior to the Effective Date of the Lease and has incurred Tenant Work Costs in the amount of approximately One Million Four Hundred Seventy Eight Thousand Seven Hundred Ninety Five and 00/100 Dollars (\$1,478,795.00) in connection therewith, and Tenant agrees that such amounts so actually incurred shall constitute Tenant Work Costs hereunder and shall be applied against the Tenant Work Allowance accordingly as set forth below.

(C) Landlord shall pay all Tenant Work Costs associated with the Tenant Work depicted on the Final Plans, not to exceed One Hundred Fifty and 00/100 (\$170.00) per square foot of rentable Floor Area of the Leased Premises (i.e., **\$3,908,300.00**) (the “**Tenant Work Allowance**”). Landlord shall solicit a bid from South Bay Construction (the “**General Contractor**”) for the Tenant Work. Upon receipt of the bid, Landlord shall enter into a contract with the chosen general contractor for the construction of the Tenant Work as shown on the Final Plans. Promptly upon Tenant’s request, Landlord shall provide Tenant with the amount of fee and general conditions as a percentage of the cost of the work that Landlord is obligated to pay to the General Contractor and the amount Landlord anticipates will be paid to the General Contractor for fees and general conditions from the Tenant Work Allowance. If the General Contractor’s bid for the Tenant Work exceeds the amount of the Tenant Work Allowance remaining after deducting for architect’s fees and city permits, then Tenant shall have the right, within five (5) business days after receipt of such bid, and at Tenant’s option, to either (i) modify or value engineer the Final Plans or implement other means to reduce the Tenant Work Costs with Landlord agreeing to work with reasonable diligence and cooperation to approve the same, and cause Landlord’s General Contractor to promptly submit a revised bid, or (ii) agree in writing to pay the amount of the Tenant Work Costs in excess of the Tenant Work Allowance (the “**Deficit**”). Each day of the aforementioned 5-business day election period Tenant uses before notifying Landlord of its election shall constitute a Tenant Delay hereunder. If Tenant elects to pay the Deficit, then Tenant shall pay fifty percent (50%) of such amount to Landlord concurrently with its Notice electing to pay such amount; provided, however, that if upon completion of the construction work which is Tenant Work the actual cost to complete the Tenant Work was greater than the Tenant Work Allowance and the Deficit, then Tenant shall

promptly pay to Landlord any additional amounts which were incurred or otherwise paid by Landlord with thirty (30) business days of its receipt of Landlord's Notice (which Notice shall be accompanied by reasonable supporting documentation) together with the balance of any Deficit funds due Landlord. Deficit funds shall be expended by Landlord proportionally (based on the proportion of the Deficit to the total Tenant Work Costs) with the Tenant Work Allowance in the payment of Tenant Work Costs as such payments become due and payable. If Tenant does not affirmatively elect to pursue either option (i) or (ii) above within such 5-business day period, then Tenant shall be deemed to have elected to proceed in accordance within option (ii), above. Landlord and Tenant agree and acknowledge that the Tenant Work Allowance will be used only for the purpose of that work depicted in the Final Plans, and that the Tenant Allowance, and all of it, shall be utilized only for the benefit of the Leased Premises.

(D) If any of the Tenant Work necessitates changes to the base Building or Building systems, or the design thereof, any such changes shall be subject to prior written approval of Landlord, in its sole discretion, and Tenant shall be responsible for all costs resulting from such changes to the extent the same exceeds the Tenant Work Allowance, including architectural and engineering charges, and any special permits or fees attributed thereto. Any delay resulting from such changes shall be deemed a Tenant Delay. Before any such changes are made, Tenant shall pay to Landlord the Deficit to be incurred by Landlord in connection with such changes. Furthermore, to the extent any Tenant Work requires the modification, repair, replacement, or redesign to the Building structure due to the requirements of any applicable Legal Requirements, including but not limited to the Americans with Disabilities Act, Tenant shall be solely responsible for any such costs to the extent the same exceeds the Tenant Work Allowance.

(E) The Tenant Work Allowance shall be distributed by Landlord directly to the architects, engineers, city for permits and fees, contractors, and other professionals retained to design and construct the Tenant Work. Under no circumstances will any portion of the Tenant Work Allowance be paid directly to Tenant by Landlord. If the full amount of the Tenant Work Allowance has not been used in accordance with the foregoing as of the date the final invoice of the General Contractor is paid by the Landlord after the Tenant Work is complete, then the balance thereof up to a maximum sum of one hundred thousand dollars (\$100,000.00) shall be applied by the Landlord to the Tenant's contractors performing the installation of the Tenant's furniture, trade fixtures and equipment install. Any final balance of the Tenant Work Allowance not applied under the terms of this Work Letter may then be retained by Landlord, and Tenant shall have no rights whatsoever with respect thereto. Notwithstanding the foregoing, Landlord shall have the right, without the obligation, to apply all or any portion of the undisbursed Tenant Work Allowance to remedy any Default by Tenant occurring hereunder; provided, however, it is expressly covenanted and agreed that such remedy by Landlord shall not be deemed to waive, or release, the Default of Tenant. The foregoing remedy of Landlord is in addition to, and not in substitution for, all other rights and remedies of Landlord in the event of a Tenant Default under the Lease.

(F) Landlord will cooperate with Tenant to provide Tenant copies of the bids from the subcontractors for all main trades sought by the General Contractor.

5. Delays.

(A) The term “**Tenant Delay**” as used in this Exhibit B shall mean any delay that Landlord may encounter in the performance of Landlord’s obligations under this Exhibit B which actually causes a delay in the Substantial Completion of the Tenant Work because of any of Tenant’s acts or omissions of any nature, whether committed willfully, negligently, intentionally, or otherwise, that result in an actual delay including, without limitation, any: (i) delay attributable to Change Orders as well as any delays actually incurred in investigating and processing any Change Order or otherwise caused by a Change Order issued at Tenant’s request; (ii) delay attributable to postponement of any Tenant Work at the sole request of Tenant; (iii) delay by Tenant in furnishing information or giving any other approvals or authorizations within the time limits set forth in this Exhibit B, or if no time is set forth for such performance in this Exhibit B, then a reasonable time, time being of the essence; (iv) delay attributable to the failure of Tenant to pay, when due, any amounts required to be paid by Tenant pursuant to this Exhibit B or the Lease including, without limitation, any Deficit; (v) Tenant’s request for materials, finishes or installations which are out of the ordinary or which take a longer-than-normal time to obtain or install that are above building standard items (“**long lead time items**”) except where such long lead time items were known to the Landlord and the General Contractor that failed to order the same reasonably in advance in order to align with the building program and milestone dates; (vi) the performance of, or failure to timely complete, work by Tenant or any person, firm, or entity hired or employed by Tenant, including without limitation, the failure to timely complete the installation or construction of any systems furniture to be installed or constructed by Tenant or any person, firm, or entity hired or employed by Tenant; (vii) the failure of any equipment, materials or other items that are provided by Tenant and installed by Landlord to be delivered to Landlord in the time necessary for their installation or use, or the failure of any such equipment, materials or other items to comply with all required specifications; (viii) any other delays resulting from the actions or inactions of Tenant; or (ix) any other delays expressly stated herein or in the Lease to constitute a Tenant Delay. Tenant shall pay to Landlord all additional costs reasonably determined to have been incurred by Landlord as a direct result from any Tenant Delay in excess of the Tenant Work Allowance. The Term Commencement Date shall be adjusted earlier on a day-for-day bases as a result of such actual Tenant Delay.

(B) For purposes of this Exhibit B only, the term “**Force Majeure Delay**” shall mean any (i) delay in the design and/or completion of the construction work attributable to any strike, lockout, or other labor or industrial disturbance (whether or not on the part of the employees of either party hereto), civil disturbance, further order claiming jurisdiction, act of public enemy, war, riot, terrorism, sabotage, blockade, or embargo; (ii) delay in the design and/or completion of Premises Base Building Specifications or Tenant Work due to changes in any Legal Requirements, including the Americans with Disabilities Act; (iii) delays due to the inability to obtain materials or equipment necessary to complete such Premises Base Building Specifications or Tenant Work in accordance with the Final Plans at normal pricing due to pandemic, foreign

supplier failures, geopolitical risk, labor disruption, insufficient capacity at ports, delay or loss of inventory in transit, excess demand, insufficient inventory, or other supply chain issues beyond General Contractor's reasonable control; and (iv) delay in the design and/or completion of improvements attributable to terrorist act, lightning, earthquakes, fire, storm, hurricane, tornado, flood, washout, unusually inclement weather, explosion, or any other similar industry-wide or Building-wide cause beyond the reasonable control of the party from whom performance is required, or any of its contractors, or other representatives. Any prevention, delay, or stoppage due to any Force Majeure Delay shall excuse the performance of the party affected for a period of time equal to any such prevention, delay, or stoppage, except the obligations of either party to pay money, including Rent, and all other charges, pursuant to the terms of the Lease.

(C) For purposes of this Exhibit B and the Lease, the term "**Landlord Delay**" shall mean a delay that is not a Tenant Delay nor a Force Majeure Delay which arises in the design and construction of the Premises Base Building Specifications or the Tenant Work performed in the Leased Premises that results in the late delivery of work.

6. Change Orders. If Tenant shall request or authorize changes or additions to the Tenant Work being performed by Landlord after approval of the Final Plans and Landlord's acceptance of cost estimates from the selected General Contractor, Tenant shall be responsible for the cost of revising the Final Plans (to the extent such cost is in excess of the Tenant Work Allowance) to reflect such changes or additions, and such changes or additions to the Tenant Work and the revisions to the Final Plans shall be subject to Landlord's written approval, not to be unreasonably withheld, conditioned or delayed. Landlord shall have no obligation to perform such changes or additions if, in Landlord's reasonable opinion, such changes cannot reasonably be accommodated in Landlord's construction schedule for completion of Tenant Work. Landlord shall not be required to perform any such changes or additions until Landlord receives written authorization from Tenant and payment of 100% of Landlord's estimate of the cost of the new Tenant Work (to the extent such cost is in excess of the Tenant Work Allowance), it being expressly understood that due to time requirements Landlord may not deliver to Tenant a final price for such Tenant Work until after it has been performed, and that Tenant shall be required to make final payment of the difference between Landlord's estimate and actual price (to the extent such cost is in excess of the Tenant Work Allowance) as Additional Rent within forty five (45) days upon being invoiced therefor, subject to reasonable verification that charges are actual charges of General Contractor but not subject to dispute as to the reasonableness of such charges. Any delays caused by any such changes or additions to the Tenant Work, any such revisions to the Final Plans or any delay in Tenant providing Landlord with authorization to perform the new Tenant Work or paying any amount required to be paid hereunder shall be deemed a Tenant Delay if and to the extent Substantial Completion of the Tenant Work is actually delayed thereby.

7. Substantial Completion and Possession of the Leased Premises. Landlord will notify Tenant in writing when Landlord considers Substantial Completion (as defined below) to have occurred. Within five (5) Business Days thereafter, Landlord's agent and Tenant's representative shall conduct a walk-through of the Leased Premises and identify any necessary

touch-up work, repairs and minor completion items that are necessary for final completion of the Tenant Work (the “**Punchlist Items**”). Neither Landlord’s agent nor Tenant’s representative shall unreasonably withhold his or her agreement on Punchlist Items provided such Punchlist Items do not materially and adversely affect Tenant’s use of the Leased Premises for the Permitted Use. Landlord shall use commercially reasonable efforts to complete all Punchlist Items within thirty (30) days after agreement thereon; however, Landlord shall not be obligated to engage overtime labor in order to complete such items. Tenant, by taking possession of the Leased Premises to commence business operations therein (and not merely to install any Fixturing Work), is deemed to acknowledge that Landlord has satisfactorily performed all work to be performed by it as hereinabove set forth, subject to such Punchlist Items and/or any latent defects. The existence of such Punchlist Items shall not postpone the Term Commencement Date. For purposes hereof, “**Substantial Completion**” of the Tenant Work shall occur upon the completion of construction of the Tenant Work in the Leased Premises pursuant to the Final Plans, in accordance with the terms of the Lease and all applicable Laws, and the issuance of a temporary certificate of occupancy by appropriate governmental officials for the Leased Premises (if legally required as a condition of occupancy), delivery of an architect certificate that the work has been substantially completed and the Tenant Work has reached a state of completion that Tenant can reasonably use the Leased Premises for the Permitted Use without unreasonable interference on account of those items remaining to be completed, with the exception only of any Punchlist Items and any Fixturing Work; provided, Substantial Completion shall have occurred even though minor details of finishing decoration or mechanical adjustments remain to be completed; provided further, if, after the Delivery Date (as defined in the Lease), Tenant discovers that Substantial Completion was not in fact satisfied (“**Condition Deficiencies**”) despite confirmation of the Delivery Date, then the Delivery Date shall not be modified but Landlord shall remain responsible for correcting such Condition Deficiencies at its sole cost and expense.

8. Finishing Work. Any item or work not shown in the Final Plans, including, for example, Tenant’s trade fixtures, equipment, furniture, furnishings, telephone equipment, cabling for any of the foregoing or other personal property to be used in the Leased Premises by Tenant (hereinafter “**Finishing Work**”), shall be procured and constructed by Tenant at its sole cost and expense in accordance with the terms and conditions of this Lease and Landlord’s reasonable rules, policies, procedures and schedules and shall be conducted in such a way as not to hinder, cause any disharmony with, or delay construction of the Premises Base Building Specifications or Tenant Work. Tenant’s suppliers, contractors, workmen, and mechanics shall be subject to reasonable approval by Landlord prior to the commencement of their work and shall be subject to Landlord’s administrative control while performing their work. Tenant shall have provided Landlord with adequate proof of that insurance required to be maintained by Tenant’s contractors pursuant to the terms of the Lease, prior to commencing any Finishing Work.

9. Tenant’s Access to the Premises.

(A) Provided that Tenant has provided Landlord with its contractor(s) certificates of insurance required under the Lease, Landlord shall allow Tenant and its contractor(s) access to

the Leased Premises thirty (30) days prior to the Substantial Completion of the Tenant Work, as estimated by Landlord in good faith, solely for the purpose of installing Tenant's Finishing Work in the Leased Premises. Any such early occupancy shall be on all the terms and conditions contained in this Lease, except Tenant shall not be obligated for the payment of Minimum Monthly Rent and Additional Rent.

(B) Should Tenant elect to enter the Leased Premises under the terms of this Section 9 for construction of Tenant's Finishing Work, it is hereby agreed that Tenant, its employees, its agents, its independent contractors, its suppliers and any other person under Tenant's direct control (collectively, "**Tenant's Early Access Parties**") installing the Finishing Work shall be subject to the reasonable direction of the Landlord and General Contractor. If, in the reasonable judgment of Landlord, the presence of Tenant's Early Access Parties or the Finishing Work that is being performed thereby shall materially interfere with the completion of the Tenant Work, then, Landlord shall have the right to order any or all of Tenant's Finishing Work to cease on twenty four (24) hours' written notice. If Landlord requires such cessation of the Finishing Work because there exists a material interference with the completion of the Tenant's Work, then Tenant shall have Tenant's Early Access Parties removed from the Leased Premises until such material interference is remedied.

10. Tenant's Representative. Tenant shall designate to Landlord in writing, upon execution of the Lease, the name of one or more individual representative(s) who will work with Landlord's representatives throughout the period of construction of the Tenant Improvements. In the event of a change in personnel, Tenant shall promptly notify Landlord of its replacement representative. In the event the designated Tenant representative will not be available, due to a vacation or any other extended absence from the office, Tenant shall notify Landlord of an interim Tenant representative, and the dates such interim representative are expected to be Tenant's representative.

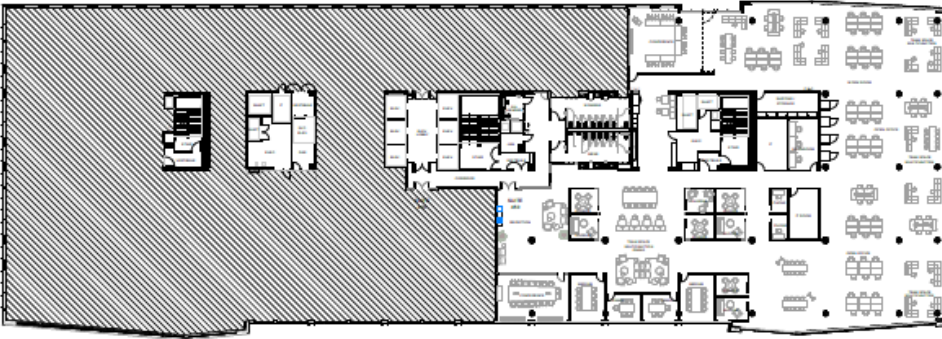
11. Tenant's Default. Notwithstanding any provision to the contrary contained in the Lease, upon the occurrence of a Default on the part of Tenant under the Lease, or upon a default by Tenant under this Exhibit B prior to Substantial Completion of the Tenant Improvements, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to cause any and all engineers, architects, contractors, and any other persons associated with the design or construction of the Tenant Work to cease work thereon, and any delay in completion of the Tenant Work caused by such Tenant Default shall be deemed a Tenant Delay; and (ii) all other obligations of Landlord under the Lease and this Exhibit B shall be abated until such time as such Default is cured in accordance with the terms of the Lease, or this Exhibit B, as applicable.

12. Landlord's Representative. Landlord shall designate in writing, upon execution of the Lease, the name of one or more individual representative(s) who will work with Tenant's representatives throughout the period of construction of the Tenant Improvements. In the event of a change in personnel, Landlord shall promptly notify Tenant of its replacement representative. In the event the designated Landlord representative will not be available, due to a

vacation or any other extended absence from the office, Landlord shall notify Tenant of an interim representative, and the dates such interim representative are expected to be Landlord's representative.

EXHIBIT B-1

SPACE PLAN



The Tenant Work shall be completed in accordance with the foregoing space plan and the Final Plans, with finishes consistent with the “market-ready” space located on the second (2nd) floor of the Building (and previously inspected by Tenant).

EXHIBIT B-2

PREMISES BASE BUILDING SPECIFICATIONS

iRef	Condition	Description
1	GENERAL	All construction and demolition to be completed by Landlord with respect to the Premises will meet or exceed the following USGBC LEED CI Indoor Environmental Quality Credits: (a) Construction Indoor Air Quality Management Plan, During Construction; (b) Construction Indoor Air Quality Management Plan, Before Occupancy; and (c) Indoor Chemical and Pollutant Source Control. Concrete floor slabs will be level to within 1/4" cumulative deviation within ten (10) feet between any two points in the Premises and two (2) inches cumulative deviation between any two corners of the Building. Landlord will ensure fireproofing of any exposed structural steel and any firestopping of any perforations in any fire-rated walls or areas. Landlord will deliver the Premises with all existing cabling removed (if any). The Premises will be separately metered for electricity (with digital meters). Landlord will ensure that the meters have an accuracy class suitable for customer billing and the meter register is readily accessible for billing.
2	PLUMBING/ FIXTURES/ WATER USAGE	All full floor tenants will have water sub metered.
3	ELECTRICAL	Landlord will provide electrical capacity to the Premises of not less than six (6) watts, demand load, per rentable square foot of Floor Area, exclusive of the Building's HVAC system and "house" loads. Of the six (6) watts per rentable square foot of Floor Area, no less than 1.0 watt shall be supplied at 480/277 volts for lighting and mechanical and no less than 5.0 watts shall be supplied at 120/208 volts for utilization for general power circuits as described in the preceding paragraph. Circuits for lighting fixtures in the tenant spaces are required to be connected to the emergency generator to illuminated paths of egress, of ample capacity to provide code required illumination at floor level. The Building uses lighting control systems, including occupancy sensors, to control lighting during unoccupied periods and these systems will be operating and in good repair.

4	MECHANICAL (HVAC)	Landlord shall install an air cooled variable refrigerated flow (VRF) system with compressor with outdoor coils on the roof piped down to the Premises to the following criteria: During the normal heating season, to maintain indoor temperature between 72 degrees F. and 75 degrees F. when the outdoor temperature is between 0 degrees F. and 55 degrees F. During the normal cooling season, to maintain indoor temperature between 72 degrees F. and 75 degrees F. when the outdoor temperature is between 55 degrees F. and 96 degrees F. Humidity not to exceed 50 percent within the Premises. During the intermediate seasons, to maintain indoor temperature between 72 degrees F. and 75 degrees F. when the outdoor temperature is between 55 degrees F. and 74 degrees F., whether by 100 percent air or refrigeration. To furnish not less than 0.33 cubic feet of fresh air, and not less than 1.0 cubic feet of total air, per minute per square foot of usable interior occupied space. Fresh air levels shall be maintained in accordance with prevailing standards for Comparable Buildings and current ASHRAE-62 Standards (ventilation for acceptable indoor air quality) in effect from time to time. Landlord shall also provide adequate thermal environmental comfort and air velocity limits in accordance with current ASHRAE-55 No CFC-based refrigerants will be used in the HVAC systems serving the Premises. PwC will be able to utilize the Building Management Systems (if any). Base Building HVAC systems will be in good operating condition. Landlord shall install the units and Tenant shall install fan coil units, the ductwork and diffusers to distribute the air throughout the Premises. Capacity of Base Building HVAC system will be sized in accordance with cooling and heating load calculation procedures established by ASHRAE and local climatic conditions, and the HVAC system will comply with state and local building codes. Systems for the introduction of outside air for ventilation shall be designed, maintained and operated to meet or exceed the requirements of ASHRAE Standard 62.1-2007, unless local requirements are more demanding. At a minimum, the system shall provide 1 ton of cooling for every 340 USF and 1.0 CFM per 1 RSF of air circulation capacity, based on a 55°F supply air temperature.
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5	LIFE SAFETY	All required life safety systems shall be in place and operating, including but not limited to: fire sprinkler system, emergency generator for fire pump, elevators, life safety HVAC systems, and fire alarm and communication system, egress and emergency lighting, and other items required by code
6	HAZARDOUS MATERIALS	Landlord will deliver the Premises free from any and all Environmentally Hazardous Materials (as defined below) in quantities in violation of Environmental Laws (as defined hereinafter). Prior to delivery of the Leased Premises, Landlord will remove therefrom all asbestos and asbestos containing materials in accordance with Environmental Laws. "Environmental Laws" means all applicable federal, state and local laws, statutes, ordinances, permits, orders, decrees, guidelines, rules, regulations and orders pertaining to health or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and the Resource Conservation and Recovery Act and regulations promulgated thereunder, as the foregoing shall have been amended or may be amended from time to time. "Environmentally Hazardous Materials" means asbestos and asbestos containing materials and any chemical, material or substance at any time included in the definition of "hazardous substances", "hazardous wastes" or hazardous materials as defined by or under applicable Environmental Laws.
7	COMPLIANCE WITH LEGAL REQUIREMENTS	Landlord will deliver the Leased Premises in compliance with all applicable federal, state and local laws, statutes, ordinances, permits, orders, decrees, guidelines, rules, regulations and orders, including, without limitation, the Americans With Disabilities Act of 1991 and the regulations promulgated thereunder as the foregoing are applied and interpreted by the applicable governmental authorities as of the Delivery Date applicable to the delivery condition hereunder, without regard to any specific use of the Premises or the tenant improvements to be installed by Tenant.

EXHIBIT C

RULES AND REGULATIONS

Tenant expressly covenants and agrees, at all times during the Term, and at such other times as Tenant occupies the Leased Premises or any part thereof, to comply, at its own cost and expense, with the following:

1. Tenant shall not obstruct or permit its agents, clerks or servants to obstruct, in any way, the sidewalks, entry passages, corridors, halls, stairways or elevators of the Building, or use the same in any other way than as a means of passage to and from the offices of Tenant; bring in, store, test or use any materials in the Building which could cause a fire or an explosion or produce any fumes or vapor; make or permit any disruptive noises in the Building; smoke in the elevators; throw substances of any kind out of the windows or doors, or in the halls and passageways of the Building; sit on or place anything upon the window sills; or clean the exterior of the windows.

2. Waterclosets and urinals shall not be used for any purpose other than those for which they are constructed; and no sweepings, rubbish, ashes, newspaper or any other substances of any kind shall be thrown into them. Waste and excessive or unusual use of electricity or water is prohibited.

3. Tenant shall not (i) obstruct the windows, partitions and lights that reflect or admit light into the halls or other places in the Building, or (ii) inscribe, paint, affix, or otherwise display signs, advertisements or notices in, on, upon or behind any windows or on any door, partition or other part of the interior or exterior of the Building, without the prior written consent of Landlord, which consent shall not be unreasonably withheld. If such consent be given by Landlord, any such sign, advertisement, or notice shall be inscribed, painted or affixed by Tenant, or a company approved by Tenant, and the cost of the same shall be charged to and paid by Tenant, and Tenant agrees to pay the same promptly, on demand.

4. No contract of any kind with any supplier of towels, water, ice, toilet articles, waxing, rug shampooing, venetian blind washing, furniture polishing, lamp servicing, cleaning of electrical fixtures, removal of waste paper, rubbish or garbage, or other like services shall be entered into by Tenant, nor shall any vending machine of any kind be installed in the Building, without the prior written consent of Landlord which consent shall not be unreasonably withheld.

5. When electric wiring of any kind is introduced after Tenant's Work is complete, it must be connected as directed by Landlord, and no stringing of any kind or cutting of wires will be allowed, except with the prior written consent of Landlord, which consent shall not be unreasonably withheld. The number and location of telephones, telegraph instruments, electric appliances, call boxes, etc., shall be subject to Landlord's approval. No tenants shall be in direct contact with the rough floor of the Leased Premises; and if linoleum or other similar floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor by a paste or other material, the use of cement or similar adhesive material being expressly prohibited.

6. Except as otherwise expressly set forth in the Lease, no additional lock or locks shall be placed by Tenant on any door in the Building without prior written consent of Landlord, which consent shall not be unreasonably withheld.

7. Tenant shall not employ any Person or Persons other than Landlord's janitors for the purpose of cleaning the Leased Premises, without prior written consent of Landlord, which consent shall not be unreasonably withheld. Landlord shall not be responsible to Tenant for any loss of property from the Leased Premises however occurring, or for any damage done to the effects of Tenant by such janitors or any of its employees, or by any other Person or any other cause.

8. No bicycles, vehicles or animals of any kind shall be brought into or kept in or about the Leased Premises, except in bicycle storage rooms.

9. Tenant shall not conduct, or permit any other Person to conduct, any auction upon the Leased Premises except occasional charitable events; manufacture or store goods, wares or merchandise upon the Leased Premises, without the prior written approval of Landlord, which

EXHIBIT C

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approval shall not be unreasonably withheld, and except the storage of usual supplies and inventory to be used by Tenant in the conduct of its business; permit the Leased Premises to be used for gambling except occasional charitable events; make any disruptive noises in the Building; permit to be played any musical instruments, recorded or wired music in such a loud manner as to disturb or annoy other tenants; or permit any unusual odors to be produced upon the Leased Premises. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Leased Premises, without the prior written consent of Landlord. Such curtains, blinds and shades must be of a quality, type, design, and color, and attached in a manner, approved by Landlord.

10. Canvassing, soliciting and peddling in the Building are prohibited, and Tenant shall cooperate to prevent the same. Retail sales will be limited to the ground level and lower level retail store areas.

11. There shall not be used in the Leased Premises or in the Building, either by Tenant or by others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

12. Tenant, before closing and leaving the Leased Premises, shall ensure that all entrance doors are locked.

13. Landlord shall have the right to prohibit any advertising by Tenant which in Landlord's opinion tends to impair the reputation of the Building or its desirability as a building for offices, and upon Notice from Landlord, Tenant shall refrain from or discontinue such advertising.

14. Landlord hereby reserves to itself any and all rights not granted to Tenant hereunder, including, but not limited to, the following rights which are reserved to Landlord for its purpose in operating the Building, subject to any rights in such area expressly granted to Tenant in the Lease:

(i) the exclusive right to the use of the name of the Building for all purposes, except that Tenant may use the name as its business address and for no other purpose and as customary in Tenant's public reports and press releases;

(ii) the right to change the name or address of the Building without incurring any liability to Tenant for so doing, except that Landlord agrees to compensate Tenant for three (3) months of Tenant's replacement stationary print materials that require replacement due to the name or address change to the Building;

(iii) the right to install and maintain a sign or signs on the exterior of the Building to identify Landlord or its affiliated companies as the owner of the Building;

(iv) the exclusive right to use or dispose of the use of the roof of the Building, subject to any express rights granted to Tenant in the Lease;

(v) the right to limit the space on the directory of the Building to be allotted to Tenant; and

(vi) the right to grant to anyone the right to conduct any particular business or undertaking in the Building.

15. Tenant and its employees shall be subject to such parking regulations as Landlord may reasonably promulgate from time to time to prevent parking by unauthorized parties or parking in prohibited areas.

16. All safes shall stand on a base of such size as shall be designated by the Landlord. The Landlord reserves the right to inspect all freight to be brought into the Building and to exclude from the Building all freight which violates any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part. No machinery of any kind or articles of unusual weight or size will be allowed in the Building without the prior written consent of

EXHIBIT C

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Landlord, which consent shall not be unreasonably withheld. Business machines and mechanical equipment, if so consented to by Landlord, shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient to absorb and prevent all vibration, noise and annoyance.

17. The Leased Premises shall not be used for lodging or sleeping purposes, and cooking therein is prohibited, except (a) in any portion of the Leased Premises designated for cafeteria use; and (b) outside the cafeteria as in connection with receptions and events, and/or the warming of food in microwaves in any employee lounge or similar areas.

18. After 6:00 p.m. until 6:00 a.m. on weekdays and at all hours on Saturdays, Sundays and legal holidays, all persons entering or leaving the Building may be required to identify themselves to establish their rights to enter or leave the Building. Landlord or its agents may exclude from the Building during such periods all persons who do not present satisfactory identification. Each tenant shall be responsible for all persons for whom it requests admission and shall be liable to Landlord for all acts of such persons.

19. In addition to all other liabilities for breach of any provision of these Rules and Regulations, Tenant shall pay to Landlord all actual out of pocket damages caused by such breach. The violation of any such provision may be restrained by injunction.

EXHIBIT D

RULES FOR TENANT'S CONTRACTORS

1. All demolition and/or construction work generating sufficient noise to disturb Building or Project occupants (e.g., core drilling and ramset shots) must be accomplished during hours reasonably acceptable to Landlord. Determination of sufficient noise levels to cause a disturbance shall be made at Landlord's sole discretion.
2. Construction debris must be removed from the Building in suitable containers. Removal must be accomplished in a manner which does not cause damage to the Building or Project, create any disturbances to tenants, or create additional cleaning for Building or Project personnel. Sufficient precautions must be taken to protect finishes in the path of removal. Damage to the Building or Project caused by Tenant's contractors (and as used in this Exhibit, Tenant's contractors shall include Tenant's contractors and their subcontractors, laborers and material suppliers) will result in an assessment to Tenant and/or its contractors for such damage, which assessment shall be paid to Landlord within thirty (30) days after Landlord's written demand therefor.
3. Contractors are responsible for timely cleaning of all areas affected by their construction activities. Contractors are further responsible for providing and promptly removing their own trash containers.
4. Any work not to be installed in strict adherence with the construction contract documents must be approved by the Landlord prior to installation.
5. All workmen must conduct themselves in a reasonable manner at all times. Landlord may require Tenant and its contractors to remove any workmen using profanity, loitering in the Building or Project, or creating a disturbance to tenants or other occupants of the Building or Project.
6. The workers and other personnel of each contractor shall be responsible for their own parking and the associated cost. Unauthorized vehicles found in loading areas or parking garages will be ticketed and towed.
7. Any warranties voided as a result of the contractor's failure to comply with this Lease will result in the contractor's replacing the voided warranty in compliance with Landlord's requirements.
8. Any roof penetrations required must be performed and repaired by the Landlord's designated subcontractor. Any warranties voided as a result of failure to comply with this requirement will result in the contractor's replacing the voided warranty in compliance with the Landlord's requirements.
9. The protection of existing mechanical equipment from physical damage or damage from dust and debris is the responsibility of Tenant and the applicable Tenant contractor. Damage as a result of failure to protect equipment will result in an assessment against Tenant and/or the applicable contractor for such damages and the resulting required repairs, which assessment shall be paid to Landlord within thirty (30) days after Landlord's written demand therefor.
10. All penetrations to slab materials require the review and approval of the Landlord's structural engineer without exception. The cost of this review and approval shall be Tenant's and/or its contractor's responsibility.
11. All testing of fire alarm equipment requiring the sounding of bells, sirens, or voice annunciation must be scheduled with Landlord 48 hours in advance of the test. Pre-testing of new fire alarm work is mandatory. Rescheduled test as a result of the contractor's failure to coordinate with the Landlord, the contractor's failure to completely pre-test the system, or the contractor's failure to pass municipal test shall be the contractor's responsibility.
12. These rules are subject to change at the Landlord's reasonable discretion.

EXHIBIT E

ROOFTOP RULES AND REGULATIONS

This Exhibit E is attached to and made a part of the Lease by and between SR WINCHESTER, LLC, a Delaware limited liability company (“**Landlord**”), and CALIX, INC., a Delaware corporation, as tenant (“**Tenant**”) for the Leased Premises (the “**Leased Premises**”) described therein and consisting of approximately 22,990 square feet of Floor Area in the building commonly known as One Santana West, San Jose, California (the “**Building**”). Any capitalized terms used herein, not otherwise defined herein, shall have the meanings set forth elsewhere in the Lease.

A. Roof Area. Tenant shall accept the roof of the Building and Cable Path in their condition and “as-built” configuration provided in the Building Plans. Landlord has made no representations or promise as to the suitability or effectiveness of any part of the roof for Tenant’s proposed use, or as to any Legal Requirements relating to Tenant’s proposed use, or as to the condition of (or alteration or improvement of) the roof or any Cable Path.

B. Rooftop Installation Work. Installation of the Rooftop Installations (“**Rooftop Installation Work**”) must be performed in a good and workmanlike manner and in accordance with all applicable Laws, and shall be subject to: (a) obtaining Landlord’s prior written approval of plans and specifications, which approval shall not be unreasonably withheld and Tenant acknowledges and agrees that, without limiting the generality of the foregoing, it shall be reasonable for Landlord to disapprove any Rooftop Installation Work if it exceeds roof load limitations, or if it exceeds the height of the roof parapet; (b) obtaining Landlord’s prior written approval of Tenant’s contractor(s) for the Rooftop Installation Work, and such contractor must provide evidence of insurance reasonably satisfactory to Landlord prior to commencing work in or about the Building, provided that if any Rooftop Installation Work constitutes part of the Tenant Work, such Rooftop Installation Work may be performed by Tenant’s Contractor in accordance with the Work Agreement; (c) if the Rooftop Installation Work would violate any applicable Laws; and (d) all additional requirements under the Lease that apply to Alterations by Tenant. The plans and specifications for the Rooftop Installations shall include the design, size and features thereof and mounting structure, floor and power load requirements, the means of affixing or mounting the Rooftop Installations, and (if applicable) cabling installations and the means of connecting the Rooftop Installations to the Building’s electrical system and to the interior of the Leased Premises. The giving of any approval by Landlord shall not eliminate any of Tenant’s obligations under the Lease, including Tenant’s obligation to obtain all required permits and to comply with all Laws. The failure of Tenant to obtain such permits or any other governmental approvals relating to the Rooftop Installations shall not release Tenant from any of its obligations under the Lease. Tenant shall pay to Landlord all of Landlord’s reasonable out-of-pocket costs incurred in connection with the review and approval of the plans and specifications up to a maximum of Five Thousand Dollars (\$5,000.00) within thirty (30) days after receipt of an invoice therefor. Notwithstanding the foregoing, any Rooftop Work that constitutes part of the Tenant Work shall be approved or disapproved by Landlord in connection with, and subject to the time periods governing, its approval or disapproval of the Construction Documents and Final Plans pursuant to the Work Agreement.

C. General Requirements. In addition to the applicable provisions of the Lease, Tenant’s use of the roof of the Building is subject to the following general requirements:

1. Tenant shall provide Landlord with not less than fifteen (15) Business Days advance Notice prior to commencing installation of the Rooftop Installations or other work on or to the Rooftop Installations from time to time, and agrees to afford Landlord the opportunity to be present for all such work, provided that only subsequent Notice within a reasonable time shall be required in the case of an emergency that presents an immediate danger.

2. After the initial installation of any Rooftop Installations, Tenant shall not make any material alteration, addition or improvement thereto, without first obtaining Landlord’s prior written approval, which approval shall not be unreasonably withheld; and any such material alterations, additions or improvements shall be subject to all the conditions and restrictions that apply to the original Rooftop Installations, including the requirement that Tenant furnish

EXHIBIT E

ROOFTOP RULES AND REGULATIONS

Landlord with detailed plans and specifications relating to the proposed alterations, additions or improvements.

3. Tenant, at its expense, shall at all times keep the Rooftop Installations in good order, condition and repair, and the location of the Rooftop Installations and the areas immediately surrounding same neat and clean. With respect to all operations relating to the Rooftop Installations, Tenant shall conduct its business and control its agents, employees, servants, licensees, contractors and subtenants (collectively “**Tenant Parties**”) in such manner as not to create any nuisance.

D. Services. Tenant shall be solely responsible for the cost of supplying electricity to the Rooftop Installations, including electricity usage, and the installation, maintenance and repair of any Connections.

E. Roof Damage. Tenant shall, at Tenant’s sole cost and expense, protect the roof from damage arising out of the installation, repair, maintenance, operation or removal of the Rooftop Installations, and shall perform all installations, repairs, maintenance and removals, and use the roof of the Building, in a manner so as to keep in full force and effect any warranty concerning the roof. In all cases, Tenant shall use a roof contractor designated by Landlord to perform any roof penetration or other work that may affect the integrity of the Building roof or the roof warranty. Any damage to the roof or any other portion of the Building resulting from Tenant’s installation, repair, maintenance, operation, use, maintenance or removal of the Rooftop Installations, including leakage, water damage or damage to the roof membrane, shall be repaired by Landlord at Tenant’s sole cost and expense. Tenant shall reimburse Landlord for any costs and expenses so incurred by Landlord within thirty (30) days after Landlord’s written request and copies of invoices therefor.

F. Compliance with Legal Requirements. Tenant, at its sole cost and expense, shall comply with all applicable Laws relating to the installation, maintenance, operation, use and removal of the Rooftop Installations. Without limiting the generality of the foregoing, Tenant, at its sole cost and expense, shall be responsible for obtaining, if required, any building permits, and any licenses or permits which may be required by the Federal Communications Commission (“**FCC**”), the Federal Aviation Administration (“**FAA**”) or any other governmental authority having jurisdiction over the Rooftop Installations or the Building and shall provide copies of the same to Landlord. If necessary, Landlord agrees reasonably to cooperate with Tenant, at Tenant’s sole cost and expense, to obtain any appropriate licenses or permits.

G. Radio Frequency Emitting Equipment. To the extent Tenant is operating radio frequency (RF) emitting equipment on the roof of or inside the Building, Tenant shall cooperate generally with Landlord and other carriers such that the Building’s rooftop shall be and remain in compliance with all rules and regulations of the U.S. Occupational Safety and Health Administration (“**OSHA**”) and the FCC relating to guidelines for human exposure to radio frequency or electromagnetic emission levels, as may be issued from time to time, including the rules and regulations adopted in FCC document OET 65 (which rules and regulations have also been adopted by OSHA). If Landlord in its reasonable judgment believes that the Rooftop Equipment, either by itself or in conjunction with other equipment in or on the Building, may exceed permitted emission levels, then Tenant shall (a) promptly upon Landlord’s written request, at Tenant’s sole cost and expense, deliver to Landlord a reasonably acceptable certification or survey report demonstrating that the Building’s rooftop is in compliance with all applicable FCC and OSHA rules and regulations (a “**Rooftop Survey**”), and (b) to the extent Tenant’s equipment or the operation thereof directly or indirectly causes the Building’s rooftop (or any section thereof) not to be in compliance with such rules and regulations, promptly remedy any such non-compliance in accordance with Landlord’s reasonable directions and at Tenant’s sole cost and expense. If Tenant (i) relocates or makes any change to the Rooftop Installations or (ii) makes any change to any equipment or operation thereof that directly or indirectly affects the operation of the Rooftop Equipment, Landlord may, at its option, require that a new Rooftop Survey be conducted at Tenant’s sole cost and expense by a firm approved by Landlord in its reasonable discretion.

EXHIBIT E

ROOFTOP RULES AND REGULATIONS

H. Termination; Rooftop Installations as Property of Tenant. Upon the expiration or earlier termination of the Lease, Tenant shall immediately cease using the roof of the Building and all Cable Paths and shall, at its own cost and expense, remove the Rooftop Installations and restore the roof and areas affected by the cabling installations to the condition in which they were found prior to the installation of the Rooftop Telecom Installations, reasonable wear and tear excepted. The Rooftop Installations shall be considered Tenant's Property; provided, however, if Tenant fails to remove the Rooftop Installations upon by the Termination Date, they shall be deemed abandoned and may be claimed by Landlord or removed and disposed of by Landlord at Tenant's expense.

I. Landlord Exculpation. Without limiting the provisions of the Lease, Tenant assumes full responsibility for protecting from theft or damage the Rooftop Installations and any other tools or equipment that Tenant may use in connection with the installation, operation, use, repair, maintenance or removal of the Rooftop Installations, assumes all risk of theft, loss or damage, and waives claims for all Losses with respect thereto against Landlord and the other Landlord Parties, including any Losses caused by any active or passive act, omission or neglect of any Landlord or any Landlord Parties or by any act or omission for which liability without fault or strict liability may be imposed, except only, with respect to any Landlord Party, (a) to the extent any injury, death or damage is caused by (i) the sole negligence of such Landlord Party and not covered by the insurance required to be carried by Tenant hereunder, (ii) the gross negligence or willful misconduct of such Landlord Party, or (iii) the criminal activity of such Landlord Party, or (b) to the extent such limitation on liability is prohibited by Laws. Further, in no event shall Landlord or any Landlord Parties be liable under any circumstances for any consequential damages or for injury or damage to, or interference with, Tenant's business, including loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, resulting from damage to or any failure or interruption of use of the Rooftop Installations, however occurring.

J. Insurance; Indemnity. Tenant shall cause the insurance policies required to be maintained pursuant to Article VIII of the Lease to cover the Rooftop Installations and any claims, losses and damages arising in connection with the presence, use, operation, installation, repair, maintenance, or removal of the Rooftop Installations. Without limiting the provisions of Article VIII of the Lease, Tenant hereby agrees to indemnify, defend and hold Landlord and the Landlord Indemnitees harmless from and against any and all Losses arising from or connected in any way with the Rooftop Installations and/or the operations of Tenant or any of Tenant's agents, employees, subtenants or contractors in connection therewith including (i) all foreseeable and unforeseeable consequential damages to Tenant's business in the Leased Premises, (ii) any violation of Laws, and (iii) any bodily injury or property damage. The foregoing indemnity shall survive the expiration or earlier termination of the Lease.

K. Conflict. If there is a conflict between the provisions of the Lease and the provisions of this Exhibit E, this Exhibit E shall control.

EXHIBIT F

OPTIONS TO EXTEND

This **Exhibit F** is attached to and made a part of the Lease by and between SR WINCHESTER, LLC, a Delaware limited liability company, as landlord (“**Landlord**”), and CALIX, INC., a Delaware corporation, as tenant (“**Tenant**”) for the Leased Premises (the “**Leased Premises**”) described therein and consisting of approximately 22,990 square feet of Floor Area in the building commonly known as One Santana West, San Jose, California. Any capitalized terms used herein, not otherwise defined herein, shall have the meanings set forth elsewhere in the Lease.

Landlord hereby grants to Tenant one (1) option to extend the Term (the “**Extension Option**”) for a period of seven (7) years (the “**Extension Term**”) commencing on the first day following the last day of the initial Term on the terms and subject to the conditions set forth in this **Exhibit E**; provided, however, that (i) Tenant has not sublet the Leased Premises (or any part thereof) or assigned its interest in the Lease except pursuant to a Permitted Transfer; (ii) the Extension Option is exercised, if at all, only with respect to the entire Leased Premises; and (iii) Tenant is not in Default of the terms, covenants or conditions of this Lease at the time Tenant exercises the Extension Option. The condition set forth in clause (iii) above is for the sole benefit of Landlord, and Landlord, alone, shall have the right in its reasonable discretion to insist on strict observance with the foregoing condition or to waive any such condition.

A. **Exercise.** Tenant shall exercise the Extension Option, if at all, by giving Landlord unconditional, irrevocable Notice of such election not earlier than three hundred sixty five (365) days and not later than two hundred seventy (270) days prior to the last day of the initial Term (the “**Exercise Period**”), the time of such exercise being of the essence. Subject to the provisions of this **Exhibit F**, upon the giving of such Notice, this Lease and the Term shall be extended without execution or delivery of any other or further documents, with the same force and effect as if the Extension Term had originally been included in the Term.

B. **Conditions.** If Tenant exercises the Extension Option pursuant to **Section A** above, then all of the terms, covenants and conditions of this Lease shall continue in full force and effect during the Extension Term, including provisions regarding payment of Additional Rent, which shall remain payable on the terms herein set forth, except that (i) the Minimum Rent during the Extension Term shall be as determined in accordance with **Section C** below, (ii) Tenant shall continue to possess and occupy the Leased Premises in their existing condition, “as is,” as of the commencement of the Extension Term, and, subject to and without limiting Landlord’s repair, maintenance and other obligations under this Lease, Landlord shall have no obligation to repair, remodel, improve or alter the Leased Premises, to perform any other construction or other work of improvement upon the Leased Premises, or to provide Tenant with any construction or refurbishing allowance whatsoever, and (iii) Tenant shall have no further rights to extend the Term after the expiration of the Extension Term.

C. **Prevailing Market Rate.** The Minimum Rent payable by Tenant for the Leased Premises during the Extension Term shall be the Prevailing Market Rate (as defined below) for the Leased Premises, valued as of the commencement of such Extension Term, determined in the manner hereinafter provided. As used herein, the term “**Prevailing Market Rate**” shall mean the annual Minimum Rent that a willing tenant would pay, and that a willing landlord would accept, at arm’s length, for space comparable to the Leased Premises within other comparable office buildings and comparable parking located in the West San Jose, Cupertino, Los Gatos and Campbell, California submarkets (the “**Comparison Buildings**”), based upon binding lease transactions for tenants in Comparison Buildings (“**Comparison Leases**”) entered into within twelve (12) months prior to the date of the determination of such Minimum Rent. Comparison Leases shall include renewal and new non-renewal tenancies, but shall exclude subleases and leases of space subject to another tenant’s expansion rights. Rent rates payable under Comparison Leases shall be adjusted to account for variations between this Lease and the Comparison Leases with respect to: (i) the length of the Extension Term compared to the lease term of the Comparison Leases; (ii) the rental structure, including, without limitation, rental rates per square foot (including whether gross or net, and if gross, adjusting for base year or expense stop), free rent additional rental, all other payments and escalations; (iii) the size of the Leased Premises compared to the size of the leased premises of the Comparison Leases; (iv) the location, floor levels and efficiencies of the floor(s) of the Leased Premises compared to the

EXHIBIT F

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leased premises of the Comparison Lease; (v) the age and quality of construction of the Building compared to the Comparable Building; (vi) the leasehold improvements and/or allowances, (vii) the availability of parking, the parking ratio and parking charges and (viii) all other economic factors or concessions available to a tenant in such a transaction.

D. Landlord's Proposal. Not later than thirty (30) days after Landlord receives Notice of Tenant's exercise, provided Tenant has given valid Notice of exercise of the Extension Option, Landlord shall deliver to Tenant a good faith written proposal of the Prevailing Market Rate for the Leased Premises for such Extension Term. Within thirty (30) days after receipt of Landlord's proposal, Tenant shall notify Landlord in writing (i) that Tenant accepts Landlord's proposal or (ii) that Tenant elects to submit the determination of Prevailing Market Rate to arbitration in accordance with Section E below. If Tenant does not give Landlord a timely Notice in response to Landlord's proposal, then Tenant shall be deemed to have accepted Landlord's proposal.

E. Arbitration. If Tenant elects to submit the determination of Prevailing Market Rate to arbitration, then Landlord and Tenant shall first negotiate in good faith in an attempt to determine the Prevailing Market Rate for the Extension Term. If Landlord and Tenant are able to agree upon the Prevailing Market Rent within thirty (30) days following the delivery of Tenant's Notice to Landlord electing arbitration, then such agreement shall constitute a determination of Prevailing Market Rate for purposes of this Paragraph, and the parties shall immediately execute a commercially reasonable amendment to this Lease stating the Prevailing Market Rate and the Minimum Rent for the Extension Term. If Landlord and Tenant are unable to agree on the Prevailing Market Rate within such negotiating period, then within fifteen (15) days after the expiration of such negotiating period, the parties shall meet and concurrently deliver to each other their respective written estimates of Prevailing Market Rate for the Extension Term, supported by the reasons therefor (each, a "**Determination**"). Landlord's Determination may be more or less than its initial proposal of Prevailing Market Rate. If either party fails to deliver its Determination in a timely manner and such failure continues for five (5) days after the receipt of Notice from the other party to deliver a Determination, then the Prevailing Market Rate shall be the amount specified by the other party. The Prevailing Market Rate shall be determined as set forth below, each party being bound to its Determination and such Determinations establishing the only two choices available to the Arbitration Panel (as hereinafter defined).

i. Within ten (10) days after the parties exchange Landlord's and Tenant's Determinations, the parties shall each appoint an arbitrator who shall be a licensed California real estate broker with at least ten (10) years' experience in leasing Comparison Buildings immediately prior to his or her appointment, and be familiar with the rentals then being charged in the Comparison Buildings. The parties may appoint the real estate brokers who assisted them in making their Determinations as their respective arbitrators. If either Landlord or Tenant fails to appoint an arbitrator and such failure continues for five (5) days after receipt of Notice from the other party, then the Prevailing Market Rate for the Extension Term shall be the Determination of the other party.

ii. Within twenty (20) days following their appointment, the two arbitrators so selected shall appoint a third, similarly-qualified, independent arbitrator who has not had any prior business relationship with either party (the "**Independent Arbitrator**"). If an Independent Arbitrator has not been so selected by the end of such twenty (20) day period, then either party, on behalf of both, may request such appointment by the local office of the American Arbitration Association (or any successor thereto), or in the absence, failure, refusal or inability of such entity to act, then either party may apply to the presiding judge for the Santa Clara County Superior Court, for the appointment of such an Independent Arbitrator, and the other party shall not raise any question as to the court's full power and jurisdiction to entertain the application and make the appointment.

iii. Within five (5) days following notification of the identity of the Independent Arbitrator so appointed, Landlord and Tenant shall submit copies of Landlord's Determination and Tenant's Determination to the three arbitrators (the "**Arbitration Panel**"). The Arbitration

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Panel, by majority vote, shall select either Landlord's Determination or Tenant's Determination as the Prevailing Market Rate and Minimum Rent for the Extension Term, and shall have no right to propose a middle ground or to modify either of the two proposals or the provisions of this Lease. The Arbitration Panel shall attempt to render a decision within fifteen (15) Business Days after appointment. In any case, the Arbitration Panel shall render a decision in writing with reasons for the determination within forty-five (45) days after appointment.

iv. The decision of the Arbitration Panel shall be final and binding upon the parties, and may be enforced in accordance with the provisions of California law. In the event of the failure, refusal or inability of any member of the Arbitration Panel to act, a successor shall be appointed in the manner that applied to the selection of the member being replaced.

v. Each party may submit any written materials to the Arbitration Panel within five (5) Business Days after selection of the Independent Arbitrator. No witnesses or oral testimony (i.e. no hearing) shall be permitted in connection with the Arbitration Panel's decision unless agreed to by both parties. No ex-parte communications shall be permitted between any member of the Arbitration Panel and either Landlord or Tenant following appointment of the Arbitration Panel until conclusion of the arbitration process. The members of the Arbitration Panel are authorized to walk both the Leased Premises and any space in the Comparison Buildings (to the extent access is made available).

vi. Each party shall pay the fees and expenses of the arbitrator designated by such party and the parties shall share the fees and expenses of the Independent Arbitrator and the expenses incident to the proceedings (excluding attorneys' fees and similar expenses of the parties which shall be borne separately by each of the parties).

vii. With the exception of claims of fraud, gross negligence or criminal actions, Landlord and Tenant shall waive all claims, causes of action or other rights to proceed against the arbitrators and agree to indemnify and defend the arbitrators from and against any such claims, causes of action or proceedings brought by either Landlord or Tenant against the arbitrators.

viii. Until the matter is resolved by agreement between the parties or a decision is rendered in any arbitration commenced pursuant to this Section E, Tenant's monthly payments of Minimum Rent shall be in the amount due and payable in the final month of the current Term of the Lease. Within ten (10) Business Days following the resolution of such dispute by the parties or the decision of the arbitrators, as applicable, Tenant shall pay to Landlord the amount of any deficiency in the Minimum Rent previously paid, or Landlord shall pay to Tenant any excess or elect to credit the excess previously paid by Tenant to the next succeeding installments of Minimum Rent until fully exhausted, as the case may be.

F. Rights Personal to Tenant. Tenant's right to exercise the Extension Option is personal to, and may be exercised only by the Original Tenant. No assignee or subtenant, other than a Permitted Transferee, shall have any right to exercise the Extension Options granted herein.

EXHIBIT G

[INTENTIONALLY OMITTED]

EXHIBIT H
OFFICE TENANT SIGN CRITERIA

SANTANA WEST OFFICE BUILDING SIGN CRITERIA

All signs must be approved in writing by the Landlord and the City of San Jose Department of Planning, Building & Code Enforcement before Tenant commences sign fabrication, installation or obtaining other governmental approvals. No changes are permitted unless approved in writing by Landlord. Landlord's approval may be granted or withheld in Landlord's sole and absolute discretion. Notwithstanding any City of San Jose code provision to the contrary, total Tenant sign area per facade shall be limited to one (1) square foot of sign area per each linear foot of respective building frontage.

Tenant shall submit sign shop drawings to Landlord for Landlord's written approval prior to commencing fabrication. The shop drawings shall indicate the size of all graphics and letters, along with spacing, type(s) of material, color, dimensions in relation to Leased Premises and installation details compatible with the materials and construction of the building facade. The drawings shall be to scale, indicating respective building elevations and appropriate section cuts through each sign, dimensioned to show overall length, height and letter depth, along with distance from end of letters to relevant building and/or demising lines.

Sign types installed at heights less than thirty-four feet (34') as measured from the top of the adjacent sidewalk grade include the below-referenced Storefront Signs, Display Window Signs, Window Signs, Plaque Signs, Entry Area Paving Signs, and Address Signs. Other architectural elements that may be considered by Landlord at heights less than thirty-four feet (34') as measured from the top of the adjacent sidewalk grade to communicate the tenant's identity might include vertical projecting signs such as blade signs, and balcony treatments. Sign types installed at heights greater than thirty-four feet (34') as measured from the top of the adjacent sidewalk grade include the below-referenced Storefront Signs.

A. Storefront Signs

Storefront signs must reflect the Trade Name of the Tenant. The storefront sign (or "flat mounted signs" as referenced in San Jose's Sign Ordinance) can include a retail logo, a symbol, or an image which represents the Trade Name. Despite the term "flat" used in the Sign Ordinance, Tenant is encouraged to explore three-dimensional options at Santana Row, offering variety, texture and depth.

Signs should have a three-dimensional character and be illuminated by a fully-integrated light source. To meet City of San Jose lighting requirements, illumination needs to be concealed. Signage cut through a surface material with illumination from behind, or reverse channel "halo" letters are good examples of concealed lighting techniques.

Natural materials are the most appropriate for sign fabrication at Santana Row and can include: cast, polished or painted metal; painted, stained or natural wood; glazed or mosaic tile; etched, cut, edge-lit, or stained glass; cast-stone and carved natural stone. Bas-relief is encouraged, as are unique shapes and dimensional profiles.

All equipment, transformers, raceways, ballasts, crossovers, and conduits must be completely concealed. Connections and penetrations through the fascia shall be restricted. Tenant will remain responsible for damage and/or repair due to the attachment and/or removal of Tenant signs.

B. Display Window Signs

Storefronts may also incorporate signs inside a display window, if an integral part of the architectural design. Display window signs are intended for the Tenant Trade Name and/or logo only. Other brand names, brand logos and/or individual product names are prohibited. Display Window Signs shall be designed to complement architectural design, and in no event will be permitted to exceed more than 10% of the total glazed area.

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Display Window Signs should generally be set-back sufficiently from the storefront to draw attention to the display area. Signs must be set back a minimum of twelve inches (12") behind storefront glazing and in all events will be counted against overall sign area. All ballasts, transformers and other non-illuminated elements must be concealed.

C. Window Signs

Window Signs may be proposed in lieu of Display Window Signs or where display window signs are not allowed. Window Signs are intended to display the Tenant Trade Name and/or logo only, in no event will be permitted to exceed more than 10% of the total glazed area, and in all events will be counted against overall sign area.

Window Signs are applied directly to the surface of the glass. These include metal leaf, painted, etched, cut and sandblasted letters and/or logo graphics. Vinyl signs, and reverse cut vinyl adhesive signs on window glazing are not permitted at Santana Row.

D. Plaque Signs

Tenant's Trade Name, logo, and related imagery may be proposed to Landlord for wall-mounted plaque signs in the vicinity of specific Tenant points-of-entry. Mounting is best at eye-level and sign area is part of area calculations for overall allowances by Code, in all events will be counted against overall sign area.

E. Entry Area Paving Signs

Tenant may propose to incorporate Tenant Trade Name and/or logo inset in entry areas provided they maintain a flush walking surface. Tenant Trade Name and/or logo may be created with a design on or in, for example, glazed tile, mosaic, terrazzo, non-oxidizing stainless, or other approved paving material.

F. Store Address Signage

Landlord has designed a comprehensive system of Tenant way-finding within Santana Row. Consistent with this overall system but architecturally complementary to Tenant's overall sign program, once approved in writing, Tenant will install, at its cost, its address number in conjunction with the San Jose Fire Marshall's direction.

G. Additional Signage per Building

Street level blade signs; vertical blade signs; and balcony treatments may be proposed by Tenant to Landlord.

H. Prohibited Sign Materials

Plastic materials of any kind, including acrylic letters, and vacuum-formed plastic letters.

Internally illuminated, acrylic-faced channel letters.

Cabinet signs with illuminated, translucent background and silhouette letters.

Signs utilizing paper, cardboard, stickers, or decals applied to or located behind the storefront glazing.

Sandblasted wood signs in natural wood finish with painted, raised letters and/or logos.

Exposed raceways, ballast boxes, transformers, crossovers or conduit.

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No advertising placards, banners, pennants, names, insignia, trademarks, or other descriptive or promotional material may be affixed or maintained on windows, glass fixtures and equipment or any other area of the storefront, including credit card signs.

The name, stamps, or decals of the sign manufacturer may not be displayed on any visible portion of the sign. Non-ornamental hardware used to attach sign to storefront may not be exposed to view.

I. Access, Power and Compliance

Access panels in or through Tenant's demised Leased Premises, and not otherwise visible outside of Tenant's demised Leased Premises, required to service Tenant sign equipment must be provided by Tenant in accordance with applicable codes and laws.

All illuminated signs shall be on a Tenant electrical circuit and a Tenant electric meter, and controlled by a timer consistent with Landlord's established Santana Row hours of operation and the hours of illumination permitted by the City of San Jose. Similarly, light levels on signs shall be controlled by a lockable dimmer maintained in a manner consistent with Landlord's overall Santana Row lighting plan and the levels of illumination permitted by the City of San Jose.

J. Variances

Landlord to reasonably cooperate with Tenant in obtaining variances of the vertical height limitations imposed by any sign ordinances at no cost to Landlord, so long as the placement of such signs are consistent with the locations specified in Exhibit G (other than the vertical access if such variance is approved) and the signs otherwise comply with the criteria specified herein and all other applicable laws.

EXHIBIT I
FORM OF LETTER OF CREDIT

Not applicable.

FORM OF GROUND LESSOR RECOGNITION AGREEMENT

NON-DISTURBANCE, RECOGNITION AND ATTORNMENT AGREEMENT

Reference is made to a certain Lease Agreement, dated as of March 14, 2014, by and between WINCHESTER INVESTMENTS, LLC, a California limited liability company (hereinafter referred to as "Parent Landlord"), as Lessor, and SR WINCHESTER, LLC, a Delaware limited liability company, with offices at 1626 East Jefferson Street, Rockville, Maryland 20852 (hereinafter referred to as "Landlord"), as Lessee, of certain real property and improvements described therein, including certain real property (the "Entire Leased Premises") located in the City of San Jose, the County of Santa Clara, State of California, and more particularly described in Exhibit A. Said Lease Agreement, as amended by that certain First Amendment to Ground Lease dated February 10, 2015, that certain Second Amendment to Ground Lease dated January 17, 2016 and that certain Third Amendment to Ground Lease dated February 16, 2018, is hereinafter referred to as the "Parent Lease." A Memorandum of the Parent Lease is recorded as Instrument No. 22657768 of the Official Records of Santa Clara County, California.

Further reference is made to a certain "Office Lease" (the "Sublease"), dated December __, 2024, between Landlord, as the sublessor, and CALIX, INC., a Delaware corporation, as subtenant (hereinafter referred to as "Tenant") of a portion ("the Demised Leased Premises") of the Entire Leased Premises.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Parent Landlord does hereby warrant and represent to Tenant that the Parent Lease has not been amended, except as aforesaid, and is in full force and effect as of the date hereof, that the term of the Parent Lease has heretofore commenced, that, to the knowledge of Parent Landlord, there are no defaults by either Parent Landlord or Landlord thereunder, that Landlord is, as of the date hereof, the Lessee under the Parent Lease and that nothing contained in the Parent Lease prohibits or restricts the execution and delivery of the Sublease.

2. Tenant does hereby warrant and represent to Parent Landlord that the Sublease is presently in full force and effect and unmodified except as set forth above, that to the knowledge of Tenant, there are no defaults by either the Landlord or Tenant thereunder, and that Tenant has no knowledge of any charge, lien or claim or right of offset under the Sublease.

3. Parent Landlord does hereby acknowledge receipt of a fully executed copy of the Sublease. Parent Landlord does hereby consent to the execution and delivery of the Sublease. Parent Landlord does hereby recognize the Sublease and all of Tenant's rights thereunder. Notwithstanding anything in the Parent Lease contained to the contrary, Parent Landlord does hereby agree that, whether or not the term of the Parent Lease shall be cancelled or shall terminate prior to the expiration of the term of the Sublease, or Parent Landlord shall come into possession of all or any part of the Demised Leased Premises described in the Sublease prior to the expiration of the term of the Sublease, or Parent Landlord shall seek to exercise any of the rights or remedies under the Parent Lease, the Sublease shall continue in full force and effect in accordance with its terms, and Tenant's rights under the Sublease, and Tenant's use, possession and enjoyment of the Demised Leased Premises, shall not be modified or disturbed, except for such cause as would entitle Landlord to terminate the Sublease in accordance with the terms and conditions contained in the Sublease. Except as provided in the Sublease, Parent Landlord shall take no action that shall in any way interfere with any right or privilege of Tenant under the Sublease.

4. All proceeds of condemnation awards (and other awards by reason of the exercise of the power of eminent domain) and insurance paid or payable with respect to the Demised Leased Premises or any other part of the Entire Leased Premises and actually received by Parent Landlord, after the deduction of all costs and expenses incurred in obtaining such awards or proceeds, shall, except as otherwise provided in the last sentence of this paragraph 4, to the extent required, be applied and paid in the manner set forth in the Sublease provided and to the extent the same are consistent with the terms of the Parent Lease (regardless of whether or not the Parent Lease is in existence), but in any event including payment and/or application with

respect to the unamortized cost of leasehold improvements constructed by or otherwise at the cost of Tenant. The foregoing is subject to the rights (if any) of any mortgagee of the Entire Leased Premises.

5. Upon the cancellation or termination of the term of the Parent Lease, prior to the expiration of the term of the Sublease as extended, whether the Parent Lease shall be so terminated, or be cancelled, upon the expiration of its term as stated therein or on any other date, and whether upon the election of either Parent Landlord or Landlord thereunder, or in any other manner, so long as Tenant is not then in default under the Sublease beyond any applicable cure period provided in the Sublease, Tenant shall not be made (except in connection with any action Landlord could bring against Tenant in connection with the Sublease) a party in any litigation to evict or dispossess Landlord nor shall Tenant be evicted or disturbed as a result thereof, and Parent Landlord shall recognize Tenant as tenant of the Demised Leased Premises for the balance of the term of the Sublease, as extended, in accordance with all of the provisions of the Sublease.

6. Tenant does hereby agree that, if the term of the Parent Lease shall be cancelled or terminated prior to the expiration of the Sublease, Tenant shall recognize, and attorn to, Parent Landlord as the landlord under the Sublease in accordance with the terms and conditions contained in the Sublease, provided that Parent Landlord shall then assume, subject to the provisions set forth herein and the provisions of Section 7, below, in writing to Tenant to thereafter perform and observe all of the terms and conditions contained in the Sublease on the part of the landlord thereunder to be performed or observed. Notwithstanding anything to the contrary herein, Parent Landlord (i) shall not be bound by any rent or additional rent that Tenant may have paid in advance to Landlord for a period in excess of one (1) month, except to the extent such monies are transferred to or received by Parent Landlord, (ii) shall not be liable for any act or omission of any prior landlord under the Sublease, (iii) shall not be obligated to return any security deposit unless specifically received by Parent Landlord, (iv) shall not be subject to any defense, offsets, claims, counterclaims, reduction, deduction or abatement which Tenant may have against any prior landlord under the Sublease, (v) shall not be bound by any obligation to make any payment to Tenant which was required to be made prior to the time Parent Landlord succeeded to the landlord's interest under the Sublease, and (vi) shall not be bound by any obligation to perform any improvement work or to make any improvements to the Demised Leased Premises (other than ongoing maintenance and repair obligations). Tenant agrees to give to Parent Landlord copies of all written notices of default given by Tenant to Landlord under the Lease at the same time any such notice is given by Tenant to Landlord.

7. In the event Parent Landlord becomes the Landlord under the Sublease, in accordance with this Agreement, Tenant specifically understands and agrees that there shall be no personal liability on Parent Landlord or any other person or entity with respect to any of the liabilities and obligations under the Sublease. Tenant and any person claiming by, through or under Tenant shall look solely to the equity of the Parent Landlord in the Entire Leased Premises, and the rents, proceeds and profits therefrom, for the satisfaction of Tenant's and such person's remedies and claims for damages. Nothing in this Section 7 shall be construed as a bar to any injunctive relief or remedy available to Tenant or as limiting any rights or remedies Tenant may have under the Sublease as a result of any such breach or default, except the right to seek personal liability against Parent Landlord as set forth herein.

8. From and after Tenant's receipt of written notice from Parent Landlord (a "Rent Payment Notice"), Tenant shall pay all base rent, percentage rent, and/or additional rent (collectively, "Rent") under the Sublease to Parent Landlord or as Parent Landlord shall direct in writing, until such time as Parent Landlord directs otherwise in writing. Tenant shall comply with any Rent Payment Notice, notwithstanding any contrary instruction, direction or assertion from Landlord. Parent Landlord's delivery to Tenant of a Rent Payment Notice, or Tenant's compliance therewith, shall not be deemed to: (a) cause Parent Landlord to succeed to or to assume any obligations or responsibilities as Landlord under the Sublease, all of which shall continue to be performed and discharged solely by Landlord unless and until the Parent Lease is terminated; or (b) relieve Landlord of any obligations under the Sublease. The foregoing is subject to the rights (if any) of any mortgagee of the Entire Leased Premises.

9. Whenever any notice is required or permitted hereunder, such notice shall be in writing and shall be personally delivered or sent, postage prepaid by registered or certified mail, return receipt requested, to the addresses set out below, or to such other addresses as are specified by written notice given in accordance herewith:

PARENT LANDLORD:

Winchester Investment, LLC
c/o Westwind Enterprises, Ltd.
1515 The Alameda, Ste. 200
San Jose, California 95126
Attention: Ray K. Farris, II

with a copy to:

Strategy Law, LLP
One Almaden Blvd., Ste. 700
San Jose, California 95113
Attention: Tamara B. Pow, Esq.

TENANT:

Prior to the Lease Term Commencement Date:

Calix, Inc.
2777 Orchard Parkway
San Jose, CA 95131
Attention: General Counsel

After the Lease Term Commencement Date:

Calix, Inc.
1 Santana West
3155 Olsen Drive
Suite 450
San Jose, CA 95117
Attention: General Counsel

with a copy to:

Nossaman LLP
50 California Street
Floor 34
San Francisco, CA 94111
Attention: Simon T. Adams, Esq.

All notices and other communications hereunder delivered or mailed as aforesaid shall be deemed to have been given as of the date of personal delivery, or the date shown on the signed courier or certified or registered mail receipt (or if acceptance is refused, as of the date of refusal of acceptance as shown on the courier or certified or registered mail receipt). Parent Landlord or Tenant shall have the right, from time to time, to change the designation or address of any person to receive notices and other communication on behalf of Parent Landlord or Tenant, as the case may be, by specifying any other designation or address in the United States upon giving fifteen (15) days' notice thereof to Parent Landlord or Tenant, as the case may be.

10. References herein contained to the term of the Parent Lease and the term of the Sublease shall mean the terms thereof as then extended pursuant to the provisions thereof.

11. The agreements contained herein shall be self-executing without the requirement of any further instrument or act by any party referred to herein. Tenant and Parent Landlord shall, however, confirm the non-disturbance and attornment provisions of this Agreement in writing upon the written request by either of them. This Agreement shall be binding upon, and inure to the benefit of, each of the parties hereto and its successors and assigns. This Agreement and the covenants herein contained are intended to run with and bind all lands affected thereby.

12. This Agreement constitutes the entire agreement between Parent Landlord and Tenant regarding the rights and obligations of Parent Landlord and Tenant as to the subject matter of this Agreement.

13. If this Agreement conflicts with the Sublease, then this Agreement shall govern as between the parties; including upon any attornment pursuant to this Agreement.

14. Except as expressly provided for in this Agreement, Parent Landlord has no obligations to Tenant with respect to the Sublease. If Parent Landlord assigns its interest in the Parent Lease to a third party assignee, all rights and obligations of Parent Landlord under this Agreement shall terminate, and the third party assignee shall automatically have the same rights and obligations as Parent Landlord under this Agreement.

15. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the state where the Demised Leased Premises are located, excluding its principles of conflict of laws.

16. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

17. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

18. Each party hereto represents that it has the full authority to enter into this Agreement, and that the entry into this Agreement by such party has been duly authorized by all necessary action.

(Signature page follows.)

IN WITNESS WHEREOF, each of the parties hereto has caused this instrument to be executed and delivered all as of the _____ day of _____, 202_.

PARENT LANDLORD:

WINCHESTER INVESTMENT, LLC

By:	Ray K. Farris, II
Name:	Ray K. Farris
Title	Manager

TENANT:

CALIX, INC.,

a Delaware corporation

By:	<u>/s/ Cory Sindelar</u>
Name:	<u>Cory Sindelar</u>
Title:	<u>CFO</u>

Exhibit A - Description of Entire Leased Premises

Parcel 2 of Parcel Map entitled "Santana West", recorded December 2, 2019, in Book 927 of Maps at Pages 27 - 32, Santa Clara County Records.

Landlord's Consent

Landlord consents and agrees to the terms of the foregoing Agreement, which was entered into at Landlord's request. The foregoing Agreement shall not alter, waive or diminish any of Landlord's obligations under the Parent Lease or the Sublease. The above Agreement discharges any obligations of Parent Landlord to enter into a non-disturbance agreement with Tenant.

Landlord irrevocably directs Tenant to comply with any Rent Payment Notice, notwithstanding any contrary direction, instructions, or assertion by Landlord. Tenant shall be entitled to rely on any Rent Payment Notice, and Landlord hereby agrees to give Tenant full credit for all Rent that Tenant pays to Parent Landlord or its designee in response to a Rent Payment Notice. Tenant shall be under no duty to controvert or challenge any Rent Payment Notice. Tenant's compliance with a Rent Payment Notice shall not be deemed to violate the Sublease.

Landlord represents to Parent Landlord and Tenant that, as of the Effective Date, to the best of Landlord's knowledge, no breach or default by Tenant exists under the Sublease, and no event has occurred that, with the giving of notice, the passage of time, or both, would constitute such a breach or default.

The provisions in this Landlord's Consent are for the express benefit of Parent Landlord and Tenant.

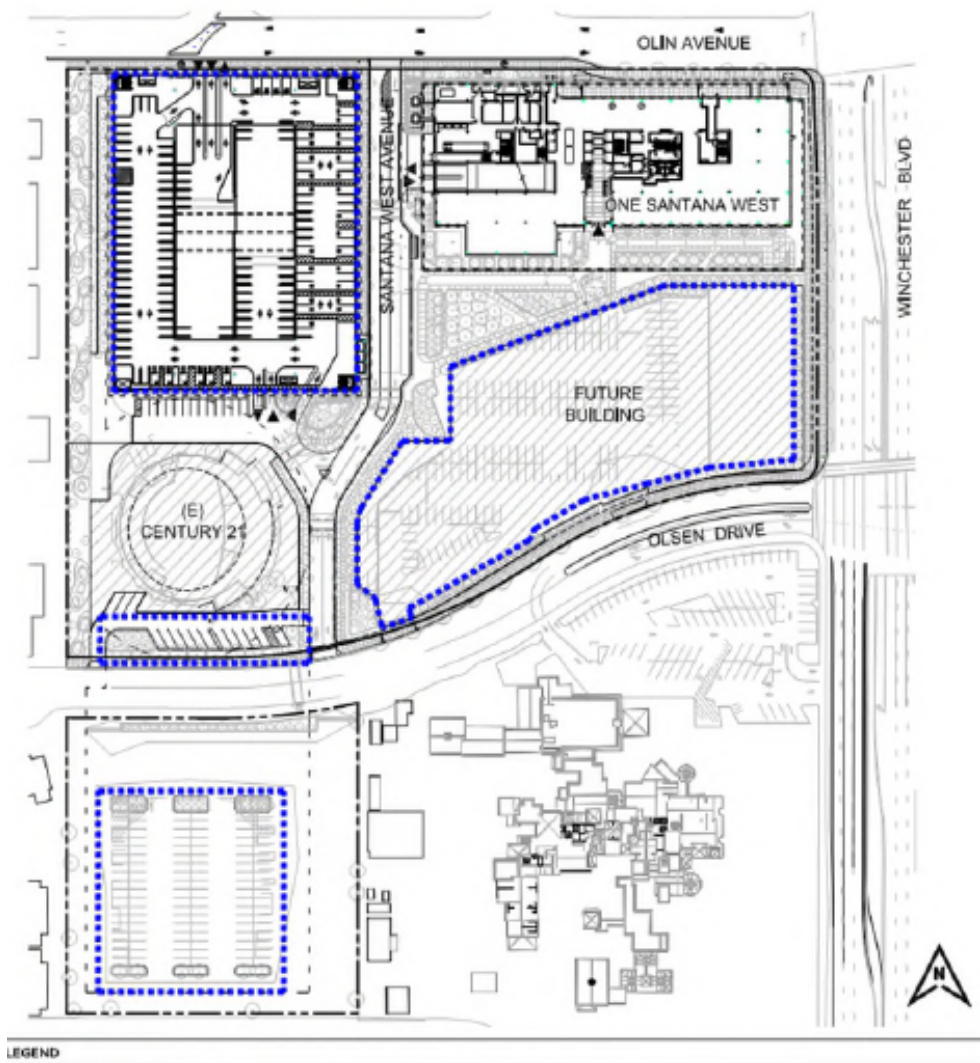
LANDLORD:

SR WINCHESTER, LLC,

a Delaware limited liability

By: Street Retail, LLC,
a Maryland limited liability company
Its: Sole Member

By:	<u>/s/ Becca Walker</u>
Name:	<u>Becca Walker</u>
Its:	<u>Vice President – Head of Legal, Real Estate</u>
Date:	<u>12/16/2024</u>



Ground Lessor Retained Property Parking Rights:

Count	Type	Peak (May 1 - Sept 30)		Off-Peak (Oct 1 - April 30)	
		Weekdays	Weekend	Weekdays	Weekend
100	Primary/Exclusive	9:00a – 12:30a	9:00a – 12:30a	9:00a – 12:30a	9:00a – 12:30a
135	Secondary/Nonexclusive	6:00 p – 7:00p	9:00a – 7:00p	6:00 p – 7:00p	9:00a – 5:00p

**Tenant agrees to accommodate cars entering after 5:00 p.m. or 7:00 p.m. and remaining in parking facilities as late as 12:30 a.m. for flashlight tours and special events at the Mystery House (which may occur throughout the year) up to Thirty-four (34) nights per year, the schedule of which shall be agreed to at the beginning of each calendar year.*

CALIX, INC.

INSIDER TRADING COMPLIANCE POLICY

Federal and state laws prohibit trading in the securities of a company while in possession of material nonpublic information and providing material nonpublic information to others so that they can trade. Violating such laws can undermine investor trust, cause reputational harm, and result in your dismissal from Calix, Inc. (together with its subsidiaries, the “Company” or “Calix”) and serious criminal and civil charges against you and the Company. This Insider Trading Compliance Policy (this “Policy”) outlines your responsibilities to avoid insider trading and implements certain procedures to help you avoid even the appearance of insider trading.

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I. SUMMARY

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. “Insider trading” occurs when any person purchases or sells a security while in possession of inside information relating to the security. As explained in Section III below, “inside information” is information which is considered to be both “material” and “non-public.” Insider trading is a crime, and the penalties for violating the law include imprisonment, disgorgement of profits, civil fines of up to three times the profit gained or loss avoided, and criminal fines of up to \$5,000,000 for individuals and \$25,000,000 for entities. Insider trading is also prohibited by this Policy and could result in serious sanctions, including dismissal.

This Policy applies to all officers, directors and employees of the Company and extends to all activities within and outside your duties at the Company.

Every officer, director and employee must review this Policy. Individual officers, directors and employees subject to this Policy are responsible for ensuring that members of their immediate family (e.g. spouses, children, stepchildren, sons-in-law, daughters-in-law, brothers-in-law or sisters-in-law) and members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual's own account.

Questions regarding the Policy should be directed to the Company's General Counsel who shall serve as "Compliance Officer" for purposes of the Policy.

II. STATEMENT OF POLICIES PROHIBITING INSIDER TRADING

No officer, director or employee shall purchase or sell any type of security while in possession of material, non-public information relating to the security or the issuer of such security, whether the issuer of such security is Calix or any other company.

Additionally, except for the Exempted Transactions listed below, **no officer, director or employee listed on Schedule 1 to this Policy (as amended from time to time) shall purchase or sell any security of Calix during the period running from (i) the first day of the third calendar month of the then-current quarter to (ii) two full trading days after the quarterly public issuance of its earnings release, whether or not the Company or any of its officers, directors or employees is in possession of material, non-public information (the "Black-Out Period").**

These prohibitions do not apply to the following "Exempted Transactions":

- purchases of Calix securities from Calix (including, for example, pursuant to the 2019 Equity Incentive Award Plan, 2010 Equity Incentive Award Plan, 2017 Non-Qualified Employee Stock Purchase Plan, 2010 Employee Stock Purchase Plan or any other Employee Stock Purchase Plan adopted by Calix) or sales of Calix securities to Calix;
- the exercise of stock options or other equity awards or vesting of equity-based awards that, in each case, do not involve a market sale of Calix securities, including, for example, the surrender of shares to Calix in satisfaction of tax withholding upon vesting of restricted stock units (RSUs), performance restricted stock units (PRSUs) or restricted stock awards (RSAs) (the cashless exercise of a Calix stock option through a broker does involve a market sale of Calix securities and therefore would not qualify under this exception); or
- purchases or sales of Calix securities made pursuant to any binding contract, specific instruction or written plan entered into in good faith while the purchaser or seller, as applicable, was unaware of any material, non-public information and not subject to a Black-Out Period and which contract, instruction or plan (i) meets

all requirements of the affirmative defense provided by Rule 10b5-1 (“Rule 10b5-1”) promulgated under the Securities Exchange Act of 1934, as amended (the “1934 Act”), (ii) was pre-cleared in advance pursuant to this Policy and (iii) has not been amended or modified in any respect after such initial pre-clearance without such amendment or modification being pre-cleared in advance pursuant to this Policy. For more information about Rule 10b5-1 trading plans, see Section V below.

For the purposes of this Policy, a “trading day” shall mean a day on which national stock exchanges are open for trading.

No officer, director or employee shall directly or indirectly communicate (or “tip”) material, non-public information to anyone outside the Company under any circumstances (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a “need-to-know” basis.

III. EXPLANATION OF INSIDER TRADING

“Insider trading” refers to the purchase or sale of a security while in possession of material non-public information relating to the security.

“Securities” includes stocks, bonds, notes, debentures, options, warrants and other convertible securities, as well as derivative instruments.

“Purchase” and “sale” are defined broadly under the federal securities laws. “Purchase” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, conversions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other derivative securities.

It is generally understood that insider trading includes the following:

- Trading by insiders while in possession of material, non-public information;
- Trading by persons other than insiders while in possession of material, non-public information where the information either was given in breach of an insider’s fiduciary duty to keep it confidential or was misappropriated; or
- Communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.

A. What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it

important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt or equity. Also, information that something is likely to happen in the future—or even just that it may happen—could be deemed material.

Examples of material information include (but are not limited to) information about: dividends; corporate earnings or earnings forecasts; possible mergers, acquisitions, tender offers or dispositions; significant developments in borrowings or financings, including pending public sales or offerings of debt or equity securities; defaults on borrowings; bankruptcies; major new products or product developments; important business developments such as major contract awards or cancellations; significant disruption in operations; material data breach, cybersecurity or data security incidents; and significant litigation or regulatory actions. Moreover, material information does not have to be related to a company's business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

A good general rule of thumb: **when in doubt, do not trade.**

B. What is Non-public?

Information is “non-public” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through newswire services such as Dow Jones, Reuters, Bloomberg, The Wall Street Journal, Business Wire, Associated Press, PR Newswire or United Press International; a broadcast on widely available radio or television programs; publication in a widely available newspaper, magazine, or news website; a Regulation FD-compliant conference call; or public disclosure documents filed with the U.S. Securities and Exchange Commission (the “SEC”) that are available on the SEC's website. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow two full trading days following publication as a reasonable waiting period before such information is deemed to be public.

C. Who is an Insider?

“Insiders” include officers, directors and employees of a company and anyone else who has material inside information about a company. Insiders have independent duties to their company and its stockholders not to trade on material, non-public information relating to the company's securities. All officers, directors and employees of the Company should consider themselves insiders with respect to material, non-public information about the Company's business, activities and securities. Officers, directors and employees may not trade Calix's securities while in possession of material, non-public information relating to the Company, nor

may they tip such information to anyone outside the Company (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company except on a "need-to-know" basis.

As someone subject to this Policy, you are responsible for ensuring that members of your household also comply with this Policy. This includes family members residing with you, anyone else living in your household, and any family members not living with you whose transactions in the Company's securities are directed by you, or subject to your influence and control. This Policy also applies to any entities you control, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

D. Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material, non-public information to a third party (a "tippee"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them or individuals who trade on material, non-public information which has been misappropriated. Insiders may be held liable for tipping even if they receive no personal benefit from tipping and even if no close personal relationship exists between them and the tippee.

Tippees inherit an insider's duties and are liable for trading on material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

E. Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material, non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The SEC and the Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- Securities industry self-regulatory organization sanctions;
- Civil injunctions;
- Damage awards to private plaintiffs;
- Disgorgement of all profits;

- Civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- Civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of \$1,425,000 or three times the amount of profit gained or loss avoided by the violator;
- Criminal fines for individual violators of up to \$5,000,000 (\$25,000,000 for an entity); and
- Jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including dismissal. Insider trading violations are not limited to violations of the federal securities laws: other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), may also be violated in connection with insider trading.

F. Size of Transaction and Reason for Transaction Do Not Matter

The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC has the ability to monitor even the smallest trades, and the SEC performs routine market surveillance. Brokers or dealers are required by law to inform the SEC of any possible violations by people who may have material nonpublic information. The SEC aggressively investigates even small insider trading violations.

G. Examples of Insider Trading

Examples of insider trading cases include actions brought against: corporate officers, directors and employees who traded in a company's securities after learning of significant confidential corporate developments; friends, business associates, family members and other tippees of such officers, directors and employees who traded in the securities after receiving such information; government employees who learned of such information in the course of their employment; and other persons who misappropriated, and took advantage of, confidential information from their employers.

The following are illustrations of insider trading violations. These illustrations are hypothetical and, consequently, not intended to reflect on the actual activities or business of the Company or any other entity.

Trading by Insider

An officer of X Corporation learns that earnings to be reported by X Corporation will increase dramatically. Prior to the public announcement of such earnings, the officer purchases X Corporation's stock. The officer, an insider, is liable for all profits as well as penalties of up to three times the amount of all profits. The officer also is subject to, among other things, criminal prosecution, including up

to \$5,000,000 in additional fines and 20 years in jail. Depending upon the circumstances, X Corporation and the individual to whom the officer reports also could be liable as controlling persons.

Trading by Tippee

An officer of X Corporation tells a friend that X Corporation is about to publicly announce that it has concluded an agreement for a major acquisition. This tip causes the friend to purchase X Corporation's stock in advance of the announcement. The officer is jointly liable with his friend for all of the friend's profits and each is liable for all penalties of up to three times the amount of the friend's profits. In addition, the officer and his friend are subject to, among other things, criminal prosecution, as described above.

H. Prohibition of Records Falsifications and False Statements

Section 13(b)(2) of the 1934 Act requires companies subject to the 1934 Act to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading or incomplete statement to any accountant in connection with any audit or filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public. Falsifying records or accounts or making materially false, misleading or incomplete statements in connection with an audit or filing with the SEC could also result in criminal penalties for obstruction of justice.

IV. STATEMENT OF PROCEDURES TO PREVENT INSIDER TRADING

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading. All officers, directors and employees are required to follow these procedures.

A. Black-Out Periods

The period during which the Company prepares quarterly financials is a sensitive time for insider trading purposes, as Company personnel may be more likely to possess, or be presumed to possess, material nonpublic information. To avoid the appearance of impropriety and assist Company personnel in planning transactions in Calix securities for appropriate times, no officer, director or employee listed on Schedule 1 (as amended from time to time) shall purchase or sell any Calix securities during the Black-Out Period (as defined above) or during any other trading suspension period declared by the Company, except for Exempted Transactions (as defined above).

From time to time, the Company, through the Board of Directors, the Company's General Counsel or Chief Financial Officer, may recommend that officers, directors, employees or others suspend trading in Calix securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all those affected should not trade in Calix securities while the suspension is in effect and should not disclose to others that the Company has suspended trading.

B. Information Relating to Calix

1. Access to Information

Access to material, non-public information about the Company, including the Company's business, earnings or prospects, should be limited to officers, directors and employees of Calix on a "need-to-know" basis. In addition, such information should not be communicated to anyone outside the Company under any circumstances (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company except on a "need-to-know" basis.

In communicating material, non-public information to employees of the Company, all officers, directors and employees must take care to emphasize the need for confidential treatment of such information and adherence to the Company's policies with regard to confidential information.

2. Inquiries from Third Parties

Inquiries from third parties, such as industry analysts or members of the media, about the Company should be directed to the Compliance Officer or Investor Relations.

C. Limitations on Access to Company Information

The following procedures are designed to maintain confidentiality with respect to the Company's business operations and activities.

1. All officers, directors and employees should take all steps and precautions necessary to restrict access to, and secure, material, non-public information by, among other things:

- Maintaining the confidentiality of Company-related transactions;
- Conducting their business and social activities so as not to risk inadvertent disclosure of confidential information. Review of confidential documents in public places should be conducted so as to prevent access by unauthorized persons;
- Restricting access to documents and files (including computer files and video conference recordings) containing material, non-public information

to individuals on a “need-to-know” basis (including maintaining control over the distribution of documents and drafts of documents);

- Promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
- Disposing of all confidential documents and other papers, after there is no longer any business or other legally required need, through shredders when appropriate or, in the case of electronic files, in a manner that permanently deletes the information in accordance with the Company’s document retention policy;
- Restricting access to areas likely to contain confidential documents or material, non-public information;
- Safeguarding laptop computers, tablets, memory sticks, CDs and other items that contain confidential information; and
- Avoiding the discussion of material, non-public information in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs.

2. Personnel involved with material, non-public information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.

D. Pre-Clearance of Trades by Officers, Directors and Certain Employees

To provide assistance in preventing inadvertent violations of securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of Calix securities, all transactions in Calix securities (including without limitation, acquisitions and dispositions of Calix common stock (“Stock”), the exercise of stock options and the sale of Calix’s Stock issued upon exercise of stock options or vesting of other equity awards) by any officer, director or employee listed on Schedule 1 (as amended from time to time) must be pre-cleared by the Compliance Officer. Additionally, except for the Exempted Transactions listed under Section II above, no officers, directors or employees listed on Schedule 1 (as amended from time to time) may trade in any securities of Calix during the Black-Out Period. Notwithstanding receipt of pre-clearance, if you become aware of material nonpublic information or become subject to a Black-Out period before the transaction is effected, the transaction may not be completed. Pre-clearance does not relieve you of your responsibility under SEC rules.

Please consult the Company’s Pre-Clearance instructions attached as Attachment B.

None of the Company, any Company director or officer, the Compliance Officer, or other Company employee will have any liability for any delay in reviewing, or refusal of, a request for pre-clearance submitted pursuant to the Policy. Notwithstanding any pre-clearance of

a transaction pursuant to this Policy, none of the Company, any Company director or officer, the Compliance Officer, or other Company employee assumes any liability for the legality or consequences of such transaction to the person engaging in such transaction.

E. Transactions Post-Termination of Service to the Company

With the exception of the pre-clearance requirement, this Policy may continue to apply to transactions in Calix securities even after termination of service to the Company. For example, if you are in possession of material nonpublic information or are subject to a Black-Out Period when your service terminates, you may not trade in Calix securities until that information has become public or is no longer material or such Black-Out Period expires.

F. Avoidance of Certain Aggressive or Speculative Trading

Officers, directors and employees and members of their respective households (including family members residing with them, anyone else living in their households, and any family members not living with them whose transactions in the Company's securities are directed by them, or subject to their influence and control), or entities controlled by such individuals, should not directly or indirectly participate in transactions involving trading activities which by their aggressive or speculative nature may give rise to an appearance of impropriety. Please see Section VI (Additional Prohibited Transactions) for a description of such activities that are prohibited by this Policy.

V. **SECTION 16 INSIDER REPORTING REQUIREMENTS, SHORT-SWING PROFITS AND PROHIBITION OF SHORT SALES**

A. Reporting Obligations Under Section 16(a)—SEC Forms 3, 4 and 5

Section 16(a) of the 1934 Act generally requires all officers, directors and 10% stockholders ("Section 16 Insiders"), within ten days after becoming a Section 16 Insider, to file with the SEC an "Initial Statement of Beneficial Ownership of Securities" on SEC Form 3 ("Form 3") listing the amount of Calix Stock, options and warrants which the insider beneficially owns. Following the initial filing on Form 3, every change in the beneficial ownership of Calix Stock, options and warrants, including gifts of such securities, must be reported on SEC Form 4 ("Form 4"), generally within two days after the date on which such change occurs, or in certain cases on SEC Form 5 ("Form 5"), within 45 days after fiscal year end. The two-day Form 4 deadline begins to run from the trade date rather than the settlement date. A Form 4 must be filed even if, as a result of balancing transactions, there has been no net change in holdings. In certain situations, purchases or sales of Company stock made within six months prior to the filing of a Form 3 must be reported on Form 4. Similarly, certain purchases or sales of Calix Stock made within six months after an officer or director ceases to be a Section 16 Insider must be reported on Form 4.

B. Recovery of Profits Under Section 16(b)

For the purpose of preventing the unfair use of information which may have been obtained by a Section 16 Insider, any profits realized by a Section 16 Insider from any “purchase” and “sale” of Stock during a six-month period, so called “short-swing profits,” may be recovered by the Company. When such a purchase and sale occurs, good faith is no defense. The insider is liable even if compelled to sell for personal reasons, and even if the sale takes place after full disclosure and without the use of any inside information.

The liability of an insider under Section 16(b) of the 1934 Act is only to the Company itself. The Company, however, cannot waive its right to short-swing profits, and any Calix stockholder can bring suit in the name of Calix. In this connection it must be remembered that reports of ownership filed with the SEC on Form 3, Form 4 or Form 5 pursuant to Section 16(a) (discussed above) are readily available to the public, and certain attorneys carefully monitor these reports for potential Section 16(b) violations. In addition, liabilities under Section 16(b) may require separate disclosure in the Company’s annual report to the SEC on Form 10-K or its proxy statement for its annual meeting of stockholders. No suit may be brought more than two years after the date the profit was realized. However, if the Section 16 Insider fails to file a report of the transaction under Section 16(a), as required, the two-year limitation period does not begin to run until after the transactions giving rise to the profit have been disclosed. Failure to report transactions and late filing of reports require separate disclosure in the Company’s proxy statement.

Officers and directors should consult the attached “Short-Swing Profit Rule Section 16(b) Checklist” attached as Attachment A in addition to consulting with the Compliance Officer prior to engaging in any transactions involving Calix securities, including without limitation, Calix Stock, options or warrants.

C. Short Sales Prohibited Under Section 16(c)

Section 16(c) of the 1934 Act prohibits insiders absolutely from making short sales of Calix Stock. Short sales include sales of stock that the Section 16 Insider does not own at the time of sale, or sales of stock against which the Section 16 Insider does not deliver the shares within 20 days after the sale. Under certain circumstances, the purchase or sale of put or call options, or the writing of such options, can result in a violation of Section 16(c). Section 16 Insiders violating Section 16(c) face criminal liability. Please also see Section VI below (Additional Prohibited Transactions) for a description of the prohibition on short sales under this Policy.

Consult the Compliance Officer if you have any questions regarding reporting obligations, short-swing profits or short sales under Section 16.

D. Form 144 Reporting (Applicable to Section 16 Insiders)

Rule 144 provides a safe harbor exemption to the registration requirements of the Securities Act of 1933, as amended, for certain resales of “restricted securities” and “control securities.” “Restricted securities” are securities acquired from an issuer, or an affiliate of an issuer, in a transaction, or chain of transactions, not involving a public offering. “Control securities” are any securities owned by directors, executive officers, or other “affiliates” of the issuer, including stock purchased in the open market and stock received upon exercise of stock options.

Sales of Company securities by affiliates (generally, Section 16 Insiders of the Company) must comply with the requirements of Rule 144. If you are subject to Rule 144, you must instruct your broker who handles trades in Company securities to follow the brokerage firm’s Rule 144 compliance procedures in connection with all trades. The requirements of Rule 144 are summarized below:

- Current Public Information. The Company must have filed all SEC-required reports during the last 12 months.
- Volume Limitations. Total sales of Calix Stock by a covered individual for any three-month period may not exceed the greater of: (i) 1% of the total number of outstanding shares of Calix Stock, as reflected in the most recent report or statement published by the Company, or (ii) the average weekly reported volume of such shares traded during the four calendar weeks preceding the filing of the requisite Form 144.
- Method of Sale. The shares must be sold either in a “broker’s transaction” or in a transaction directly with a “market maker.” A “broker’s transaction” is one in which the broker does no more than execute the sale order and receive the usual and customary commission. Neither the broker nor the selling person can solicit or arrange for the sale order. In addition, the selling person or member of the Board of Directors must not pay any fee or commission other than to the broker. A “market maker” includes a specialist permitted to act as a dealer, a dealer acting in the position of a block positioner, and a dealer who holds himself out as being willing to buy and sell Calix Stock for his own account on a regular and continuous basis.
- Notice of Proposed Sale. A notice of the sale (a Form 144) must be filed with the SEC at the time of the sale. Brokers generally have internal procedures for executing sales under Rule 144, and will assist you in completing the Form 144 and in complying with the other requirements of Rule 144.

VI. **RULE 10B5-1 TRADING PLANS**

A. Overview

Rule 10b5-1 will protect directors, officers and employees from insider trading liability under Rule 10b5-1 for transactions under a previously established contract, plan or instruction to trade Calix Stock (a “Trading Plan”) entered into in good faith when the person entering into the Trading Plan is not subject to a Black-Out Period or in possession of material, nonpublic information and in accordance with the terms of Rule 10b5-1 of the 1934 Act and all state laws and shall be exempt from the trading restrictions set forth in the Policy. The initiation of, and any modification to, any such Trading Plan will be deemed to be a transaction in Calix securities and such initiation or modification is subject to all limitations and prohibitions of transactions involving Calix securities. Each such Trading Plan, and any modification thereof, shall be submitted to and pre-approved by the Compliance Officer, or such other person as the Company’s board of directors may designate from time to time (“Authorizing Officer”), who may impose such conditions on the implementation and operation of the Trading Plan as the Authorizing Officer deems necessary or advisable. However, compliance of the Trading Plan to the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, not the Company or the Authorizing Officer.

Rule 10b5-1 presents an opportunity for insiders to establish arrangements to sell (or purchase) Calix Stock without the restrictions of windows and blackout periods even when there is undisclosed material information. A Trading Plan might also help reduce negative publicity that may result when key executives sell Calix Stock. Rule 10b5-1 only provides an “affirmative defense” in the event there is an insider-trading lawsuit. It does not prevent someone from bringing a lawsuit.

A director, officer or employee may enter into a Trading Plan only when he or she is not in possession of material, nonpublic information. In addition, a director, officer or employee listed on Schedule 1 (as amended from time to time) may enter into a Trading Plan only during a trading window period outside of the Black-Out Period. Although transactions effected under a Trading Plan will not require further pre-clearance at the time of the trade, any transaction (including the quantity and price) made pursuant to a Trading Plan of a Section 16 reporting person must be reported to the Company promptly on the day of each trade to permit the Company’s filing coordinator to assist in the preparation and filing of a required Form 4.

From time to time, for legal or other reasons, the Authorizing Officer may direct that purchases and sales pursuant to any Trading Plan be suspended or discontinued. Failure to discontinue purchases and sales as directed shall constitute a violation of the terms of this Section V and result in a loss of the exemption set forth herein.

Officers, directors and employees may adopt Trading Plans with brokers that outline a pre-set plan for trading of Calix Stock, including the exercise of options. Once a Trading Plan is entered into (subject to the restrictions discussed in this Policy), trades pursuant to a Trading Plan may occur at any time. However, Rule 10b5-1 requires a cooling-off period between the establishment of a Trading Plan and commencement of any transactions under such plan as follows: for directors and officers subject to reporting under Section 16 of the 1934 Act, the cooling-off period extends to the later of 90 days after adoption or modification of a Trading

Plan or two business days after filing the Form 10-K or Form 10-Q covering the fiscal quarter in which the Trading Plan was adopted, up to a maximum of 120 days; and for employees and other persons, other than the Company, the cooling-off period extends 30 days after adoption or modification of Trading Plan.

Individuals may not adopt more than one Trading Plan at a time except under the limited circumstances permitted by Rule 10b5-1 and subject to preapproval by the Authorizing Officer. Plans that authorize sell-to-cover transactions to satisfy tax withholding obligations incident to the vesting of equity awards are permitted even if an individual has another Trading Plan in place, as long as the sell-to-cover plan authorizes an agent to sell only the securities necessary to satisfy the tax withholding obligations, and the individual does not otherwise control the timing of the sales.

Please review the following description of how a Trading Plan works.

Pursuant to Rule 10b5-1, an individual's purchase or sale of securities will not be "on the basis of" material non-public information if:

- First, before becoming aware of the information, the individual enters into a binding contract to purchase or sell the securities, provides instructions to another person to sell the securities or adopts a written plan for trading the securities (i.e., the Trading Plan).
- Second, the Trading Plan must either:
 - specify the number of securities to be purchased or sold, the price at which the securities are to be purchased or sold and the date on which the securities are to be purchased or sold;
 - include a written formula or computer program for determining the amount, price and date of the transactions; or
 - prohibit the individual from exercising any subsequent influence over the purchase or sale of Calix's Stock under the Trading Plan in question.
- Third, the purchase or sale must occur pursuant to the Trading Plan and the individual must not enter into a corresponding hedging transaction or alter or deviate from the Trading Plan.

B. Revocation/Amendments to Trading Plans

Revocation or modification of Trading Plans should occur only in unusual circumstances, and the effectiveness of any revocation or modification of a Trading Plan will be subject to the prior review and approval of the Authorizing Officer. Revocation is effected upon written notice to the broker. Any such revocation or modification must occur when the individual is not subject to a Black-Out Period and while such individual is not aware of material, nonpublic information. Any modifications of a Trading Plan that change the amount, price or timing of the purchase or sale of the securities underlying a Trading Plan will trigger a

new cooling-off period. In addition, if you modify a Trading Plan, you may not trade in Calix securities outside of the modified Trading Plan until after the expiration of the cooling-off period measured from the modification date, and if you revoke an existing Trading Plan, you may not enter into a new Trading Plan or trade in Calix securities outside of a Trading Plan until after the expiration of the cooling-off period measured from the revocation date. The Authorizing Officer may refuse to approve a Trading Plan, or any revocation or modification of a Rule 10b5-1 Plan, as he or she deems appropriate including, without limitation, if he or she determines that such plan does not satisfy the requirements of Rule 10b5-1.

Please note that Rule 10b5-1 requires persons subject to a Trading Plan to act in good faith with respect to the plan, and revocation or modification of a Trading Plan can result in the loss of an affirmative defense for past or future transactions under a Trading Plan. You should consult with your own legal counsel before deciding to revoke or modify a Trading Plan.

The Company also reserves the right from time to time to suspend, discontinue, or otherwise prohibit transactions under a Trading Plan if the Authorizing Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation, or other prohibition is in the best interests of the Company.

C. Discretionary Plans

Discretionary Trading Plans, where the discretion or control over trading is transferred to a broker, are permitted if pre-approved by the Authorizing Officer.

The Authorizing Officer of the Company must pre-approve any Trading Plan, arrangement or trading instructions, etc., involving potential sales or purchases of Calix Stock or option exercises, including but not limited to, blind trusts or limit orders. The actual transactions effected pursuant to a pre-approved Trading Plan will not be subject to further pre-clearance for transactions in Calix Stock once the Trading Plan or other arrangement has been pre-approved.

D. Options

Cash exercise of options currently can be executed at any time. Same day sales exercises of options are subject to trading windows. However, the Company will permit same day sales under Trading Plans. If a broker is required to execute a same day sale in accordance with a Trading Plan, then the Company must have exercise forms attached to the Trading Plan that are signed, undated and with the number of shares to be exercised left blank. Once a broker determines that the time is right to exercise the option and dispose of the shares in accordance with the Trading Plan, the broker will notify the Company in writing and the administrator of the Company's stock plans will fill in the number of shares and the date of exercise on the previously signed exercise form. The insider should not be involved with this part of the exercise.

E. Trades Outside of a Trading Plan

During an open window, trades which differ from Trading Plan instructions that are already in place are allowed as long as the Trading Plan continues to be followed.

Trading Plans do not exempt the individuals from complying with the Section 16 six- month short-swing profit rules or liability.

F. Public Announcements

The Company reserves the right to publicly announce, or respond to inquiries from the media regarding, the implementation of Trading Plans or the execution of transactions made under a Trading Plan.

G. Prohibited Transactions

The cashless exercise of options under Trading Plans is permitted only through “same-day sales,” in which the option holder does not pay for the stock up front, but rather receives cash equal to the difference between the stock value and option exercise price. The transactions prohibited under Section VI of this Policy, including short sales, publicly traded options, hedging transactions, margin purchases and pledges (except under limited circumstances approved for a director in accordance with the Calix Limited Pledging Policy) of Calix securities, may not be carried out through a Trading Plan or other arrangement or trading instruction involving potential sales or purchases of Calix securities.

VII. ADDITIONAL PROHIBITED TRANSACTIONS

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Therefore, officers, directors and employees shall comply with the following policies with respect to certain transactions in Calix securities:

A. Short Sales

Short sales of Calix securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller’s incentive to improve the Company’s performance. For these reasons, short sales of Calix securities are prohibited by this Policy. In addition, as noted above, Section 16(c) of the 1934 Act absolutely prohibits Section 16 reporting persons from making short sales of Calix’s equity securities, *i.e.*, sales of shares that the insider does not own at the time of sale, or sales of shares against which the insider does not deliver the shares within 20 days after the sale.

B. Publicly Traded Options

A transaction in options is, in effect, a bet on the short-term movement of Calix’s Stock and therefore creates the appearance that an officer, director or employee is trading based on material non-public information. Transactions in options also may focus an officer’s, director’s or employee’s attention on short-term performance at the expense of the Company’s

long-term objectives. Accordingly, transactions in puts, calls or other derivative securities involving Calix's equity securities, on an exchange or in any other organized market, are prohibited by this Policy.

C. Hedging Transactions

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an officer, director or employee to lock in much of the value of his or her Calix Stock holdings, often in exchange for all or part of the potential for upside appreciation in the Stock. Such transactions allow the officer, director or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the officer, director or employee may no longer have the same objectives as Calix's other stockholders. Therefore, such transactions involving Calix's equity securities are prohibited by this Policy.

D. Purchases of Calix Securities on Margin; Pledging Calix Securities to Secure Margin or Other Loans

Purchasing on margin means borrowing from a brokerage firm, bank or other entity in order to purchase Calix securities (other than in connection with a cashless exercise of stock options under Calix's equity plans). Margin purchases of Calix securities are prohibited by this Policy. Pledging Calix securities as collateral to secure loans is also prohibited, except under limited circumstances approved for a director in accordance with the Calix Limited Pledging Policy. This prohibition means, among other things, that you cannot hold Calix securities in a "margin account" (which would allow you to borrow against your holdings to buy securities).

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Adopted by the Nominating &
Corporate Governance Committee
effective May 11, 2023

SHORT-SWING PROFIT RULE SECTION 16(B) CHECKLIST

Note: ANY combination of PURCHASE AND SALE or SALE AND PURCHASE within six months of each other by an officer, director or 10% stockholder (or any family member living in the same household or certain affiliated entities) results in a violation of Section 16(b), and the “profit” must be recovered by the Company. It makes no difference how long the shares being sold have been held or, for officers and directors, that you are an insider for only one of the two matching transactions. The highest priced sale will be matched with the lowest priced purchase within the six-month period.

SALES

If a sale is to be made by an officer, director or 10% stockholder (or any family member living in the same household or certain affiliated entities):

1. Have there been any purchases by the insider (or family members living in the same household or certain affiliated entities) within the past six months?
2. Have there been any option grants or exercises not exempt under Rule 16b-3 within the past six months?
3. Are any purchases (or option exercises) anticipated or required within the next six months?
4. Has a Form 4 been prepared?

Note: If a sale is to be made by an affiliate of the Company, has a Form 144 been prepared and has the broker been reminded to sell pursuant to Rule 144?

PURCHASES AND OPTIONS EXERCISES

If a purchase or option exercise for stock is to be made:

1. Have there been any sales by the insider (or family members living in the same household or certain affiliated entities) within the past six months?
2. Are any sales anticipated or required within the next six months (such as tax- related or year-end transactions)?
3. Has a Form 4 been prepared?

Before proceeding with a purchase or sale, consider whether you are aware of material, non-public information which could affect the price of the stock. All transactions in Calix

securities by Section 16 officers and directors must be precleared by contacting the Compliance Officer.

**INSIDER TRADING COMPLIANCE POLICY
PRE-CLEARANCE INSTRUCTIONS**

The Calix, Inc. Insider Trading Compliance Policy (the “Policy”) requires that all Company officers and employees listed on Schedule 1 of the Policy pre-clear all trades in Calix shares prior to any trading of Calix shares. A copy of the full Policy document is available on the front page of the Company’s Our Calix intranet site or by request to calixlegal@calix.com.

Requests for pre-clearance must be made via e-mail to Doug McNitt, EVP & General Counsel, in the manner outlined below:

1. E-mail Doug McNitt (doug.mcnitt@calix.com) with the Subject line: “Request for Pre-Clearance.”
2. The email **must** include all of the following information:
 - a. A description of the proposed trade: either “open market purchase” or “open market sale.”
 - b. The exact number of shares to be purchased or sold. **NOTE:** This must be the actual number, not a rounded estimate or a statement like “as many as I can,” and in the case of a sale cannot exceed the number of shares you have available for sale in your account.
 - c. This statement: ***“I certify that I have read the current Calix, Inc. Insider Trading Compliance Policy, that I am not currently in possession of any material non-public information relating to Calix, and that the anticipated trade set forth above is not in violation of the Policy.”***
3. Approval will be in the form of a reply to your email. Do not trade until you have received approval.
4. An approval is valid for five (5) trading days following the date of request, or until you come into possession of material non-public information concerning Calix.
5. If you do not complete your approved trade during the five (5) trading-day period, you must submit a new email request for approval.

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Adopted by the Nominating &
Corporate Governance Committee
effective May 11, 2023

SUBSIDIARIES OF THE REGISTRANT

<u>Entity Name</u>	<u>Jurisdiction</u>
Calix Network Technology Development (Nanjing) Co. Ltd.	China
Calix Networks UK, Ltd.	England, UK
CIDC Private Limited	India
Calix International, Inc.	United States
Calix Ireland Limited	Ireland
NRVOUS, LLC	United States

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-166245, 333-172379, 333-185025, 333-194054, 333-202496, 333-209732, 333-216323, 333-218066, 333-223637, 333-226682, 333-230023, 333-234355, 333-240106, and 333-258197) on Form S-8 and (No. 333-240105) on Form S-3 of our report dated February 21, 2025, with respect to the consolidated financial statements of Calix, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Santa Clara, California
February 21, 2025

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Michael Weening, certify that:

1. I have reviewed this annual report on Form 10-K of Calix, Inc. for the year ended December 31, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

/s/ Michael Weening

Michael Weening
President, Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Cory Sindelar, certify that:

1. I have reviewed this annual report on Form 10-K of Calix, Inc. for the year ended December 31, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

/s/ Cory Sindelar
Cory Sindelar
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Weening, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Calix, Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of the Company.

Date: February 21, 2025

/s/ Michael Weening

Michael Weening

President, Chief Executive Officer and Director
(Principal Executive Officer)

I, Cory Sindelar, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Calix, Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of the Company.

Date: February 21, 2025

/s/ Cory Sindelar

Cory Sindelar

Chief Financial Officer
(Principal Financial Officer)

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