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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 12, 2020**

Transphorm, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**000-55832**	**82-1858829**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

75 Castilian Drive
Goleta, CA 93117
(Address of principal executive offices, including zip code)

(805) 456-1300
(Registrant's telephone number, including area code)

Peninsula Acquisition Corporation
2255 Glades Road, Suite 324A
Boca Raton, FL 33431
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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. ☐

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EXPLANATORY NOTE

We were incorporated as Peninsula Acquisition Corporation in the State of Delaware on May 31, 2017. Prior to the Merger (as defined below), we were a "shell company" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")).

On February 12, 2020, our wholly-owned subsidiary, Peninsula Acquisition Sub, Inc., a corporation formed in the State of Delaware on April 22, 2019 ("Acquisition Sub"), merged with and into Transphorm, Inc., a privately held Delaware corporation ("Transphorm Technology"). Pursuant to this transaction (the "Merger"), Transphorm Technology was the surviving corporation and became our wholly-owned subsidiary, and all of the outstanding capital stock of Transphorm Technology held by accredited investors was converted into shares of our common stock. Following the consummation of the Merger, Transphorm Technology changed its name to "Transphorm Technology, Inc."

Immediately after completion of the Merger, we adopted Transphorm Technology's former company name, "Transphorm, Inc.", as our company name by filing a Certificate of Amendment to our Certificate of Incorporation.

On February 11, 2020, our board of directors and all of our pre-Merger stockholders approved an amended and restated certificate of incorporation, which will be effective upon its filing with the Secretary of State of the State of Delaware on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders. On February 11, 2020, our board of directors adopted amended and restated bylaws.

As a result of the Merger, we acquired the business of Transphorm Technology and will continue the existing business operations of Transphorm Technology as a public reporting company under the name Transphorm, Inc. On February 12, 2020, we sold 5,365,000 shares of our common stock pursuant to an initial closing of a private placement offering for up to 12,500,000 shares of our common stock (plus up to an additional 2,500,000 shares of our common stock to cover over-subscriptions in the event the private placement offering is over-subscribed) at a purchase price of $4.00 per share. We may hold one or more subsequent closings at any time prior to February 28, 2020, unless otherwise extended, to sell the remaining shares in the private placement offering. Additional information concerning the private placement offering is presented below under Item 2.01, "Completion of Acquisition or Disposition of Assets—The Merger and Related Transactions—The Offering" and "Completion of Acquisition or Disposition of Assets—Description of Securities," and under Item 3.02, "Unregistered Sales of Equity Securities."

In accordance with "reverse merger" or "reverse acquisition" accounting treatment, our historical financial statements as of period ends, and for periods ended, prior to the Merger will be replaced with the historical financial statements of Transphorm Technology prior to the Merger, in all future filings with the U.S. Securities and Exchange Commission (the "SEC").

Effective February 12, 2020, our board of directors approved a change in our fiscal year end from June 30 to December 31 to align with the fiscal year end of Transphorm Technology. Following such change, our current fiscal year will end on December 31, 2020.

As used in this Current Report on Form 8-K (this "Report"), unless otherwise stated or the context clearly indicates otherwise, the terms the "Company," the "Registrant," "Transphorm," "we," "us" and "our" refer to Transphorm, Inc., incorporated in the State of Delaware, and the business of Transphorm Technology after giving effect to the Merger and the company name changes described above.

This Report contains summaries of the material terms of various agreements executed in connection with the transactions described herein. The summaries of these agreements are subject to, and are qualified in their entirety by, reference to these agreements, which are filed as exhibits hereto and incorporated herein by reference.

This Report is being filed in connection with a series of transactions consummated by us and certain related events and actions taken by us.

This Report responds to the following Items in Form 8-K:

Item 1.01 Entry into a Material Definitive Agreement.

Item 2.01 Completion of Acquisition or Disposition of Assets.

Item 3.02 Unregistered Sales of Equity Securities.

Item 3.03 Material Modification to Rights of Security Holders.

Item 4.01 Changes in Registrant's Certifying Accountant.

Item 5.01 Changes in Control of Registrant.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Item 5.06 Change in Shell Company Status.

Item 5.07 Submission of Matters to a Vote of Security Holders.

Item 8.01 Other Events.

Item 9.01 Financial Statements and Exhibits.

Prior to the Merger, we were a "shell company" (as such term is defined in Rule 12b-2 under the Exchange Act). As a result of the Merger, we have ceased to be a "shell company." The information included in this Report constitutes the current "Form 10 information" necessary to satisfy the conditions contained in Rule 144(i)(2) under the Securities Act of 1933, as amended (the "Securities Act").

FORWARD-LOOKING STATEMENTS

This Report, including the sections under Item 2.01, "Completion of Acquisition or Disposition of Assets," entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Business," contains express or implied forward-looking statements that are based on our management's belief and assumptions and on information currently available to our management. All statements other than statements of historical fact contained in this Report are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "will," "would," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "seek," "contemplate," "project," "continue," "potential," "ongoing" or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the implementation of our business model and strategic plans for our business, technologies and products;
- the rate and degree of market acceptance of any of our products or GaN technology in general, including changes due to the impact of (i) new GaN fabrication sources, (ii) the performance of GaN technology, whether perceived or actual, relative to competing semiconductor materials, and (iii) the performance of our products, whether perceived or actual, compared to competing GaN-based, silicon-based and other products;
- the timing and success of our, and our customers', product releases;
- our ability to develop new products and technologies;
- our estimates of our expenses, ongoing losses, future revenue and capital requirements, including our expectations relating to the use of proceeds from the Offering (as defined below), and our needs for additional financing;
- our ability to obtain additional funds for our operations and our intended use of any such funds;
- our ability to become listed and remain eligible on an over-the-counter quotation system;
- our receipt and timing of any royalties, milestone payments or payments for products, under any current or future collaboration, license or other agreements or arrangements;
- our ability to obtain and maintain intellectual property protection for our technologies and products and our ability to operate our business without infringing the intellectual property rights of others;
- the strength and marketability of our intellectual property portfolio;
- our dependence on current and future collaborators for developing, manufacturing or otherwise bringing our products to market;
- the ability of our third party supply and manufacturing partners to meet our current and future business needs;
- the throughput of our fabrication facilities and third party foundries, as well as the ability of such facilities and foundries to ramp up production;
- our relationships with our executive officers, directors and employees;

- our costs in meeting our contractual obligations, including the cost and cash flow impact of purchasing the remaining interest in AFSW (as defined below) and operating such facility, and our ability to maintain our contracts for their expected durations;
- our expectations regarding our classification as a "smaller reporting company," as defined under the Exchange Act and an "emerging growth company" under the JOBS Act in future periods;
- our future financial performance;
- the competitive landscape of our industry;
- the impact of government regulation and developments relating to us, our competitors or our industry;
- the impact of "controlled company" exemptions that may be available to us in the future under Nasdaq or NYSE listing standards and our use of the applicable phase-in periods; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

These statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Item 2.01, "Completion of Acquisition or Disposition of Assets—Risk Factors" and elsewhere in this Report.

Any forward-looking statement in this Report reflects our current view with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our business, results of operations, industry and future growth. Given these uncertainties, you should not place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this Report and the documents that we reference in this Report and have filed with the SEC as exhibits hereto completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

MARKET, INDUSTRY AND OTHER DATA

This Report contains estimates, projections and other information concerning our industry, our business and target markets. We obtained the industry, market and similar data set forth in this Report from our own internal estimates and research and from industry research, publications, surveys and studies conducted by third parties. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. While we believe that the data we use from third parties are reliable, we have not separately verified such data. Further, while we believe our internal research is reliable, such research has not been verified by any third party. You are cautioned not to give undue weight to any such information, projections and estimates.

In some cases, we do not expressly refer to the sources from which data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

The sources of industry and market data contained in this Report are listed below:

Semiconductor Today, "GaN Power Market Growing at CAGR of 55% to 2023, Driven by Power Supply Segment, or 93% if Adopted for Wireless Charging in Consumer Electronics," Volume 13, Issue 10, January 2019

Item 1.01 Entry into a Material Definitive Agreement.

The information contained in Item 2.01 below relating to the various agreements described therein is incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

THE MERGER AND RELATED TRANSACTIONS

Merger Agreement

On February 12, 2020, Peninsula Acquisition Corporation, Acquisition Sub and Transphorm Technology entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, on February 12, 2020 (the "Closing Date"), Acquisition Sub merged with and into Transphorm Technology, with Transphorm Technology continuing as the surviving corporation and our wholly-owned subsidiary.

As a result of the Merger, we acquired the business of Transphorm Technology, a leading provider of gallium nitride semiconductor products for high-voltage power conversion applications. See "Description of Business" below. At the time the certificate of merger reflecting the Merger was filed with the Secretary of State of Delaware (the "Effective Time"), (i) each share of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger was converted into the right to receive (a) 0.08289152527 (the "Common Stock Conversion Ratio") shares of our common stock (in the case of shares held by accredited investors) or (b) $4.00 multiplied by the Common Stock Conversion Ratio (in the case of shares held by unaccredited investors), with the maximum number of shares of our common stock issuable to the former holders of Transphorm Technology's common stock equal to 4,224,382, (ii) 51,680,254 shares of Transphorm Technology's Series 1 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 12,433,953 shares of our common stock, (iii) 38,760,190 shares of Transphorm Technology's Series 2 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 7,499,996 shares of our common stock, and (iv) 31,850,304 shares of Transphorm Technology's Series 3 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 4,000,000 shares of our common stock. As a result, a maximum of 28,158,331 shares of our common stock will be issued to the holders of Transphorm Technology's issued and outstanding capital stock after adjustments due to rounding for fractional shares. Immediately prior to the Effective Time, an aggregate of 682,699 shares of our common stock, owned by the stockholders of Peninsula Acquisition Corporation prior to the Merger, were forfeited and cancelled (the "Stock Forfeiture").

In addition, pursuant to the Merger Agreement, (i) options to purchase 29,703,285 shares of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger under Transphorm Technology's 2007 Stock Plan and 2015 Equity Incentive Plan were assumed and converted into options to purchase 2,461,923 shares of our common stock, (ii) warrants to purchase 186,535 shares of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger were assumed and converted into warrants to purchase 15,461 shares of our common stock, and (iii) Transphorm Technology's outstanding convertible promissory note was amended to be convertible, at the option of the holder, into a maximum of 3,076,171 shares of our common stock at a conversion price of $5.12 per share. As of the closing of the Merger, there was $15.0 million of principal and $0.3 million of accrued and unpaid interest outstanding on the convertible promissory note.

See "Description of Securities" below for more information. The issuance of shares of our common stock, or options or warrants to purchase shares of our common stock, to Transphorm Technology's former securityholders, and the issuance of shares of our common stock that are issuable upon conversion of Transphorm Technology's convertible promissory note are collectively referred to as the "Share Conversion."

The Merger Agreement contained customary representations and warranties and pre- and post-closing covenants of each party and customary closing conditions.

As a condition to the Merger, we entered into an indemnity agreement with our former officer and directors (the "Pre-Merger Indemnity Agreement"), pursuant to which we agreed to indemnify such former officer and directors for actions taken by them in their official capacities relating to the consideration, approval and consummation of the Merger and certain related transactions. All descriptions of the Pre-Merger Indemnity

Agreement herein are qualified in their entirety by reference to the form of Pre-Merger Indemnity Agreement that is filed as an exhibit to this Report and incorporated herein by reference.

The Merger was treated as a recapitalization and reverse acquisition for us for financial reporting purposes. Transphorm Technology is considered the acquirer for accounting purposes, and our historical financial statements before the Merger will be replaced with the historical financial statements of Transphorm Technology before the Merger in future filings with the SEC. The Merger is intended to be treated as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended.

The issuance of securities pursuant to the Share Conversion was not registered under the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering, and Rule 506 of Regulation D promulgated by the SEC. These securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement, and are subject to further contractual restrictions on transfer as described below.

All descriptions of the Merger Agreement herein are qualified in their entirety by reference to the Merger Agreement that is filed as an exhibit to this Report and incorporated herein by reference.

The Offering

Following the Effective Time of the Merger, we sold 5,365,000 shares of our common stock pursuant to an initial closing of a private placement offering for up to 12,500,000 shares of our common stock at a purchase price of $4.00 per share (the "Offering Price"). We may hold one or more subsequent closings at any time prior to February 28, 2020, unless otherwise extended, to sell the remaining shares in the private placement offering. We may also sell up to an additional 2,500,000 shares of our common stock at the Offering Price to cover over-subscriptions in the event the private placement offering is oversubscribed. The private placement offering is referred to herein as the "Offering."

Each investor in any subsequent closing will be required to represent that, at the time of the applicable closing, it (i) has a substantive, pre-existing relationship with us, or has direct contact with us or the Placement Agents (as defined below) or other enumerated parties outside of the Offering and (ii) did not independently contact us as a result of general solicitation by means of this Report, any press release or any other public disclosure disclosing the material terms of the Offering.

The aggregate gross proceeds from the initial closing of the Offering were $21.46 million (before deducting placement agent fees and expenses of the initial closing of the Offering, which are estimated at $2.43 million).

The initial closing of the Offering was exempt from registration under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated by the SEC. The common stock in the initial closing of the Offering was sold to "accredited investors," as defined in Regulation D, and was conducted on a "reasonable best efforts" basis.

The initial closing of the Offering was conditioned on the closing of the Merger and a minimum aggregate purchase price of $20.0 million for the shares sold in the Offering, including a minimum of $10.0 million purchased by certain insider investors introduced by Transphorm Technology.

In connection with the Offering, we agreed pursuant to a letter agreement (the "Marelli Letter Agreement") that, during the first quarter of 2021, we will offer to sell to Marelli Corporation ("Marelli"), one of the purchasers in the Offering, 250,000 additional shares of our common stock at the Offering Price, for an aggregate purchase price of $1.0 million, and Marelli has agreed to purchase such shares no later than March 31, 2021, subject to there being no material adverse change to the financial condition of either Transphorm Technology or Transphorm. The Marelli Letter Agreement also contains certain other terms, including terms related to business cooperation and non-competition. All descriptions of the Marelli Letter Agreement are qualified in their entirety by reference to the Marelli Letter Agreement that is filed as an exhibit to this Report and incorporated herein by reference.

In connection with the Offering and subject to the closing of the Offering, we agreed to pay the placement agents, B. Riley FBR, Inc. ("B. Riley") and Craig-Hallum Capital Group LLC ("Craig Hallum," together with B. Riley, the "Placement Agents"), each a U.S. registered broker-dealer, (i) a cash retainer fee of $150,000 (payable to B. Riley), (ii) a cash placement fee of 4% of the gross proceeds raised from certain insider investors as agreed to by B. Riley and Transphorm Technology ("Insider Investors") (payable to B. Riley), (iii) a cash placement fee of 7% of the gross proceeds raised from investors who are not Insider Investors (70% of such fee payable to B. Riley and 30% of such fee payable to Craig Hallum), and (iv) a cash advisory fee equal to 1% of the gross proceeds raised from all investors (payable to B. Riley). If during the nine months following the termination of the period for which the Placement Agents are engaged, we sell any of our securities to investors who are not Insider Investors and who are introduced to the Company by the Placement Agents, then subject to the terms and conditions of the engagement letters with the Placement Agents, we will pay to the Placement Agents the fees that would have been payable to them if such sale occurred during the term of such engagement period.

As a result of the foregoing, we paid the Placement Agents an aggregate commission of $1.1 million in connection with the initial closing of the Offering. We have also reimbursed the Placement Agents for approximately $0.1 million of expenses incurred in connection with the Offering.

Subject to certain customary exceptions, we have agreed to indemnify the Placement Agents to the fullest extent permitted by law against certain liabilities that may be incurred in connection with the Offering, including certain civil liabilities under the Securities Act, and, where such indemnification is not available, to contribute to the payments the Placement Agents and their sub-agents may be required to make in respect of such liabilities.

OTC Quotation

Our common stock is currently not listed on a national securities exchange or any other exchange, or quoted on an over-the-counter market. In connection with the Offering, we intend to cause our common stock to be quoted on the OTC Markets QB tier as soon as practicable (and no later than 180 days) following the final closing date of the Offering. However, we cannot assure you that we will be able to do so and, even if we do so, there can be no assurance that our common stock will continue to be quoted on the OTC Markets or quoted or listed on any other market or exchange, or that an active trading market for our common stock will develop or continue. See "Risk Factors—There currently is no market for our common stock and there can be no assurance that a market will ever develop" below.

Registration Rights

In connection with the Merger and the Offering, we entered into a registration rights agreement (the "Registration Rights Agreement"), pursuant to which we have agreed that promptly, but no later than 90 calendar days from the final closing of the Offering, we will file, subject to customary exceptions, a registration statement with the SEC (the "Registration Statement"), covering (i) the shares of our common stock issued in the Offering; (ii) the shares of our common stock issued or issuable as a result of the Share Conversion; and (iii) 1,650,000 shares of our common stock held by the stockholders of Peninsula Acquisition Corporation prior to the Merger ((i)-(iii) collectively, the "Registrable Shares"). We will use our commercially reasonable efforts to ensure that such Registration Statement is declared effective within 180 calendar days after the final closing of the Offering.

Subject to customary exceptions, if (i) we are late in filing the Registration Statement, (ii) the Registration Statement is not declared effective within 180 days after the final closing of the Offering (the "Registration Effectiveness Date"), (iii) we fail to maintain the effectiveness of the Registration Statement, (iv) the holders of Registrable Shares cannot use the Registration Statement to resell the Registrable Shares for a period of more than 15 consecutive trading days (except for suspension of the use of the Registration Statement in connection with the filing of a post-effective amendment in connection with filing our Annual Report on Form 10-K for the time reasonably required to respond to any comments from the SEC on the post-effective amendment or during a permitted blackout period as described in the Registration Rights Agreement), (v) the Registrable Shares are not listed or quoted on the OTC Markets Group, the Nasdaq Stock Market ("Nasdaq"), the New York Stock Exchange ("NYSE") or the NYSE American, or (vi) following the listing or inclusion for quotation on any such market,

trading of our common stock is suspended or halted for more than three full, consecutive trading days ((i)-(vi) collectively, the "Registration Events"), we will make payments to each holder of Registrable Shares as monetary penalties at a rate equal to 12% per annum of the total value of Registrable Shares held or purchased by such holder and affected during the period, based on the monetary values assigned in the Registration Rights Agreement; provided that the maximum amount of monetary penalties paid by us will not exceed 5% of the aggregate value of such holder's Registrable Shares (with such value based on the monetary values assigned in the Registration Rights Agreement) that are affected by all such Registration Events. No monetary penalties will accrue with respect to (1) any Registrable Shares removed from the Registration Statement in response to a comment from the staff of the SEC limiting the number of shares of common stock which may be included in the Registration Statement (a "Cutback Comment"), (2) any Registrable Shares that may be resold without manner of sale restrictions, current information requirements, volume limitations or other limitations under Rule 144 or another exemption from registration under the Securities Act, (3) any Registrable Shares excluded from a Registration Statement because a holder fails to provide information concerning the holder and the manner of distribution of the holder's Registrable Shares that is required by SEC rules to be disclosed, and (4) any circumstance in which the SEC does not declare the Registration Statement effective on or before 180 days after the final closing of the Offering, and the reason for the SEC's determination is that (a) the offering of any of the Registrable Shares constitutes a primary offering of securities by the Company, (b) Rule 415 may not be relied upon for the registration of the resale of any or all of the Registrable Shares, and/or (c) a holder of any Registrable Shares must be named as an underwriter and such holder does not consent to be so named in the Registration Statement. Notwithstanding the previous sentence, if the SEC does not declare the Registration Statement effective before the Registration Effectiveness Date, in certain circumstances we may still be liable for liquidated damages if we do not continue to use our commercially reasonable efforts at the first opportunity that is permitted by the SEC to register for resale all such Registrable Securities, using one or more registration statements that we are then entitled to use. Any cutback resulting from a Cutback Comment shall be allocated to the Registrable Shares pro rata based on the total number of such shares held by or issuable to each holder thereof.

We must use commercially reasonable efforts to keep the Registration Statement effective for three years from the date it is declared effective by the SEC or until the date on which all Registrable Shares have been transferred other than to certain enumerated permitted assignees under the Registration Rights Agreement.

We will pay all expenses in connection with the registration obligations provided in the Registration Rights Agreement, including, without limitation, all registration, filing, and stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, the fees and disbursements of our counsel and of our independent accountants, and the reasonable fees and disbursements of counsel to the holders, not to exceed $15,000; provided that in connection with any and all secondary offerings and piggy-back registrations contemplated in the Registration Rights Agreement, we will also pay for the reasonable fees and disbursements of a single counsel of the holders in an aggregate amount not to exceed $100,000. Each holder will be responsible for its own sales commissions, if any, transfer taxes and the expenses of any attorney or other advisor such holder decides to employ.

All descriptions of the Registration Rights Agreement herein are qualified in their entirety by reference to the Registration Rights Agreement that is filed as an exhibit to this Report and incorporated herein by reference.

2007 Stock Plan and Outstanding Awards Thereunder

Pursuant to the Merger Agreement and upon the closing of the Merger, we assumed each option to purchase Transphorm Technology common stock that remained outstanding under Transphorm Technology's 2007 Stock Plan (the "2007 Plan"), whether vested or unvested, and we converted it into an option to purchase such number of shares of our common stock equal to the number of shares of Transphorm Technology common stock subject to the option immediately prior to the Merger, multiplied by the applicable Merger conversion ratio (which was equal to 0.08289152527), with any fraction rounded down to the nearest whole number. The exercise price per share of each such assumed option is equal to the exercise price of the Transphorm Technology option prior to the assumption, divided by the applicable Merger conversion ratio (which was equal to 0.08289152527) (rounded up to the nearest whole cent). Otherwise, each assumed option continues to have, and will be subject to, the same terms and

conditions as applied to the Transphorm Technology option immediately prior to the Merger, including the same vesting schedule. The terms of the 2007 Plan continue to govern the options covering an aggregate of 165,081 shares of our common stock subject to awards assumed by us, except that all references in the 2007 Plan to Transphorm Technology will now be deemed to refer to us. See "Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters—Stock Plans" and "Executive Compensation—Equity Incentive Plans" below for more information about the 2007 Plan and the outstanding awards thereunder.

2015 Equity Incentive Plan and Outstanding Awards Thereunder

Pursuant to the Merger Agreement and upon the closing of the Merger, we assumed each option to purchase Transphorm Technology common stock that remained outstanding under Transphorm Technology's 2015 Equity Incentive Plan (the "2015 Plan"), whether vested or unvested, and we converted it into an option to purchase such number of shares of our common stock equal to the number of shares of Transphorm Technology common stock subject to the option immediately prior to the Merger, multiplied by the applicable Merger conversion ratio (which was equal to 0.08289152527), with any fraction rounded down to the nearest whole number. The exercise price per share of each such assumed option is equal to the exercise price of the Transphorm Technology option prior to the assumption, divided by the applicable Merger conversion ratio (which was equal to 0.08289152527) (rounded up to the nearest whole cent). Otherwise, each assumed option continues to have, and will be subject to, the same terms and conditions as applied to the Transphorm Technology option immediately prior to the Merger, including the same vesting schedule. The terms of the 2015 Plan continue to govern the options covering an aggregate of 2,296,842 shares of our common stock subject to awards assumed by us, except that all references in the 2015 Plan to Transphorm Technology will now be deemed to refer to us. See "Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters—Stock Plans" and "Executive Compensation—Equity Incentive Plans" below for more information about the 2015 Plan and the outstanding awards thereunder.

2020 Equity Incentive Plan

Pursuant to the Merger Agreement and upon the closing of the Merger, we assumed Transphorm Technology's 2020 Equity Incentive Plan (the "2020 Plan"), which provides for the issuance of incentive awards of up to 5,050,000 shares of our common stock, which includes (i) 2,588,077 shares of our common stock available for future issuance to officers, employees, consultants and directors, plus (ii) any shares of our common stock subject to issued and outstanding awards under the 2007 Plan or 2015 Plan that were assumed in the Merger and that, on or after the closing of the Merger, expire or otherwise terminate without having been exercised or issued in full, are tendered to or withheld by us for payment of an exercise price or for tax withholding obligations, or are forfeited to or repurchased by us due to failure to vest, with the maximum number of shares to be added to the 2020 Plan pursuant to this clause (ii) equal to 2,461,923 shares. The 2020 Plan also provides that the number of shares reserved for issuance thereunder will be increased annually on the first day of each year beginning in 2022 by the lowest of 5,000,000 shares, five percent (5%) of the shares of our common stock outstanding on the last day of the immediately preceding year, or a lesser number of shares as determined by our board of directors. See "Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters—Stock Plans" and "Executive Compensation—Equity Incentive Plans" below for more information about the 2020 Plan.

Assumption of Transphorm Technology Warrants

Pursuant to the Merger Agreement and upon the closing of the Merger, we assumed each warrant to purchase Transphorm Technology common stock that remained outstanding, and we converted it into a warrant to purchase such number of shares of our common stock equal to the number of shares of Transphorm Technology common stock subject to the warrant immediately prior to the Merger, multiplied by the applicable Merger conversion ratio (which was equal to 0.08289152527), with any fraction rounded down to the nearest whole number. The exercise price per share of each such assumed warrant is equal to the exercise price of the Transphorm Technology warrant prior to the assumption, divided by the applicable Merger conversion ratio (which was equal to 0.08289152527) (rounded up to the nearest whole cent).

Assumption of Transphorm Technology Convertible Promissory Note

Pursuant to the Merger Agreement and upon the closing of the Merger, we assumed Transphorm Technology's outstanding convertible promissory note and amended it to provide that the note is convertible, in whole or in part and at the option of the holder, into such number of shares of our common stock (not to exceed 3,076,171 shares) equal to the outstanding principal and all accrued and unpaid interest on the note, divided by $5.12 per share, with any fraction rounded down to the nearest whole number. As of the closing of the Merger, there was $15.0 million of principal and $0.3 million of accrued and unpaid interest outstanding on the convertible promissory note. The note accrues interest at a rate of 1.0% per annum, and all unpaid principal, together with any then unpaid and accrued interest, is due on the earlier of September 30, 2022, or the occurrence of an event of default.

Departure and Appointment of Directors and Officers

Our board of directors is authorized to consist of, and currently consists of, five members. As of the Effective Time, Mark Tompkins and Ian Jacobs resigned from our board of directors, and Brittany Bagley, David Kerko, Umesh Mishra, Mario Rivas and Eiji Yatagawa were appointed to our board of directors.

Also, as of the Effective Time, Ian Jacobs resigned from all positions with us, and Mario Rivas was appointed as our Chief Executive Officer, Cameron McAulay was appointed as our Chief Financial Officer, Umesh Mishra was appointed as our Chief Technology Officer, and Primit Parikh was appointed as our Chief Operating Officer. Mario Rivas is our principal executive officer and Cameron McAulay is our principal financial and accounting officer for SEC reporting purposes.

See "Directors, Executive Officers, Promoters and Control Persons" below for information about our new directors and executive officers.

Lock-Up Agreements and Other Restrictions

In connection with the initial closing of the Offering, each of our current executive officers and directors named above, stockholders holding in the aggregate approximately 85.5% of the maximum number of shares of our common stock issuable upon the conversion of shares held in Transphorm Technology immediately prior to the Merger, and certain other stockholders and key employees agreed to by us and Transphorm Technology (collectively, the "Restricted Holders") holding immediately following the Effective Time an aggregate of approximately 24.1 million shares of our common stock, entered into lock-up agreements (the "Lock-Up Agreements") in substantially the form filed as an exhibit to this Report. Pursuant to the Lock-Up Agreements, the Restricted Holders are restricted for a period of nine months after the initial closing of the Offering (the "Restricted Period") from selling or disposing of shares of our common stock held by (or issuable to) them, excluding any shares purchased by them in the Offering, subject to customary exceptions. All descriptions of the Lock-Up Agreements herein are qualified in their entirety by reference to the form of Lock-Up Agreement that is filed as an exhibit to this Report and incorporated herein by reference.

Pro Forma Ownership

Immediately after giving effect to the Merger (and assuming the issuance of an aggregate of 28,158,331 shares of our common stock in the Merger), the Stock Forfeiture, and the initial closing of the Offering, there will be a maximum of 35,173,331 shares of our common stock issued and outstanding as of the Closing Date, as follows:

- the stockholders of Transphorm Technology prior to the Merger will hold a maximum of 28,158,331 shares of our common stock, excluding any shares purchased by them in the Offering and after adjustments due to rounding for fractional shares (which maximum number may be reduced within 5 days of the Closing Date to the extent a stockholder of Transphorm Technology prior to the Merger is an unaccredited investor and receives a cash payment per share of $4.00 multiplied by the Common Stock Conversion Ratio, in lieu of shares of our common stock);

- investors in the initial closing of the Offering hold 5,365,000 shares of our common stock, excluding any shares issued to them in connection with the Merger as a result of being a stockholder of Transphorm Technology prior to the Merger; and

- 1,650,000 shares are held by persons who purchased or received such shares for services rendered from pre-Merger Peninsula Acquisition Corporation.

In addition, there were as of the Closing Date:

- options to purchase an aggregate of 2,461,923 shares of our common stock that were subject to options originally granted under the 2007 Plan or the 2015 Plan to former Transphorm Technology option holders and assumed by us in connection with the Merger;

- warrants to purchase an aggregate of 15,461 shares of our common stock assumed by us in connection with the Merger;

- 2,588,077 shares of our common stock reserved for issuance under the 2020 Plan as future incentive awards to executive officers, employees, consultants and directors, plus a number of shares not to exceed 2,461,923 that are subject to issued and outstanding awards under the 2007 Plan and the 2015 Plan that were assumed in the Merger and that, on or after the closing of the Merger, expire or otherwise terminate without having been exercised or issued in full, are tendered to or withheld by us for payment of an exercise price or for tax withholding obligations, or are forfeited to or repurchased by us due to failure to vest;

- a convertible promissory note that permits the holder thereof to convert the note, in whole or in part, into such number of shares of our common stock (not to exceed 3,076,171 shares) equal to the outstanding principal and all accrued and unpaid interest on the note, divided by $5.12 per share, with any fraction rounded down to the nearest whole number (as of the closing of the Merger, there was $15.0 million of principal and $0.3 million of accrued and unpaid interest outstanding on the convertible promissory note); and

- an agreement with Marelli, one of the purchasers in the Offering, that, during the first quarter of 2021, we will offer to sell to Marelli, 250,000 additional shares of our common stock at the Offering Price, for an aggregate purchase price of $1.0 million, and that Marelli will purchase such shares no later than March 31, 2021, subject to there being no material adverse change to the financial condition of either Transphorm Technology or Transphorm.

No other securities convertible into or exercisable or exchangeable for our common stock are outstanding.

Immediately after giving effect to the Merger (and assuming the issuance of an aggregate of 28,158,331 shares of our common stock in the Merger), the Stock Forfeiture, and the initial closing of the Offering, the equityholders of Transphorm Technology prior to the Merger will hold 30,678,331 shares of our common stock (which may be reduced within 5 days of the Closing Date to the extent a stockholder of Transphorm Technology prior to the Merger is an unaccredited investor and receives a cash payment in lieu of shares of our common stock), representing approximately 87.2% of our issued and outstanding capital stock as of February 12, 2020 (assuming the issuance of an aggregate of 28,158,331 shares of our common stock in the Merger).

Accounting Treatment; Change of Control

The Merger is being accounted for as a “reverse merger” or “reverse acquisition,” and Transphorm Technology is deemed to be the acquirer in the reverse merger. Consequently, the assets and liabilities and the historical operations that will be reflected in the financial statements prior to the Merger will be those of Transphorm Technology, and will be recorded at the historical cost basis of Transphorm Technology, and the consolidated financial statements after completion of the Merger will include the assets and liabilities of Transphorm Technology,

historical operations of Transphorm Technology, and operations of Peninsula Acquisition Corporation from the Closing Date. As a result of the issuance of the shares of our common stock pursuant to the Merger, a change in control of Peninsula Acquisition Corporation occurred as of the date of consummation of the Merger. Except as described in this Report, no arrangements or understandings exist among present or former controlling stockholders with respect to the election of members of our board of directors and, to our knowledge, no other arrangements exist that might result in a change of control of Peninsula Acquisition Corporation.

We expect to continue to be a "smaller reporting company," as defined under the Exchange Act, and an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") immediately following the Merger. We believe that as a result of the Merger, we have ceased to be a "shell company" (as such term is defined in Rule 12b-2 under the Exchange Act).

DESCRIPTION OF BUSINESS

Corporate Information

We were incorporated in the State of Delaware as Peninsula Acquisition Corporation on May 31, 2017. Transphorm Technology was incorporated in the State of Delaware on February 22, 2007. Immediately following the Merger, the business of Transphorm Technology became our business.

Our common stock is currently not listed on a national securities exchange or any other exchange, or quoted on an over-the-counter market. We intend to cause our common stock to be quoted on the OTC Markets QB tier as soon as practicable (and no later than 180 days) following the final closing date of the Offering.

Our principal executive offices are located at 75 Castilian Dr., Goleta, California 93117. Our telephone number is (805) 456-1300. Our website address is www.transphormusa.com. Information contained on, or that can be accessed through, our website is not a part of this Report.

Glossary

The following is a glossary of technical terms used in this Report:

- **AC** - Alternating Current
- **AEC-Q101** - Automotive Electronic Counsel's electronic components stress qualification standard
- **BJT** - Bipolar Junction Transistor, a semiconductor device
- **Bus voltage** - Voltage into, out of or within connections of a power electronic system
- **CMOS** - Complementary MOS (Metal Oxide Semiconductor), widely used semiconductor transistor architecture
- **D2Pak** - A surface mountable version of the TO220 package
- **DC** - Direct Current
- **Die/Chip** - An individual semiconductor device on the wafer, prior to packaging
- **EAR** - Export Administration Regulation
- **Epi/Epiwafer/Epimaterials** - GaN device layers grown on a substrate, from which active GaN-based devices are subsequently manufactured in a wafer fabrication facility

- **Fab -** Fabrication, generally referring to a semiconductor wafer fabrication facility
- **FET** - Field Effect Transistor, a type of switching transistor
- **Figure of Merit** - a quantity used to characterize the performance of a device, system or method, relative to its alternatives
- **FIT** - Failure In Time, referring to the expected number of device failures per billion hours of operation
- **GaN** - Gallium Nitride
- **HEMT** - High Electron Mobility Transistor, a type of switching transistor with superior electronic properties
- **IGBT** - Insulated-Gate Bipolar Transistor, a three-terminal power semiconductor device primarily used as an electronic switch
- **JEDEC** - Joint Electron Device Engineering Council, an independent semiconductor engineering trade organization and standardization body that represents all areas of the electronics industry
- **LIDAR** - Light Detection and Ranging, a remote sensing method that uses light in the form of a pulsed laser to measure distance
- **Lossy** - In the context of switching devices, subject to loss of power due to switching inefficiencies and other factors
- **MOCVD** - Metal Organic Chemical Vapor Deposition, a technique for layering GaN layers onto substrates such as a silicon substrate and making the starting GaN semiconductor material (i.e., an epiwafer)
- **Moore's law** - The observation that the number of transistors in a dense integrated circuit doubles about every two years
- **MOSFET** - Metal-Oxide-Semiconductor Field-Effect Transistor, a type of transistor
- **Power converters / Inverters** - Electronic systems used to convert electricity from AC to DC (such as a charger), DC-AC (such as an inverter) or in some cases AC-AC or DC-DC within the systems converting from one voltage level to another
- **PQFN** - Power Quad Flat No lead package, a compact surface mountable package used in power semiconductors
- **RF** - Radio Frequency
- **SCR** - Silicon Controlled Rectifier, an early semiconductor switching device
- **Si** - Silicon
- **SiC** - Silicon Carbide
- **TO** - Transistor Outline leaded packages commonly used in power semiconductors (such as TO220, TO247)

Overview of Transphorm Technology

Transphorm Technology is a global semiconductor company founded in 2007. We are a pioneer, and a market and technology leader, in the wide-bandgap GaN power electronics field with high performance and high reliability GaN devices for high voltage power conversion applications. We deliver high quality and reliable GaN devices with high performance, while providing application design support to a growing customer base. We deploy our unique vertically-integrated innovation model that leverages one of the industry's most experienced GaN engineering teams (with over 300 years of combined experience) at every development stage: device design, materials growth, device fabrication, packaging, circuits and application support. This approach, backed by one of the GaN power industry's largest IP portfolios with access to over 1,000 world-wide patents, has yielded the industry's first JEDEC and AEC-Q101-qualified high voltage GaN FETs, and to date, the only AEC-Q101-qualified GaN FETs with comprehensive qualification data reports in place. Our innovations are designed to move power electronics beyond the limitations of silicon and provide our customers with the potential to achieve high efficiency (e.g., Titanium-class performance in power supplies), high power density and, in some designs, an overall lower system cost.

Our Technology

Driving "Moore's law of Power" with GaN: At the core of any power converter or inverter widely utilized in converting electrical energy from one form to another (for example, AC to DC), are semiconductor-based electronic switches, traditionally made with silicon-based devices. While silicon and silicon-based switching transistors like MOSFETs and IGBTs are reaching their technological limits, GaN FETs have significant potential for performance to further the roadmap for power conversion systems that require ever increasing power density (ability to pack power in a small volume), analogous to Moore's law for digital semiconductors. In this case, the "Moore's law" analogy is the increasing power density over time, which has been achieved via improvements in switching devices, starting with SCRs, then BJTs, followed by IGBTs and MOSFETs, all of which are silicon-based devices. Today, wide-bandgap semiconductors like SiC and GaN are driving innovation.

Our GaN FETs: Our proprietary GaN on silicon material growth (or epiwafer technology) knowhow via MOCVD allows us to build our GaN devices on inexpensive silicon substrates, thereby leveraging the cost structure of silicon-based manufacturing. Our proprietary GaN epiwafer designs allow us to achieve devices capable of sustaining high voltages well in excess of the 650 Volts required for typical power switching applications, with ultra-low losses. At the core of our GaN FET device is a two-chip, normally-off 650 Volt GaN platform, integrating a low voltage Si FET input/drive stage with a high voltage GaN output stage to deliver a normally-off, packaged power device to the end user. Compared to other approaches by which a normally-off, high voltage GaN switching device can be made, our approach is more robust than other alternatives (so-called junction gated or p-GaN type devices) that typically offer low safety margins. A typical standard Si-MOSFET consists of a normally-off input portion (gate control) with a normally-on output portion (high voltage drift region), that are integrated in one device. We have integrated two separate die in one package in a chip-on-chip configuration to achieve the best of both worlds - high robustness and high performance. The result is a normally-off power device package with a combination of reliability, robustness, design margin and performance. This approach is now being adopted by other GaN manufacturers. Our GaN FETs stand out in the industry due to their capability to withstand much higher voltages than those required for device ratings (for instance, our standard 650 Volt products have a destructive breakdown voltage in excess of 1,000 Volts, which is high in comparison to the typical range for our competitors' GaN devices of 650 Volts to 1,000 Volts), contributing to our safety margins in operation.

Continued Innovation: We have a strong innovation track record as evidenced by multiple generations of products released from Gen-1 prior to 2015 to Gen-3 in 2018, and now our Gen-4 offerings in the pipeline. Each product platform seeks to improve key industry metrics (or figures of merit) designed to result in both improved performance (lower losses in power converters/inverters for our customers) and lower cost.

Epiwafer Products: Recently, we also started to monetize our strong core expertise in GaN epiwafer technology by providing GaN epiwafer products for the RF/Microwave/Mm-wave market, as well as for certain strategic customers in the power device market. In 2018 and 2019, we were awarded the base portion and option

portion, respectively, of an $18.5 million contract by the U.S. Navy, which we believe is validation of our technology, intellectual property and capability in this area. We aim to establish Transphorm Technology as a U.S.-based supplier for advanced GaN epiwafer products for both Department of Defense and commercial applications.

Our Solution and Business Model

Our GaN product offerings are based on innovation across the value chain, starting from GaN material and epiwafers to GaN device design, and from wafer fabrication to packaging, as well as application-based reference designs that help our customers extract the most value from GaN. This vertically integrated control of the value chain has resulted in rapid innovation, manufacturing control, and the high quality, high reliability (Q+R™) brand of high voltage GaN offerings that we offer.

Target Power Market Focus: Our GaN on silicon FET products start with a 650 Volt rating and currently go up to 900 Volts, and we are developing products that we believe will go up to 1,200 Volts. 650 Volt products represent a large portion of the power conversion market because the world-wide line voltage into which these converters have to plug in ranges from 110 Volts to 240 Volts, resulting in in-system voltages of 400 Volts to 500 Volts that necessitate a 650 Volt power device. Similarly, higher bus voltage applications such as those running off an 800 Volt battery for an inverter require higher voltage ratings from power devices. Although lower voltage GaN devices (such as 100 Volt and 200 Volt) are also available, we have not focused on this segment as the performance of traditional silicon-based devices is adequate for such voltages. As the voltage requirement gets higher, a silicon-based power device switch becomes increasingly lossy and the differentiation in performance offered by a GaN device increases. In the future, we may explore the development of products for the lower voltage segments.

Products: Our products target power applications from 30 watt to 300 watt applications (power adapters and chargers) to multi-kilowatt applications (datacenter/communication infrastructure to industrial to automotive chargers/converters). Our GaN FETs are offered in various packages, addressing our customers' needs from very robust packages to compact ones. In addition to the appropriate device, a robust and easy-to-use package is key for a power product because the heat dissipated in the device ultimately is removed via the package and then the system heat sink. This basic concept that heat from any semiconductor die is removed via the package through the system heat sink is often overlooked, as has been the case with packages from some of our competitors' GaN offerings. The TO packages have historically served a significant role in the power semiconductor industry. We have designed our GaN products in these TO packages to deliver kilowatt class power that takes advantage of GaN's high efficiency and low loss switching capability along with a solid thermal interface offered by the TO package. We also offer surface mount equivalents of the TO packages such as the D2Pak, where surface mount capability is a must. On the other hand, for fast switching compact power adapters (typically sub-300 watt), the compact PQFN package is our standard offering. Our packaged products also incorporate simple but powerful high frequency and high speed switching design philosophies, resulting in GaN solutions with stable operation at multi kilowatts, at high-speed and high frequency (multi-100 kHz to MHz), all while maintaining high quality and reliability.

Markets: Our products today address power conversion applications ranging from approximately 30 watts to approximately 10 kilowatts. The lower power 30 watt to 300 watt products are targeted at the rapidly growing adapter/charger market, while the higher power products enabling power levels in excess of 5 kilowatts target industrial/battery charging/UPS and automotive electric vehicle markets. Our medium power class products (several hundred watts to sub-5 kilowatts) address power supplies for markets such as datacenter infrastructure, communications and high performance gaming, as well as a multitude of industrial applications like servo drives for motors and robotics.

Impact: Our GaN products switch much faster than equivalent silicon products and increase a system's power density, producing greater efficiency while enabling system size reduction. With their proven ability to reduce size and save energy, 650 Volt GaN FETs have now been adopted in the market. GaN provides cost-competitive, easy-to-embed solutions that reduce energy loss and system size by as much as 40 percent, while enabling system cost reduction, to simplify converter and inverter design and manufacturing.

Secondary Vertical: As an added vertical to our primary power device business, we have started supplying GaN epiwafers on various substrates (silicon carbide, sapphire, silicon) ranging from 4 to 6 inches in diameter, for RF/microwave/mm-wave device markets and believe we are in a position to target the growing 5G RF market in the future. For these areas, we also have the advantage of being a pure-play epiwafer foundry as we do not make RF device products.

Our History

Overview: Transphorm Technology was launched in 2007 by experienced founders Professor Umesh Mishra and Dr. Primit Parikh, with more than 30 years of GaN technology and business experience between them at the time, with the goal of commercializing GaN technology for the large power semiconductor market while making a global impact on electrical energy savings and simplifying power conversion for end users. We have been a key player in the area of high voltage GaN power devices from our early days with several industry firsts, including the first GaN on silicon device to the first 600 Volt GaN device JEDEC qualification, the first high voltage GaN automotive qualified product under the stringent AEC-Q101 standard, the first high temperature (175C) rated GaN offering, and the first field reliability data including over 5 billion hours of operation with a statistical failure rate of <2 FIT (2 per billion hours of operation).

Blue Chip Partnerships: Throughout our history, we have established blue chip partnerships with strong investors, manufacturing and channel partners, key customers, and strategic investors and partners. In the first nine months of 2019, Nexperia (described below) and the U.S. government each accounted for more than ten percent of our revenues. In 2018, Avnet Technology Hong Kong Ltd., Fujitsu Electronics Pacific Asia Ltd and Digikey Corporation each accounted for more than ten percent of our revenues.

In 2014, we established a business integration, IP acquisition/licensing and channel partnership agreement with Fujitsu Limited (“Fujitsu”) and Fujitsu Semiconductor Limited (“FSL”), pursuant to which we established Transphorm Japan, Inc. (“Transphorm Japan”) as a wholly-owned subsidiary, with a leading manufacturing and quality team from FSL. In connection with this agreement, we entered into a manufacturing partnership for FSL’s high quality 6-inch Silicon Aizu Wakamatsu wafer fabrication plant that allowed us to bring silicon-like manufacturing excellence to GaN products. We also acquired a patent portfolio from FSL and a license to a separate portfolio from Fujitsu. This relationship further led to the establishment in 2017 of a joint venture with FSL for the 6-inch Aizu facility, in which we are a minority partner.

In 2015, KKR Phorm Investors L.P. (“KKR”), an affiliate of Kohlberg Kravis Roberts & Co. L.P. (“KKR Parent”) made an investment of $70 million in us with the goal of getting our GaN products that had completed concept, engineering, manufacturing, reliability and quality testing to mass market. Today, KKR remains our majority stockholder.

In 2017, we entered into a pivotal partnership with Yaskawa Electric Corporation of Japan (“Yaskawa”), a global leader in motion control and a pioneer in the adoption of new semiconductor technology for the field of servo motors, robotics and renewables. In October 2017, Yaskawa loaned us $15.0 million pursuant to a convertible promissory note that is convertible, in whole or in part and at Yaskawa’s option, into our common stock (subject to a maximum of 3,076,171 shares). Yaskawa seeks to enable smaller, faster and more efficient power electronics servo drives in applications such as robotics, which use servo motors to enable movement along various axes of motion in a robot, to improve robot functions. We are developing customized versions of our GaN devices for Yaskawa and for other motor drive use.

In February 2020, we entered into a letter of intent with Yaskawa (“Yaskawa LOI”) that we believe will form the basis for a mutually beneficial cooperation agreement between us and Yaskawa to be finalized later this year. This letter of intent contemplates the following:

- Yaskawa intends to enter into a long-term cooperation and development agreement with us to use our GaN power device products for a variety of industrial power conversion applications, which will initially focus on servo motor drive applications.

- Yaskawa intends to provide at least $4.0 million to fund our development activities, with an expected funding start date of May 2020, from which amount Yaskawa intends to provide $1.0 million in 2020 in connection with ongoing development activities.

The details of the proposed cooperation and development agreement will be defined in joint consultation between us and Yaskawa to efficiently address market needs. We believe this letter of intent is the result of our strong multi-year partnership with Yaskawa. We intend to finalize the cooperation and development agreement in the second quarter of 2020, but there can be no assurance that we will enter into this agreement with Yaskawa on the terms set forth above, or at all.

In 2018, we established a five-year cooperation agreement with Nexperia B.V. (“Nexperia”), a leader in silicon-based power semiconductors for automotive products, with the goal of establishing a second source of our GaN products and better positioning to penetrate the automotive market with our GaN products in the long term. Through a combination of equity ownership, a loan agreement, technology development projects, and licensing of our wafer-fabrication process and certain products, we secured significant funding from Nexperia. We believe this agreement is further indicative of our strong intellectual property portfolio as well as our ability to create revenue streams by monetizing our intellectual property.

Customer Partnerships: Over the last two years, we have empowered our customers’ success and have seen several customers introduce their end power conversion products such as power supplies, battery chargers and fast charging adapters into the market. For example, Corsair, a leading supplier of high performance gaming equipment, successfully introduced its AX1600i series of GaN-based power supplies. This success has served a significant role in allowing us to ship more than half a million GaN products to market. We estimate that the half million GaN products estimated to be operating now for two years have resulted in at least five billion hours of combined field operation - a first for high voltage GaN. As mentioned above, Yaskawa has partnered with us with a view of enabling GaN devices for servo drives in robotics applications. We have also developed a partnership with a company based in Asia with key design expertise for GaN-based adapter products, including certain non-recurring engineering payment-based development by us for our partner entailing limited time exclusivity for specific products developed pursuant to the partnership, subject to meeting minimum quarterly sales. Lastly, in 2018 and 2019, the U.S. Navy awarded us the base portion and option portion, respectively, of an $18.5 million three-year contract to create a U.S.-based source of advanced GaN epiwafer materials for the Department of Defense, which we believe exemplifies the recognition of our strong GaN MOCVD epiwafer platform, intellectual property and manufacturing scale and creates an opportunity for us to sell into the broader GaN RF epiwafer market. This has helped us in developing a second vertical - our GaN epiwafer business - to supplement our primary business of GaN power products. In this area, we have started to sell epiwafers, targeting both customers within the Department of Defense (including those resulting from the impact of the U.S. Navy program as well as others) and commercial RF and power device customers.

We are dependent on revenues from certain key customers such as Nexperia, and distributors who sell to Corsair, Bel Power Systems, Common Power and Xentris, as well as on revenues from sales of our epiwafer products to various customers engaged in research and development for the Department of Defense utilizing our GaN epiwafer products. In particular, in the first nine months of 2019, Nexperia and the U.S. government each accounted for more than ten percent of our revenues.

Commercialization

Current GaN Power Products: We have qualified and released to manufacturing a number of products based on our 650 Volt GaN FET technology. Our current product portfolio in the market is based on our 650 Volt Gen-1 to Gen-3 GaN FET platforms. Our products are offered in the industry standard TO packages (TO247 and TO220) or the 8x8 PQFN surface mount packages. The TO packages offer the most robust thermal performance and result in higher power per device, ranging from 1 kilowatt to over 5 kilowatt, and the PQFN packages offer the most compact and higher speed switching performance, typically for sub 2-kilowatt applications, including adapter applications. We also have a 900 Volt GaN FET product in the market, and believe that we are the only company to have qualified a 900 Volt GaN device to date. The key markets that are currently addressed by our products include:

1. Power adapters and chargers and gaming power supplies

2. Data center and infrastructure power supplies

3. Industrial applications - Power Supplies, UPS/battery chargers, servo drives

Additionally, we hope to enter the automotive products market in the mid-term, via DC-DC converters, on board chargers, and AC inverters for off-grid power, for which we are actively working with customers, and in the longer term, via EV power-train and high speed chargers after our development of larger current, higher power GaN devices.

Application Resources: We develop reference designs and evaluation boards that help our customers incorporate our GaN devices into the design of their power conversion products. We also make our applications kits available on distribution sites such as Digikey and Mouser.

Gen-4 Products: Our Gen-4 platform, which is currently in development, further improves the industry metric of resistance per unit die area and enables simpler packaging. Our immediate priority is to complete JEDEC qualification and release our 650 Volt Gen-4 platform in the market, with the following products:

1. 650 Volt/Gen-4/250-300 mohm GaN FET for 45 watt to 100 watt class adapters (release expected in March 2020);

2. 650 Volt/Gen-4/450-500 mohm GaN FET for 24 watt to 50 watt class adapters (release expected in the second quarter of 2020); and

3. 650 Volt/Gen-4/35 mohm GaN FET for kilowatt class general power conversion applications including data-centers, industrial (release expected in the second quarter 2020).

One of our near-term focus areas is to commercialize Gen-4 products in 30 watt to 100 watt adapters. We are working with a design partner in Asia and have the capability to provide a reference design-based solution for these power adapters. We expect our customers to launch one or more of these adapter-based designs in the first quarter of 2020, which would utilize our GaN products. The continued relationship with our Asia design partner is important for our success in the adapter market. Further, the success of our design-in with end-customers is critical to us securing an early ramp in adapter revenues.

Higher Voltage, 900 Volt FETs: We believe we are the only company to have qualified 900 Volt GaN FETs as of the date of this Report. These products are used for power conversion applications that involve higher in-circuit voltages in excess of 600 Volts to 700 Volts or applications that run off a higher voltage battery. We expect to release our Gen-3 JEDEC qualified commercial 900 Volt product in the second half of 2020.

Automotive Products and Partners: Our GaN products are capable of being qualified for automotive applications following the AEC-Q101 standard. We have already AEC-Q101-qualified our Gen-2 and Gen-3 based products and we are targeting AEC-Q101 qualification of our Gen-4 based 650 Volt/35 mohm product in the first quarter of 2021. The first revenues from automotive applications are not expected until 2022. We are also targeting the addition of one automotive customer in 2020, including a product development relationship. Our revenues from automotive applications are dependent on our activities with certain Japanese automotive partners as well as our relationship with Nexperia, which plans to offer their automotive products both through licensing our technology and relying, in part, on us for epiwafer procurement. Success with Japanese automotive partners and Nexperia’s success in their automotive outreach would influence both the timing and ramp-up of our automotive revenues.

Epiwafer Business: We view our epiwafer business as a vertical that supplements our primary GaN power device business. In 2018 and 2019, we secured the base portion and option portion, respectively, of an $18.5 million three-year contract from the U.S Navy for commercialization of GaN-based epiwafers on various substrates including silicon carbide, silicon and sapphire. This is a cost plus fee type contract with various milestones to be

achieved by us. As a result, we have started selling GaN epiwafers for the RF GaN market to the Department of Defense and expect to generate revenues from this vertical in 2020. We believe this contract with the U.S. Navy provides a strong base for our epiwafer business, though such business is not limited to defense customers as we will also be targeting commercial RF GaN epiwafer sales for the RF GaN market.

Research and Development ("R&D")

Our innovation is targeted at maintaining a leadership position in the GaN power device market. We are completing our development of the first set of Gen-4 products and will continue development of more Gen-4 products based on customer needs. Further, we have also started working on our next improvement in figure of merit (a quality of semiconductor devices impacting performance limits) through our Gen-5 based platform. The Gen-5 platform also includes products with higher current and power than our Gen-3 and Gen-4 products, and it will help address 5 kilowatt to 10 kilowatt applications more easily. In addition to the commercialization plan for our Gen-4 products discussed above, we are currently targeting the release of our first Gen-5 based device in 2021.

We are also in the initial stages of exploring 1,200 Volt GaN devices, partly funded by a research sub-contract from the U.S. Department of Energy ARPA-E (Advanced Research Project Agency-Energy) agency. The goal of this program is to demonstrate functional 1,200 Volt GaN devices by the end of 2020. Based upon progress, we are targeting release of a 1,200 Volt GaN device sometime after 2021.

Intellectual Property

Proprietary Protection: Our commercial success depends in part on our ability to continuously obtain and maintain proprietary protection for our GaN products, associated solutions and other know-how, to operate without infringing the proprietary rights of others, and to prevent others from infringing on our proprietary rights. We have been building and are continuing to build our intellectual property portfolio relating to our GaN products, including GaN products that can be used in the power conversion industry. Our policy is to seek to protect our proprietary position by, among other methods, filing and licensing U.S. and certain foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development and implementation of our business. We also rely on trade secrets, know-how, and technological innovation to develop and maintain our proprietary position. We cannot be sure that patents will be granted with respect to any of our owned or licensed pending patent applications or with respect to any patent applications filed or licensed by us in the future, nor can we be sure that any of our existing owned or licensed patents or any patents that may be granted or licensed to us in the future will be commercially useful in protecting our technology.

IP leadership: We are a world leader in GaN power semiconductor based intellectual property, with a patent portfolio that has access to over 1,000 patents comprising our directly owned patents, exclusive, sole or non-exclusive licenses of key portfolios from The University of California, Santa Barbara ("UCSB"), Furukawa Electric Co., Ltd. ("Furukawa") and Fujitsu, as well as a non-exclusive license from Cree, Inc. ("Cree") for the field of GaN power devices. The strength of our portfolio lies in the fact that our intellectual property covers all aspects of the GaN value chain, ranging from GaN epitaxial materials to device design to wafer fabrication processes to packages as well as GaN-based circuits and applications.

Portfolio: Our patent portfolio includes pending patent applications and issued patents in the United States and in foreign countries. As of December 31, 2019, our owned and licensed patent portfolio consisted of over 770 issued patents and over 345 pending patent applications around the world. Our over 300 directly owned patents are complemented by around 150 patents each from Furukawa's sole licensed intellectual property and Fujitsu's non-exclusively licensed intellectual property in the power semiconductor area. The approximately 25 patents exclusively licensed from UCSB include some fundamental early intellectual property on growth of GaN on silicon substrates and unique intellectual property on nitrogen polar GaN, which was pivotal to us being awarded the contract from the U.S. Navy. Additionally, we hold a non-exclusive license from Cree to over 300 GaN material/device patents. Our licenses for the UCSB, Furukawa and Cree patents are royalty-bearing, and we pay royalties based on total revenues. The license for the Fujitsu patents is not royalty-bearing. We have also sub-licensed the

UCSB and Furukawa patents to Nexperia on a royalty-bearing basis, which helps us defray the cost of maintaining these intellectual property portfolios.

Patent life determination depends on the date of filing of the application and other factors under the patent laws. In most countries, including the United States, the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country.

UCSB license agreement

We entered into a license agreement with UCSB in 2007. As of December 31, 2019, we have in-licensed 29 patents or patent applications under this agreement. The UCSB license agreement requires us to use commercially reasonable efforts, consistent with demand in the marketplace and industry conditions and development timelines, to research, develop, market and manufacture products that are licensed under the agreement. We have the right to sublicense these rights to third parties. The UCSB license is subject to the rights of the U.S. government under any and all applicable laws including substantially manufacturing all licensed products in the United States, unless such requirement is waived by the U.S. government. In addition, we have the obligation to pay UCSB's patent prosecution and maintenance costs, as well as royalties at a low single-digit percentage of any net revenue generated by our sale of any licensed product. In the event we grant a sublicense under the licensed patent rights, we also have the obligation to pay UCSB a certain portion of the sublicense royalties equal to at least as much as would have been due from us to UCSB under the parent license. We have one sublicense in place for which we receive a certain portion of our maintenance fees and certain royalties, which will be passed on to UCSB. We may terminate this license agreement at any time by providing 90 days' written notice to UCSB.

Furukawa license agreement

We entered into a license agreement with Furukawa in 2014. As of December 31, 2019, we have in-licensed 150 issued patents in the U.S. and foreign countries under this agreement. We have the right to sublicense these rights to third parties. We share in the maintenance costs for the licensed patents by paying a fixed annual maintenance fee of $200,000, as well as royalties at a low single-digit percentage of any net revenue generated by our sale of any licensed product. In the event we grant a sublicense under the licensed patent rights, we also have the obligation to pay Furukawa a certain portion of the sublicense royalties. We have one sublicense in place for which we receive a certain portion of our maintenance fees and certain royalties, which will be passed on to Furukawa. Either party may terminate or renew this license agreement after ten years from entry into the agreement**.**

Fujitsu license agreement

We entered into a license agreement with Fujitsu in 2013. As of December 31, 2019, we have in-licensed 163 issued and pending patents in the U.S. and foreign countries under this agreement. We do not have the right to sublicense these rights to third parties. Under the terms of this license agreement, Fujitsu has no obligation to sue or enforce the patent rights against third party infringers. Our license from Fujitsu is fully-paid up and royalty free worldwide, with non-exclusive rights for power electronics. This agreement is non-terminable.

Cree license agreement

We entered into a license agreement with Cree in 2013. As of December 31, 2019, we have in-licensed over 420 issued and pending patents in the U.S. and foreign countries under this agreement. We do not have the right to sublicense these rights to third parties. Under the terms of this license agreement, Cree has no obligation to sue or enforce the patent rights against third party infringers. We have the obligation to pay royalties at a low single-digit percentage of any net revenue generated by our sale of any licensed product. Either party may terminate or review this license agreement every three years.

Our Technology Licenses and Assignments

Our strategy for the protection of our proprietary technology is to seek worldwide patent protection with a focus on jurisdictions that represent significant global power semiconductor markets. However, we assess on a case-by-case basis whether it is strategically more favorable to maintain trade secret protection for our inventions and "know-how" rather than pursue patent protection. Generally, patents have a term of twenty years from the earliest priority date, assuming that all maintenance fees are paid, no portion of the patent has been terminally disclaimed and the patent has not been invalidated. In certain jurisdictions, and in certain circumstances, patent terms can be extended or shortened.

Although our current GaN products are based on the 2-chip, normally-off configuration, our intellectual property also includes patents on multiple approaches for the 1-chip, normally-off or the e-mode GaN device technology, including patents on the so called "p type" gated GaN device approaches.

As the GaN power semiconductor business grows, we expect to be in a strong position to demonstrate the strength of our intellectual property position to customers and to continue to monetize our intellectual property.

Trademarks and Trade Secrets: Trademarks form an important part of branding our products, the philosophy behind those products and the Company itself. Some of our key trademarks are the Transphorm logo (with the globe), Q+R (our Quality and Reliability brand), SuperGaN™ (our highest performance new generation of GaN products), and EZ GaN. We also rely on trade-secret protection for our confidential and proprietary information, and we typically use non-disclosure agreements when commencing a relationship with a customer or partner, particularly when we believe we will share proprietary information. We have an internal program to document our trade-secrets for each major area of our technology and operations. We cannot be sure that we can meaningfully protect our trade secrets on a continuing basis. Others may independently develop substantially equivalent confidential and proprietary information or otherwise gain access to our trade secrets.

Licensing to Nexperia: As part of our long term cooperation agreement with Nexperia and in exchange for Nexperia's investment in us, we agreed to transfer certain technologies to Nexperia, and have provided Nexperia with licenses to manufacture and sell products using such technologies (in each case, excluding our epi process technology) as follows:

1. Exclusive license (i.e., exclusive of us) for the automotive field in all regions except Japan, with the exception that we may develop, manufacture or directly sell any products in the automotive field to certain specified customers anywhere in the world (including Japan).

2. "Sole" license for all other areas of application (i.e., we may not grant similar licenses to any other parties but we are not restricted from using or exploiting our technology in such other areas of application).

3. The above licenses become non-exclusive on the earliest to occur of (i) April 4, 2023 and (ii) one year after a change of control of us.

Competition

Overview: Our solutions compete with other power semiconductor solutions for power conversion including other GaN products, SiC products and silicon super-junction and IGBT products. Both GaN and SiC belong to the wide-bandgap semiconductor materials category, which offer high power switching performance due to their inherent capability to switch with lower losses at high voltages. Our GaN products are targeted at the 600 Volt to 650 Volt and the 900 Volt markets today, addressing power levels from 30 watts to over 5 kilowatts.

Competition in our markets is based on a variety of factors, including cost, size, power consumption, performance, reliability, product line depth and breadth, and ability to supply in sufficient quantities. We believe we can, or will be able to, compete effectively based on these factors.

Our GaN solutions compete with silicon-based products from companies such as Infineon, ST Microelectronics, Toshiba, ON Semiconductor, Mitsubishi and others, as well as with SiC based offerings from Rohm, United Silicon Carbide, Cree, Infineon and others. SiC devices benefit from the fact that they are vertical devices while today's high performance GaN devices are lateral devices. Vertical devices tend to offer smaller total chip area for similarly rated devices. However, GaN devices can make up for this size difference, at least in part, by being manufactured on a very low cost silicon substrate. We also compete with other high-voltage GaN product providers including Infineon, Power Integrations, Panasonic, GaN Systems, Navitas, Texas Instruments and others.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as greater name recognition, longer operating histories, broader and deeper product portfolios, larger customer bases, substantially greater financial and other resources, and larger scale manufacturing operations. However, we believe our products have the potential to compete, and do compete, with many of our competitors' offerings through product quality, product reliability and satisfaction of customer qualifications and standards.

Some companies as well as academic institutions are engaged in research and development of vertical GaN devices fabricated on bulk GaN substrates. While these could be promising in the future, much remains to be proven as to the ultimate quality and cost of these GaN substrates as well as the actual performance benefit of a vertical GaN device on a GaN substrate vs. high performance GaN HEMT-based products made on silicon substrates.

Competition with Silicon: We aim to capture applications that are traditionally addressed by silicon but for which silicon no longer offers sufficient performance. However, although the overall system cost may be lower with GaN due to compact size and reduction of other components in the system, the cost of certain GaN devices is higher than the cost of the comparable silicon devices at present (approximately twice the cost as such silicon devices). Therefore, in applications where silicon performance is acceptable, it may be difficult to compete with GaN products until the cost of the GaN devices is reasonably close (we estimate within a 20-30% range) to comparable silicon devices at a per device level. Typically, GaN devices face competition from silicon superjunction devices or silicon IGBT devices in such scenarios.

Competition with Silicon Carbide: Although SiC products have been around for a much longer time than GaN devices, we believe that GaN has better figures of merit with respect to certain power switching applications and the potential to deliver lower losses for such power switching applications. GaN is also made on standard silicon wafer substrates, lending it the cost structure of silicon-based wafer fabrication versus the more expensive SiC substrates on which SiC devices are manufactured. However, although the performance of SiC devices today at 600 Volts to 650 Volts is distinctly lower than GaN, SiC devices are more competitive at higher voltages such as 1,200 Volt nodes, where SiC is currently growing in use. This is due, at least in part, to SiC devices such as MOSFETs typically having a low mobility of electron charge under the gate region (such as approximately 50 cm^2/Volt-second), versus GaN HEMTs which have much higher electron mobility in the gate region as well as the total conducting (or drift) region. For example, our GaN HEMTs have typical channel mobility of approximately 2,000 cm^2/Volt-second. The lower gate mobility of the SiC MOSFET results in higher resistance (and thus higher loss) under the gate region. At lower voltages, the overall conduction (or drift) region is smaller and the gate region represents a higher portion of the total device. At higher voltages, such as 1,200 Volts, the gate region represents a smaller portion of the overall device and thus is not too detrimental for overall device loss. Thus, as the voltage requirement of a device is lowered, SiC devices generally tend to fall in relative performance versus GaN devices.

Competition with other GaN Offerings: Finally, our GaN devices compete with offerings from other GaN manufacturers. While the presence of multiple GaN manufacturers is required for the overall acceptance of GaN technology, we strive to differentiate ourselves through quality, reliability, and easy to use GaN devices in thermally robust packages, while still offering a high level of performance (low loss and high efficiency) at reasonable price points.

Our Growth Strategy

We believe power conversion with high voltage semiconductor devices (e.g., 650 Volt devices) is a large market opportunity. Market research firms such as Yole Développement ("Yole") predict growth of the GaN power devices market, with Yole predicting GaN power semiconductor-related revenues may range from $100 million to $400 million by 2023, when including product areas such as power supplies, data center equipment, fast chargers and adapters, LIDAR, and hybrid and electric vehicles.

Our growth strategies include (i) addressing growth in the power conversion markets through innovative GaN products with high quality and reliability that are easy to use, (ii) establishing an aggressive product and technology roadmap to improve product performance and decrease our costs, (iii) maintaining strong customer partnerships in what we believe are important product areas, and (iv) maintaining strong connections with suppliers, manufacturing partners and distribution partners.

In the near term, we aim to incorporate our products into power supplies by supporting product opportunities ranging from sub-100 watt compact fast-charging adapters to 3 kilowatt power supplies for data center servers with our GaN offerings. We continue to develop reference designs for various adapter solutions such as 65 watt USB Type-C fast chargers to provide customers a complete solution with our easy-to-use, high reliability GaN products. Adapters for fast chargers, which are becoming more prevalent with the increased power consumption of 5G mobile phones, represents a strong opportunity to market our GaN solutions. We aim to continue our partnerships with customers who have already introduced high-efficiency, compact, GaN-based power supplies in the market recently and to expand with more customers in this area.

In addition, we aim to address industrial markets such as industrial power supplies, servo motor drives for robotics, uninterruptible power supplies, and inverters and chargers for off-grid and backup power solutions, among other products. Our products come in standard packages that are thermally robust and capable of efficiently delivering 1 kilowatt to 5 kilowatts of power in a single package, which we believe are well suited for these types of products. We also develop reference designs for the applicable subsystems of power converters and inverters to ease product integration and help our customers derive additional benefit with GaN solutions. We have developed partnerships in this area, such as with Yaskawa in the area of servo motor drives.

The number of electric vehicles worldwide is expected to continue to grow from just over 3 million to over 25 million over the next decade. We believe that power conversion opportunities on board the automobile, such as on board battery charger and DC-DC converters for powering auxiliary systems, as well as the powertrain inverters, represent a strong market opportunity for GaN solutions. GaN-based devices can provide improvements in efficiency over traditional silicon devices, enabling compact systems for efficient charging and ultimately enabling higher driving range. In the mid term, our focus will be having customers design around our products (i.e., design wins) in the areas of DC-DC converters (e.g., 3 kilowatt power) and onboard chargers (e.g., 6.6 kilowatt to 11 kilowatt power); we currently have products available to address these product areas. In the long term, we aim to address powertrain inverters with higher power ratings (e.g., 50 kilowatts to over 200 kilowatts) using innovative solutions such as combining multiple GaN devices and developing devices rated for higher power output. Higher voltage GaN products such as 900 Volt-rated devices are also in development. To our knowledge, we are the only company to date to qualify and release a 900 Volt-rated GaN power device.

We intend to continue to innovate in the GaN technology space to maintain our reputation in product quality, reliability and performance and to continue to improve the costs of our GaN products over time. Our new generations of products, such as our Gen-4 and Gen-5 products, target smaller GaN die sizes while improving the figures of merit for power switching. We plan to offer these products in both robust, industry-standard packages as well as compact, surface-mount packages based on the power level and customer requirements. Through this roadmap, we plan to additionally develop devices with greater power and current ratings, including our Gen-5 devices, which we expect to release in 2021.

As a result of our contract with the U.S. Navy, we are also positioning ourselves to be a supplier for high quality GaN epiwafers on various substrates such as silicon, silicon carbide and sapphire, in wafer diameters ranging

from 4-inch and 6-inch now to 8-inch in the next few years. We aim to become a strong U.S.-based epiwafer supplier for GaN RF electronics for both Department of Defense and commercial RF applications such as GaN RF transistors for wireless infrastructure and 5G, which has an existing market size that we believe exceeds $500 million. We will also target providing GaN epiwafers for power semiconductor applications to select strategic partners and for select development opportunities.

Government Regulation and Product Approval

Our primary set of products that include GaN power semiconductor FETs fall into the ECCN EAR-99 category of the export regulations from the U.S. Department of Commerce and as such are not currently subject to restrictions. We are required to conform to other guidelines and restrictions of the Department of Commerce and other government regulations that may be in place from time to time concerning shipping products to specific companies or countries. Our GaN epiwafers are classified under the ECCN 3C001 (GaN on Silicon) and ECCN 3C006 (GaN on Silicon Carbide) category of export regulations, while our GaN on Silicon epiwafer production and development technology falls under ECCN 3E001 of the regulations, and may require a license for export, re-export or transfer to a number of countries pursuant to EAR. We have systems in place to ensure our compliance with these guidelines and procedures and U.S. laws and regulations. Any exports of our technology for development or production of our epiwafers (under 3E001) to our own subsidiary in Japan and our joint venture with Fujitsu Semiconductor in Japan is under the license exception TSR (technology and software under restriction).

To the extent our products are or become subject to U.S. export controls and regulations, these regulations may limit the export of our products and technology, and provision of our services outside of the United States, or may require export authorizations, including by license, a license exception, or other appropriate government authorizations and conditions, including annual or semi-annual reporting. Export control and economic sanctions laws may also include prohibitions on the sale or supply of certain of our products to embargoed or sanctioned countries, regions, governments, persons, and entities. In addition, various countries regulate the importation of certain products, through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products. The exportation, re-exportation, and importation of our products and technology and the provision of services, including by our partners, must comply with these laws or else we may be adversely affected, through reputational harm, government investigations, penalties, and a denial or curtailment of our ability to export our products and technology. Complying with export control and sanctions laws may be time-consuming and may result in the delay or loss of sales opportunities. Although we take precautions to prevent our products and technology from being provided in violation of such laws, our products and technology may have previously been, and could in the future be, provided inadvertently in violation of such laws, despite the precautions we take. If we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us. Export or import laws or sanctions policies are subject to rapid change and have been the subject of recent U.S. and non-U.S. government actions. Changes in export or import laws or sanctions policies, may adversely impact our operations, delay the introduction and sale of our products in international markets, or, in some cases, prevent the export or import of our products and technology to certain countries, regions, governments, persons, or entities altogether, which could adversely affect our business, financial condition and results of operations.

Our subsidiary in Japan, Transphorm Japan, also adheres to export control regulations under Japanese law, which generally mirror U.S. export control laws. Transphorm Japan has obtained licenses for the export of epiwafer materials to the extent required.

We are also generally subject to other industry and environmental regulations for electronic and semiconductor products such as the Restriction of Hazardous Substances Directive 2002/95/EC.

Manufacturing and Supply

Supply Chain and Epi Materials: We believe we have strong manufacturing and supply chain operations in comparison to our competitors, from GaN epiwafers to wafer fabrication to packaging and testing. We control our core MOCVD GaN epiwafer manufacturing and development, with multiple MOCVD reactors at both our Goleta,

California headquarters and our joint venture wafer fab in Aizu Wakamatsu, Japan. Each location has multiple 6-inch production scale reactors, including some with 8-inch capability that we may require in the future. We believe these reactors, with the ability to grow high quality, high uniformity GaN epi materials on silicon, silicon carbide and sapphire substrates, provide sufficient capacity for epitaxial wafers both for our GaN power device business as well as our epiwafer sales vertical.

Wafer Fabrication and Joint Venture with Fujitsu: Our wafer manufacturing as well as most of our engineering development is accomplished in our joint venture wafer fab in Aizu Wakamatsu, Japan, called Aizu Fujitsu Semiconductor Wafer Solutions ("AFSW"). AFSW has a fully depreciated 6-inch production fabrication facility, originally running silicon CMOS and bipolar processes and, since 2012, also running GaN processes while continuing some silicon-based wafer foundry activity. On November 28, 2013, we entered into a process technology and development and services agreement with Fujitsu Semiconductor Limited ("FSL") to integrate our GaN power device manufacturing processes with FSL's manufacturing processes to enable our GaN wafer manufacturing at what is now the AFSW fabrication facility. Since that time, we have gained full access to the facility for development and manufacturing of various generations of our GaN products. For example, we worked with FSL to qualify a complete manufacturing process for GaN wafers in the AFSW fabrication facility, which resulted in our products being commercially released in 2015 under our Gen-2 platform. Subsequently all our production supply of fabrication wafers was sourced from the AFSW fabrication facility.

In 2017, we entered into a joint venture agreement with FSL to gain further control of our GaN manufacturing, share ownership and operating costs of the AFSW entity, and refine certain other aspects of our commercial relationship. Currently, we hold a 49% interest, and FSL holds a 51% interest, in this joint venture. FSL has the ability to exit the joint venture by exercising a put option, requiring us to purchase all of its shares of AFSW for a purchase price that is the greater of (x) the amount in Japanese Yen equal to the increase in AFSW's stockholders' equity attributable to the shares for which the put option is exercised over the duration of the joint venture, calculated in accordance with generally accepted accounting principles in Japan; and (y) one Japanese Yen. As of the date of this Report, such purchase price would be one Japanese Yen. If FSL exercises its put option, we would have at least sixty days before taking over full ownership of the joint venture entity. We expect that such a transaction would be subject to regulatory and other approvals in Japan, which we believe would likely result in us taking full ownership of AFSW approximately six to 12 months after FSL exercises the put option. For at least one year following the date on which we take over full ownership of AFSW, we will use our best efforts to maintain and continue the operations of AFSW, which is also synergistic with our own business for securing wafers for our products. Additionally, FSL and Transphorm at any time or in the future Transphorm, may invite a third party having a synergistic business interest to take part of the ownership of AFSW, with some such parties under consideration. Such changes in the AFSW shareholding structure, coupled with the total foundry business emerging at AFSW (including GaN and silicon foundry businesses), may have a significant impact on our overall cash flow. A higher loss for AFSW or an increase in our ownership stake would result in a significant negative cash flow impact to us, while a lower loss for AFSW or a reduction in our ownership stake would result in a positive cash flow impact to us versus our current estimates. Based on our current and future cash flow requirements and business needs at that time, we expect that, if FSL exercises its put option, then by the time we have to take full ownership of AFSW, we may have to consider various options including but not limited to raising more capital, inviting a third party to be a partner in AFSW, selling AFSW to a third party, or moving our GaN production elsewhere and ceasing operations at AFSW. See "Risk Factors—Our ability to continue as a going concern will depend on us being able to raise additional capital" for a description of risks associated with operating AFSW and the impact to us if FSL exercises its put option.

The facility, which has a capacity of 14,000 CMOS process equivalent wafers per month, is capable of producing sufficient GaN wafers for our needs in 2020 and 2021. We believe the facility can be scaled on demand in the mid-term, and is scalable to address our demand in the long-term over 5 years with increased investment in various standard semiconductor wafer fab equipment, typically acquired from used markets.

Backside Wafer Processing, Packaging and Testing: We contract with two third-party vendors to perform standard functions of back-side grinding and metallization in external facilities in Asia to complete the full wafer process. After these processes, the finished GaN wafers are transported to one of our packaging sub-contracting

partners depending on the type of final package, where they are diced and finished into the final product. We have multiple sites for our TO220, TO247, PQFN packages and at present one site for our D2Pak package. The final test portion of the supply chain is also in Asia, in many cases residing within our packaging sub-contractors.

Production Control: Our production planning and control process is centralized from our headquarters and integrated with our enterprise resource planning tools including Netsuite and manufacturing execution systems including Wiptrac. The entire process from forecasting and planning to order entry, then to build execution and inventory management, and finally to shipping, resides in the production control function.

Sales

Our total revenue for the nine months ended September 30, 2019 consisted of government contract revenue from our contract with the U.S. Navy and product revenue from our GaN power products including packaged devices and die, and epiwafer sales. In the fourth quarter of 2019, we will recognize licensing revenue through our first outbound licensing deal with Nexperia.

GaN Products - Sales Process and Distributors: Our sales activity is primarily carried out in four broad based geographical regions (with significant focus in Asia) including key focus areas of (i) Mainland China, Hong Kong and Taiwan, (ii) the United States, (iii) Japan and, to a lesser extent, (iv) South Korea and Europe. We have offices in Hong Kong, China, Taiwan, Japan and the United States that include both sales and application engineering/customer support personnel. The field sales and applications effort is also supported by our senior factory applications engineering team from our California headquarters.

We partner with several regional distributors and sales representatives. In Asia, Avnet, Fujitsu Electronics (now part of Kaga Electronics) and Common Power are our current distributors. In Japan, IIDA Electronics is our current distributor. In the North America, Fujitsu Electronics is our current distributor, and in Europe, we have partnered with Hyline. Additionally, our products are also available worldwide through Digikey and Mouser. Additionally, we employ regional representatives, primarily in the United States, on an as-needed basis. We also work with select design and development partners who make reference designs and system level solutions with our GaN products and are a part of our extended applications-oriented effort.

Markets and Design Cycles: Our product sales for the nine months ended September 30, 2019 of approximately $1.0 million were comprised of sales into gaming power supplies, data center power supplies and infrastructure, power adapters, miscellaneous industrial applications and sampling revenue to automotive customers, including through our partner Nexperia, and epiwafer sales. While we are targeting a significant increase in GaN product sales in 2020, we expect 2020 sales to continue to be comprised primarily of licensing and government contract revenue.

Design cycles for our products can be long and range from 9 to 18 months for the adapter/consumer market to 18 to 30 months for the datacenter and communication infrastructure market as well as industrial segments, to 3 to 5 years for the automotive market. Our sales funnel also classifies various opportunities in stages in the lifecycle at our customers including the stages of investigation, evaluation, dedicated board design, design-in, prototype and pilot production, before commencing full production.

Epiwafer sales: Epiwafer sales are to Department of Defense customers for GaN on 4-inch and 6-inch wafers, for RF GaN on silicon carbide and sapphire substrates. Sales for GaN on silicon epiwafers for power devices to Nexperia under our long-term cooperation agreement are also included in this vertical. The epiwafer sales are carried out directly by us from our GaN MOCVD epiwafer department.

Marketing

Our target application markets for our GaN power products are power adapters and computing, datacenters and infrastructure, industrial and automotive. Our worldwide marketing efforts are coordinated out of our

headquarters in Goleta, California and our office in San Jose, California. Key elements of our marketing efforts include:

1. Participation and promotion in major power electronic tradeshows, conferences and events such as the Applied Power Electronics Conference in North America, PCIM Europe and PCIM Asia;

2. Our website, which contains our product information, application notes and resources, evaluation boards, publications, events and various technical papers/white papers on wide-ranging topics such as quality and reliability, conferences, and presentations or papers;

3. Electronic and print trade media and outlet advertising;

4. Advertising on Digikey and Mouser, with analytical monitoring and search analytics; and

5. Regular press releases and announcements by the Company.

Nexperia Cooperation Agreement

In 2018, we entered into a five-year cooperation agreement with Nexperia, a stand-alone power semiconductor business spun out from NXP, to secure funding for Transphorm Technology and create a second source of supply for our GaN products or equivalent products, which certain customers may require to be available in the market for broader adoption of our products, and to enable a stronger long term outreach for the automotive market than possible with our own resources. Nexperia has begun promotion of their GaN products in the market, which is positive for the overall adoption of GaN solutions as well as for our business in particular, as Nexperia currently purchases epiwafers from us and has contracted to purchase epi material from us in the future when they produce their own epiwafers, as further described below. In connection with investing approximately $16.0 million in Transphorm Technology in April 2018, through the purchase of Series 3 convertible preferred stock, Nexperia entered into a set of cooperation agreements with us including a development and licensing agreement, loan and security agreement and supply agreement. Key components include:

1. Development and Licensing Agreement, as subsequently amended ("DLA"): On April 4, 2018, Transphorm Technology entered into a Development and License Agreement with Nexperia, pursuant to which Transphorm Technology agreed to develop and transfer to Nexperia certain manufacturing process technologies to enable Nexperia to manufacture GaN-based products at Nexperia's facilities. These technologies to be transferred included Transphorm's Gen-3, Gen-4 (Tranche A), Gen-5 (Tranche B) and 1,200 Volt (Tranche B-1) process technologies but do not include Transphorm Technology's Epi Process Technology (as defined in the DLA). Nexperia also agreed to provide funding for the development of such technologies in return for limited exclusivities in automotive and other fields. Nexperia's exclusive rights expressly exclude development and sale of products in the automotive field in Japan (the "Japan Automotive Field"). On March 21, 2019, the parties entered into an amendment to add Transphorm Technology's 1,200 Volt manufacturing technology to the agreement. Key components of the DLA include:

    - Foundry Transfer: The DLA requires transfer of our existing Gen-3 wafer fabrication process (currently running in our AFSW foundry) to Nexperia's wafer fabrication facility in Hamburg, Germany. Such transfer is targeted to be completed by the end of 2020, but will also depend on Nexperia's ability to complete such transfer. We received $9.0 million of funds from Nexperia in relation to the transfer activity and projects completed to date. This transfer also creates a second source for GaN wafer fabrication, which we expect will facilitate broader adoption of GaN technology, as certain customers require multiple sources for risk mitigation. No technology transfer or license related to the GaN epiwafer technology is contemplated.

    - Technology Projects for "Pre-funded" Technology Loans and Licensing: Additionally, technology projects pertaining to our Gen-4, Gen-5 and 900 Volt products and related activities were pre-

funded by loans from Nexperia after we demonstrated that we had reached certain milestones (which have been completed). Such loans would be considered to be paid off when the target milestones as identified in the Statement of Work (SoW) of the DLA are complete. In the event the we are not able to meet the milestones, such loans would start accruing interest at 6% annum from such determination date. At such time, Nexperia would secure a license to the technology developed pursuant to the DLA.

2. Loan and Security Agreement, as subsequently amended ("LSA"): The LSA, entered into on April 4, 2018, comprises of term loans in an aggregate principal amount of $15.0 million, separated into tranches for pre-funded projects and subject to the satisfaction of specified conditions, and a $10.0 million revolving loan which bears 6% annual interest.

   - The term loans under the LSA include a $5.0 million development loan maturing March 31, 2020 intended to pre-fund our Gen-4 (Tranche A) technology development ("Tranche A Loan") and a $10.0 million development loan maturing March 31, 2021 intended to pre-fund our Super Junction technology development ("Tranche B Loan"). On March 31, 2019, we executed Amendment No. 1 to the LSA, pursuant to which the Tranche B Loan was bifurcated into two separate sub-tranches comprising of an $8.0 million development loan intended to pre-fund our Gen-5 (Tranche B), 1,200 Volt (Tranche B-1) (Ron/2) technology development and a $2.0 million development loan intended to pre-fund our 1,200 Volt technology development. All other terms set forth under the original LSA remained unchanged following the amendment.

   - The $10.0 million revolving loan under the LSA matures at the earlier of (i) April 4, 2021 and (ii) the date a Change of Control (as defined in the LSA) occurs. Interest on the outstanding principal amount of the loans accrues at a rate of 6% per annum. The credit facility is secured against our U.S. non-MOCVD patents. As of December 31, 2018, we had drawn the full $10.0 million available under this credit facility.

3. Supply Agreement, as subsequently amended ("Supply Agreement"): Simultaneously with the DLA and LSA, Transphorm Technology and Nexperia also entered into a Supply Agreement that sets forth the terms under which Nexperia may purchase epiwafers (as defined in the Supply Agreement), processed wafers and packaged products from Transphorm Technology, and Transphorm Technology may purchase processed wafers and packaged products from Nexperia. Nexperia agreed to purchase all its requirements of epiwafers and products based on epiwafers from Transphorm Technology until June 30, 2020, subject to certain exceptions relating to Transphorm Technology's inability to meet Nexperia's requirements.

Employees

As of December 31, 2019, we had approximately 92 employees comprising 82 full-time employees, seven part-time employees and three independent contractors, of which approximately 66 are U.S.-based. We value and support hiring exceptional talent to develop our core technology and drive our business growth.

Properties

Our headquarters are located in Goleta, California, where we lease approximately 27,800 square feet of commercial space for research and development, engineering, testing and corporate offices. We also lease additional offices in the United States and internationally in Japan, Hong Kong, China and the Philippines. We believe that our facilities are suitable to meet our current needs.

RISK FACTORS

An investment in our securities is highly speculative and involves a high degree of risk. We face a variety of risks that may affect our operations or financial results and many of those risks are driven by factors that we cannot control or predict. Investors should carefully consider the risks described below and all of the other information set forth in this Report, before deciding to invest in our common stock. If any of the risks described below occur, our business, financial condition, results of operations and prospects could be materially adversely affected. In that case, the market price of our common stock would likely decline and investors could lose all or a part of their investment. Only those investors who can bear the risk of loss of their entire investment should consider an investment in our securities. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our operations.

Risks Related to our Business and the Industry in Which We Operate

We have a history of losses, anticipate increasing our operating expenses in the future, and may not be able to achieve or maintain profitability. If we cannot achieve or maintain profitability, stockholders could lose all or part of their investment.

Since our inception in 2007, we have generated minimal revenue and substantial net losses as we have devoted our resources to the development of our technology, and our business model has not been proven. As of September 30, 2019 and December 31, 2018, we had an accumulated deficit of $146.3 million and $128.6 million, respectively. For the nine months ended September 30, 2019 and the years ended December 31, 2018 and 2017, our net loss was $17.7 million, $25.8 million and $32.2 million, respectively. We expect our operating expenses to increase in the future as we expand our sales and marketing efforts and continue to invest in our infrastructure and research and development of our technologies. These efforts may be more costly than we expect, and we may not be able to increase our revenue to offset our increased operating expenses or obtain additional contracts from the federal government. Our revenue growth may be slower than anticipated or our revenue may decline for a number of other reasons, including slower growth of, or reduced demand for, gallium nitride (GaN) power management solutions, increased competition, or any failure to capitalize on growth opportunities. If we are unable to generate sufficient revenue, we may never become profitable or be able to maintain any future profitability. If this were to occur, our stockholders could lose all or part of their investment.

Our ability to continue as a going concern will depend on us being able to raise additional capital to fund our operations, which may be unavailable on attractive terms, if at all, and could dilute your investment.

As of September 30, 2019, our recurring operating losses and our current operating plans raise substantial doubt about our ability to continue as a going concern for at least the next 12 months from the date of this filing. While we believe, but there is no assurance, that the net proceeds of $19.0 million from the initial closing of the Offering and our existing cash and cash equivalents will be sufficient to fund our current operating plans for the near term from the date of this filing, we have based these estimates on assumptions that may prove to be wrong, and we could spend our available financial resources much faster than we currently expect and need to raise additional funds sooner than we anticipate. For example, if FSL exercises its put option and requires us to take full ownership of AFSW, which we expect would require regulatory and other approvals in Japan that we believe would take six to 12 months to obtain, and AFSW continues to operate at a loss at such time in the future, our cash flows would be significantly negatively impacted. In addition, for at least one year following the date on which we take over full ownership of AFSW, we will use our best efforts to maintain and continue the operations of AFSW, which would continue to negatively affect our cash flow. Based on our current and future cash flow requirements and business needs at that time, we expect that, if FSL exercises its put option, then by the time we have to take full ownership of AFSW, we may have to consider various options including but not limited to raising more capital, inviting a third party to be a partner in AFSW, selling AFSW to a third party, or moving our GaN production elsewhere and ceasing operations at AFSW. Similarly, if Yaskawa does not elect to convert its convertible promissory note into our common stock and the convertible promissory note matures, we will be required to pay the outstanding principal and interest on the convertible promissory note by September 30, 2022, which will also negatively impact our cash flows. If we are not able to extend the $5.0 million development loan under the LSA, we will be required to pay the

outstanding principal and interest on that loan by March 31, 2020, which would significantly affect our near-term cash resources. The descriptions set forth above under the captions “Description of Business—Manufacturing and Supply—Wafer Fabrication and Joint Venture with Fujitsu” and “Description of Business—Nexperia Cooperation Agreement” are incorporated herein by reference.

Our ability to continue as a going concern will depend on us being able to raise additional capital to fund our operations and achieve our business objectives, as we do not expect to generate material revenue in the short-term. Accordingly, we expect to engage in equity or debt financings to secure additional funds. If we undergo one or more additional equity or convertible debt financings, our stockholders may experience significant dilution of their ownership interests, the rights given to new equityholders may be superior to those of our common stockholders and the per share value of our common stock could decline. Furthermore, if we engage in debt financing, the holders of debt would have priority over the holders of our common stock, and we may be required to accept terms that restrict our ability to run our business or incur additional indebtedness. The debt financing could also contain restrictive covenants that may impact how we run our business and could result in the loan being paid back in full immediately if we are in non-compliance. In addition, if we are unable to raise additional capital when needed or on acceptable terms, we may not be able to, among other things:

- develop or enhance our products;
- continue to expand our sales and marketing and research and development organizations;
- acquire complementary technologies, products or businesses;
- expand operations, in the United States or internationally;
- hire, train and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

Our failure to do any of these things could harm our business, financial condition and results of operations or affect our ability to continue as a going concern.

Our quarterly results of operations are likely to vary from period to period, which could cause the market price of our common stock to fluctuate or decline.

Our results of operations have varied from period to period, and we expect that our quarterly results of operations will continue to vary as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including:

- our ability to attract new and retain existing customers, including due to our perceived or actual financial condition;
- the budgeting cycles and purchasing practices of customers;
- the timing and length of our sales cycles, including the ability of our customers to design-in successfully with GaN power solutions;
- changes in customer requirements or market needs, including market acceptance of GaN technology;
- the timing and impact of new product introductions by us or our competitors or any other change in the competitive landscape of the semiconductor industry, including consolidation among our customers or competitors;

- deferral of orders from customers in anticipation of new products or product enhancements announced by us or our competitors;
- our ability to execute on our growth strategy and operating plans;
- our ability to successfully expand our business domestically and internationally;
- our ability to successfully compete with other companies in our market;
- changes in our pricing policies or those of our competitors;
- any disruption in, or termination of, our relationship with channel partners;
- insolvency or credit difficulties confronting our customers, affecting their ability to purchase or pay for our products, or confronting our key suppliers, which could disrupt our supply chain;
- the cost and potential outcomes of potential future litigation;
- general economic conditions, both domestic and in our foreign markets; and
- the amount and timing of operating costs and capital expenditures related to the expansion of our business.

Any of the above factors, individually or in the aggregate, may result in significant fluctuations in our quarterly operating results. As a result of this variability, our historical results of operations should not be relied upon as an indication of future performance. Moreover, this variability and unpredictability could result in our failure to follow through on our operating plans or meet the expectations of investors for any period. If we fail to follow through on our operating plans or meet such expectations for these or other reasons, the market price of our common stock could fall substantially.

We may not be able to develop new technologies and products to satisfy changes in customer demand or industry standards, and our competitors could develop products that decrease the demand for our products.

Rapidly changing technologies and industry standards, along with frequent new product introductions, characterize the industries of many of our customers and potential customers. Our financial performance depends, in part, on our ability to design, develop, manufacture, assemble, test, market and support new products and enhancements on a timely and cost-effective basis.

Our products have not been proven commercially on the scale of conventional power semiconductor products. The principal focus of our research and development activities has been to improve processes and support our ongoing development of GaN power management solutions. These projects are subject to various risks and uncertainties we are not able to control, including changes in customer demand or industry standards and the introduction of new or superior technologies by others. Moreover, any failure by us in the future to develop new technologies or timely react to changes in existing technologies could materially delay our development of new products, which could result in product obsolescence, decreased revenues and a loss of our market share to our competitors. In addition, products or technologies developed by others may render our products or technologies obsolete or non-competitive. Further, if our products are not in compliance with prevailing industry standards, such non-compliance could materially and adversely affect our financial condition, cash flows and results of operations.

We must commit resources to development, design and production prior to receipt of purchase commitments and could lose some or all of the associated investment.

Our sales are typically made pursuant to individual purchase orders, rather than pursuant to long-term supply contracts. Many of these purchase orders may be revised or canceled without penalty. As a result, we

typically must commit resources to the design, development, and production of products without any advance purchase commitments from customers. Any inability to sell a product after we devote resources to it could materially and adversely affect our financial condition, cash flows and results of operations.

We compete in highly competitive markets, and competitive pressures from existing and new companies may adversely impact our business and operating results.

The markets in which we compete are highly competitive. We expect competition to intensify in the future as existing competitors and new market entrants introduce new products into our markets. This competition could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses, and the loss of market share, any of which could seriously harm our business, financial condition and results of operations. If we do not keep pace with product and technology advances and otherwise keep our product offerings competitive, there could be a material and adverse effect on our competitive position, revenue and prospects for growth. Many of our existing competitors, such as silicon-based product providers (e.g., ST Microelectronics, ON Semiconductor, and Mitubishi), silicon carbide-based product providers (e.g., Rohm, United Silicon Carbide and Cree) and other high-voltage GaN product providers (e.g., Power Integrations, GaN Systems and Texas Instruments), have, and some of our potential competitors could have, substantial competitive advantages such as:

- greater name recognition, longer operating histories and larger customer bases;
- larger sales and marketing budgets and resources;
- broader distribution and established relationships with channel partners and customers;
- broader and deeper product lines;
- greater customer support resources;
- greater resources to make acquisitions;
- lower labor and research and development costs;
- substantially greater financial and other resources; and
- larger scale manufacturing operations.

In addition, some of our larger competitors have substantially broader product offerings and may be able to leverage their relationships with channel partners and customers based on other products to gain business in a manner that discourages users from purchasing our products, including by selling at zero or negative margins or product bundling. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier regardless of product performance or features. As a result, even if the features of our products are superior, customers may not purchase our products. In addition, innovative start-up companies, and larger companies that are making significant investments in research and development, may invent similar or superior products and technologies that compete with our products. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations could be adversely affected.

We rely on third-party channel partners to sell our products. If our partners fail to perform, our ability to sell our products and services could be limited, and if we fail to optimize our channel partner model going forward, our operating results could be harmed.

A substantial portion of our revenue is generated through sales by our channel partners, which include distributors and resellers. To the extent our channel partners are unsuccessful in selling our products, we are unable

to enter into arrangements with, and retain, a sufficient number of effective channel partners in each of the regions in which we sell products or we are unable to keep our channel partners motivated to sell our products, our ability to sell our products and our operating results could be harmed. The termination of our relationship with any significant channel partner may adversely impact our sales and operating results.

We rely on limited sources of wafer fabrication, packaged products fabrication and product testing, the loss of which could delay and limit our product shipments.

In 2019, our partly-owned fabrication facility through AFSW satisfied all of our GaN fab-wafer requirements (i.e., when a GaN epiwafer undergoes various processes at a wafer fabrication facility). While we believe AFSW has sufficient capacity for our near term business needs and is reasonably scalable as our demand for throughput increases, any disruption in the AFSW fabrication facilities may severely impact our supply. In the event that both we and Fujitsu Semiconductor Limited ("FSL") are unable to continuously sustain the AFSW fabrication facility, securing supply from another source and adapting our process at such source would lead to a significant set of challenges, additional costs and delays.

We also utilize relatively standard back-side wafer processing services such as wafer-thinning and wafer back-side metalization from foundries in Asia. These suppliers also offer such services to other companies, which may lead to us not having access to adequate capacity for our needs and our customers' needs. We may have less control over delivery schedules and overall support versus other customers and users of those facilities. If the wafer foundries we use are unable or unwilling to manufacture our products in our required volumes, or at specified times, we may have to identify and qualify acceptable additional or alternative foundries. This qualification process could typically take three to six months and we may not find sufficient capacity in a timely manner or at an acceptable cost to satisfy our production requirements.

We additionally use outsourced assembly and test providers ("OSAT") for packaging and testing of our products. We utilize multiple OSATs for various package types and as of the date of this Report, we use a single OSAT for each type of package. These OSATs may take time, or may be unable, to respond if our throughput demands increase, particularly if we expect a rapid increase in production and could harm our ability to meet unexpected rises in demand in an acceptable time frame. If the OSATS we use are unable or unwilling to package and test our products in our required volumes, or at specified times, we may have to identify and qualify acceptable additional or alternative OSATs. This qualification process would typically take three to nine months and we may not find sufficient capacity in a timely manner or at an acceptable cost to satisfy our production requirements.

Some companies that supply products to our customers are similarly dependent on a limited number of suppliers. These other companies' products may represent important components of power adapters, inverters and other products into which our products are designed. If these companies are unable to produce the volumes demanded by our customers, our customers may be forced to slow down or halt production on the equipment for which our products are designed, which could materially impact our order levels.

Because we depend on third-party manufacturers to build our products, we are susceptible to manufacturing delays and pricing fluctuations that could prevent us from shipping customer orders on time, if at all, or on a cost-effective basis, which may result in the loss of sales, income and customers.

We depend on third-party manufacturers to build several stages of our products. Our reliance on these third-party manufacturers reduces our control over the manufacturing process and exposes us to risks, including reduced control over quality assurance, product costs, and product supply and timing. Any manufacturing disruption by these third-party manufacturers could severely impair our ability to fulfill orders. Our reliance on third-party manufacturers also creates the potential for infringement or misappropriation of our intellectual property. If we are unable to manage our relationships with third-party manufacturers effectively, or if our third-party manufacturers experience delays or disruptions for any reason, increased manufacturing lead-times, capacity constraints or quality control problems in their manufacturing operations, or if they otherwise fail to meet our future requirements for timely delivery, our ability to ship products to our customers would be severely impaired, and our business and results of operations would be seriously harmed.

Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our revenue is difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly.

Our results of operations may fluctuate, in part, because of the resource intensive nature of our sales efforts, the length and variability of our sales cycle and the short-term difficulty in adjusting our operating expenses. To the extent our competitors develop products that our prospective customers view as equivalent or superior to ours, the average duration of our sales cycles may increase, and our sales efforts may be less successful. Because the length of time required to close a sale varies substantially from customer to customer, it is difficult to predict exactly when, or even if, we will make a sale with a potential customer. As a result, individual sales have, in some cases, occurred in quarters subsequent to or in advance of those we anticipated, or have not occurred at all, which makes it difficult for us to forecast our revenue accurately in any quarter. Because a substantial portion of our expenses are relatively fixed in the short term, our results of operations will suffer if our revenue falls below expectations in a particular quarter, which could cause the market price of our common stock to decline.

Our current operations are concentrated in one location and in the event of an earthquake, terrorist attack or other disaster affecting this location or those of our major suppliers, our operations may be interrupted and our business may be harmed.

Our principal executive offices and primary epiwafer operating facilities are situated near Santa Barbara, California, and most of our major suppliers, which are wafer foundries and assembly houses, are located in areas that have been subject to severe earthquakes and are susceptible to other disasters such as tropical storms, typhoons or tsunamis. In the event of a disaster, such as an earthquake and tsunami in Japan, we or one or more of our major suppliers may be temporarily unable to continue operations and may suffer significant property damage. Any interruption in our ability, or that of our major suppliers, to continue operations could delay the development and shipment of our products and have a substantial negative impact on our financial results. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts or coverage of insurance will be sufficient to satisfy any damages and losses.

We rely on our management team and other key employees and will need additional personnel to grow our business. The loss of one or more key employees or our inability to attract and retain qualified personnel could harm our business.

Our future success is substantially dependent on our ability to attract, retain and motivate the members of our management team and other key employees throughout our organization. The loss of one or more members of our management team or other key employees could materially impact our sales or our research and development programs and materially harm our business, financial condition, results of operations and prospects. We do not maintain key person life insurance policies on any of our management team members or key employees. Competition for highly skilled personnel is intense. We may not be successful in attracting or retaining qualified personnel to fulfill our current or future needs. For positions in our offices near Santa Barbara in particular, we may experience challenges hiring new and mid-level employees in part due to the high local housing costs. Our competitors may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms, or at all.

If we fail to effectively manage our growth, our business, financial condition and results of operations would be harmed.

We are a development stage company with fewer than 100 employees and are subject to the strains of ongoing development and growth, which has placed significant demands on our management and our operational and financial infrastructure. To manage any growth effectively, we must continue to improve our operational, financial and management systems and controls by, among other things:

- effectively attracting, training and integrating new employees, particularly members of our sales, applications and research and development teams;
- further improving our key business applications, processes and IT infrastructure to support our business needs;
- enhancing our information and communication systems to ensure that our employees and offices around the world are well coordinated and can effectively communicate with each other and our channel partners and customers; and
- appropriately documenting and testing our IT systems and business processes.

These and other improvements in our systems and controls will require significant capital expenditures and the allocation of valuable management and employee resources. If we fail to implement these improvements effectively, our ability to manage growth and ensure ongoing operation of key business systems would be impaired, and our business, financial condition and results of operations would be harmed.

We are subject to a number of risks associated with international sales and operations.

We have small teams that are engaged in marketing, selling and supporting our products internationally. As a result, we must hire and train experienced personnel to staff and manage our foreign operations. To the extent that we experience difficulties in recruiting, training, managing and retaining international employees, particularly managers and other members of our international sales team, we may experience difficulties in sales productivity in, or market penetration of, foreign markets. We also enter into strategic distributor and reseller relationships with companies in certain international markets where we do not have a local presence. If we are not able to maintain successful strategic distributor and reseller relationships with our international channel partners or recruit additional channel partners, our future success in these international markets could be limited.

We are subject to government regulation, including import, export and economic sanctions laws and regulations that may expose us to liability and increase our costs.

Our products and technology are subject to U.S. export controls, including the U.S. Department of Commerce's Export Administration Regulations and economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. These regulations may limit the export of our products and technology, and provision of our services outside of the United States, or may require export authorizations, including by license, a license exception, or other appropriate government authorizations and conditions, including annual or semi-annual reporting. Export control and economic sanctions laws may also include prohibitions on the sale or supply of certain of our products to embargoed or sanctioned countries, regions, governments, persons, and entities. In addition, various countries regulate the importation of certain products, through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products. The exportation, re-exportation, and importation of our products and technology and the provision of services, including by our partners, must comply with these laws or else we may be adversely affected, through reputational harm, government investigations, penalties, and a denial or curtailment of our ability to export our products and technology. Complying with export control and sanctions laws may be time-consuming and may result in the delay or loss of sales opportunities. Although we take precautions to prevent our products and technology from being provided in violation of such laws, our products and technology may have previously been, and could in the future be, provided inadvertently in violation of such laws, despite the precautions we take. If we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us. Export or import laws or sanctions policies are subject to rapid change and have been the subject of recent U.S. and non-U.S. government actions. Changes in export or import laws or sanctions policies, may adversely impact our operations, delay the introduction and sale of our products in international markets, or, in some cases, prevent the export or import of our products and technology to certain countries, regions, governments, persons, or entities altogether, which could adversely affect our business, financial condition and results of operations.

Our sales to government customers subject us to uncertainties regarding fiscal funding approvals, renegotiations or terminations at the discretion of the government, as well as audits and investigations, which could result in litigation, penalties and sanctions including early termination, suspension and debarment.

Our multi-year contracts signed with the U.S. federal government, which comprised a majority of our revenue in the first nine months of 2019, are generally subject to annual fiscal funding approval and may be renegotiated or terminated at the discretion of the government. Termination, renegotiation or the lack of funding approval for a contract could adversely affect our sales, revenue and reputation. Additionally, our government contracts are generally subject to requirements that are not typically present in commercial contracts, such as various Federal Acquisition Regulation or Defense Federal Acquisition Regulation clauses. These clauses place certain requirements upon us such as compliance with equal opportunity employment, safeguarding of contractor information systems, executive compensation restrictions and reporting of certain lobbying activities. Government contracts are also subject to audits and investigations. Failure to meet contractual requirements could result in various civil and criminal actions and penalties, and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government, any of which could materially adversely affect our business, financial condition and results of operations.

Failure to comply with anti-bribery, anti-corruption and anti-money laundering laws could subject us to penalties and other adverse consequences.

We are subject to the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption, anti-bribery, and anti-money laundering laws in the jurisdictions in which we do business, both domestic and abroad. These laws generally prohibit us and our employees from improperly influencing government officials or commercial parties in order to obtain or retain business, direct business to any person or gain any improper advantage. The FCPA and similar applicable anti-bribery and anti-corruption laws also prohibit our third-party business partners, representatives and agents from engaging in corruption and bribery. We and our third-party business partners, representatives and agents may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, channel partners and agents, even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. Any violation of the FCPA or other applicable anti-bribery, anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, imposition of significant legal fees, loss of export privileges, severe criminal or civil sanctions or suspension or debarment from U.S. government contracts, substantial diversion of management's attention, drop in stock price or overall adverse consequences to our business, all of which may have an adverse effect on our reputation, business, financial condition, and results of operations.

Our business may be affected by litigation and government investigations.

We may from time to time receive inquiries and subpoenas and other types of information requests from government authorities and others and we may become subject to claims and other actions related to our business activities. While the ultimate outcome of investigations, inquiries, information requests and legal proceedings is difficult to predict, defense of litigation claims can be expensive, time-consuming and distracting, and adverse resolutions or settlements of those matters may result in, among other things, modification of our business practices, costs and significant payments, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to our Intellectual Property

Any failure by us to protect our proprietary technologies or maintain the right to use certain technologies may negatively affect our ability to compete.

To compete effectively, we must protect our intellectual property. We rely on a combination of patents, trademarks, copyrights, trade secret laws, confidentiality procedures and licensing arrangements to protect our intellectual property rights. We hold numerous patents and have a number of pending patent applications. However, our portfolio of patents evolves as new patents are issued and older patents expire and the expiration of patents could have a negative effect on our ability to prevent competitors from duplicating certain or all of our products.

We might not succeed in obtaining patents from any of our pending applications. Even if we are awarded patents, they may not provide any meaningful protection or commercial advantage to us, as they may not be of sufficient scope or strength, or may not be issued in all countries where our products can be sold. In addition, our competitors may be able to design around our patents.

There can be no assurance that an issued patent will remain valid and enforceable in a court of law through the entire patent term. Should the validity of a patent be challenged, the legal process associated with defending the patent can be costly and time consuming. Issued patents can be subject to oppositions, interferences and other third party challenges that can result in the revocation of the patent or limit patent claims such that patent coverage lacks sufficient breadth to protect subject matter that is commercially relevant. Competitors may be able to circumvent our patents. In cases where market ramp of our products may encounter delays it is possible that some patents or licensed patents covering the product has expired or will be in force for only a short period of time following such market ramp. We cannot predict with any certainty if any third party U.S. or foreign patent rights, or other proprietary rights, will be deemed infringed by the use of our technology. Nor can we predict with certainty which, if any, of these rights will or may be asserted against us by third parties.

To protect our product technology, documentation and other proprietary information, we enter into confidentiality agreements with our employees, customers, consultants and strategic partners. We require our employees to acknowledge their obligation to maintain confidentiality with respect to our products. Despite these efforts, we cannot guarantee that these parties will maintain the confidentiality of our proprietary information in the course of future employment or working with other business partners. We develop, manufacture and sell our products in Asia and other countries that may not protect our intellectual property rights to the same extent as the laws of the United States. This makes piracy of our technology and products more likely. Steps we take to protect our proprietary information may not be adequate to prevent theft of our technology. We may not be able to prevent our competitors from independently developing technologies and products that are similar to or better than ours.

Vigorous protection and pursuit of intellectual property rights or positions characterize the semiconductor industry. This often results in expensive and lengthy litigation. We, and our customers or suppliers, may be accused of infringing patents or other intellectual property rights owned by third parties in the future. An adverse result in any litigation against us or a customer or supplier could force us to pay substantial damages, stop manufacturing, using and selling the infringing products, spend significant resources to develop non-infringing technology, discontinue using certain processes or obtain licenses to use the infringing technology. In addition, we may not be able to develop non-infringing technology or find appropriate licenses on reasonable terms or at all.

Patent disputes in the semiconductor industry between industry participants are often settled through cross-licensing arrangements. Our portfolio of patents may not have the breadth to enable us to settle an alleged patent infringement claim through a cross-licensing arrangement, especially for patent disputes brought by non-practicing entities (patent holders who do not manufacture products but only seek to monetize patent rights) that cannot be settled through cross-licensing and cannot be avoided through cross-licensing with industry practitioners. We may therefore be more exposed to third-party claims than some of our larger competitors and customers.

Customers may make claims against us in connection with infringement claims made against them that are alleged to relate to our products or components included in our products, even where we obtain the components

from a supplier. In such cases, we may incur monetary losses due to cost of defense, settlement or damage award and non-monetary losses as a result of diverting valuable internal resources to litigation support. To the extent that claims against us or our customers relate to third-party intellectual property integrated into our products, there is no assurance that we will be fully or even partially indemnified by our suppliers against any losses.

Furthermore, we may initiate claims or litigation against third parties for infringing our proprietary rights or to establish the validity of our proprietary rights. This could consume significant resources and divert the efforts of our technical and management personnel, regardless of the litigation's outcome.

If we fail to comply with our obligations under any license, collaboration or other agreements, we may be required to pay damages and could lose certain intellectual property rights.

Our current licenses impose, and any future licenses we enter into are likely to impose, various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement and other obligations on us. If we breach any of these obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license, which could result in us being unable to develop, manufacture and sell products that are covered by the licensed technology or could enable a competitor to gain access to the licensed technology. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights in such unlicensed intellectual property. The amount of our future royalty obligations will depend on the technology and intellectual property we use in products that we successfully develop, manufacture and commercialize, if any. Therefore, even if we successfully develop and commercialize products, we may be unable to achieve or maintain profitability.

For example, our cooperation agreement with Nexperia, which is key to our business, contains certain terms that, if triggered, could have a material adverse effect on our business, financial condition, results of operations and prospects. For instance, the LSA contains customary events of default including, among others, payment defaults, breaches of covenants defaults, the occurrence of a material adverse change, bankruptcy and insolvency defaults, cross defaults with certain material indebtedness, judgment defaults, and the occurrence of a change of control. In addition, an event of default will occur if the DLA is terminated under certain circumstances or we fail to timely deliver reports related to statements of work under the DLA. Upon the occurrence and during the continuance an event of default, Nexperia may declare all or a portion of our outstanding obligations to be immediately due and payable and exercise other rights and remedies provided for under the LSA. If specified events of default occur and remain continuing for more than 30 consecutive days, we are required to assign a portion of our patent portfolio constituting collateral to Nexperia in satisfaction of our obligations under the LSA. During the existence of an event of default, interest on the obligations could be increased to 3.0% above the otherwise applicable interest rate. Additionally, under the Intracompany License Agreement between us and our wholly-owned subsidiary, Transphorm Japan Epi ("TJE"), if certain events (some of which may be beyond our control) occur, we could be forced to sell TJE at fair market value to a third party that is approved by us and Nexperia. While TJE's epiwafer capacity currently is not required for production of our products, if such a "forced-sale" event were to happen in the future, we could be required to purchase a portion of our epiwafer requirements from the third party that purchases TJE. This could impact our epiwafer costs, reduce any overall profits, or cause us to lose a portion of our capacity, requiring us to generate more epiwafer capacity earlier than planned. This would result in greater capital expenditure than anticipated, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to our Financial Control Environment

Being a public company can be administratively burdensome and will significantly increase our legal and financial compliance costs.

As a public reporting company, we are subject to the information and reporting requirements of the Securities Act, the Exchange Act and other federal securities laws, rules and regulations related thereto, including

compliance with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and the Dodd-Frank Wall Street Reform and Consumer Protection Act. In addition, the listing requirements of any national securities exchange or other exchange and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will significantly increase our legal and financial compliance costs and will make some activities more time-consuming and costly. Among other things, we are required to:

- maintain and evaluate a system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;
- maintain policies relating to disclosure controls and procedures;
- prepare and distribute periodic reports in compliance with our obligations under federal securities laws;
- institute a more comprehensive compliance function, including with respect to corporate governance; and
- involve, to a greater degree, our outside legal counsel and accountants in the above activities.

The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to stockholders is expensive and much greater than that of a privately-held company, and compliance with these rules and regulations will require us to hire additional financial reporting, internal controls and other finance personnel, and will involve a material increase in regulatory, legal and accounting expenses and the attention of our board of directors and management. In addition, being a public company makes it more expensive for us to obtain director and officer liability insurance. In the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain this coverage. These factors could also make it more difficult for us to attract and retain qualified executives and members of our board of directors.

Any failure to maintain effective internal controls over our financial reporting could materially and adversely affect us.

Section 404 of the Sarbanes-Oxley Act requires us to include in our annual reports on Form 10-K an assessment by management of the effectiveness of our internal controls over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed time frame or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses in the future or are unable to remediate the material weaknesses we currently have, our financial statements may be inaccurate and investors could lose confidence in the reliability of our financial statements, which in turn could negatively affect the market price of our common stock. In addition, if we are not able to continue to meet these requirements, we may not be able to become or remain listed on any national securities exchange or other exchange or quoted on an over-the-counter market.

We have identified material weaknesses in our internal control over financial reporting that, if not properly remediated, could result in material misstatements in our consolidated financial statements in future periods.

We have limited accounting and financial reporting personnel and other resources with which to address our internal controls and related procedures. In connection with the audit of our consolidated financial statements for the fiscal years ended December 31, 2017 and 2018, we identified certain deficiencies relating to our internal control over financial reporting that constitute material weaknesses under standards established by the Public Company Accounting Oversight Board (the "PCAOB"). The PCAOB defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. We identified a material weakness related to the fact that certain members of our finance team and personnel are able to operate across a number of different functions and have user access that gives rise to segregation of duties risks in connection with our information technology infrastructure. Access to systems has subsequently been restricted and access will be managed by independent personnel. The other material weakness relates to a lack of evidence to support review work and oversight procedures. Formal review processes and meetings are being introduced in addition to the creation of a specific role in the finance team to review documentation and prepare evidence of such review. These material weaknesses have a pervasive impact on various activity level and financial reporting cycles. We will need to take additional measures to fully remediate these issues. The measures we have taken, and expect to take, to improve our internal controls may not be sufficient to (1) address the issue identified, (2) ensure that our internal controls are effective, or (3) ensure that the identified material weaknesses or other material weaknesses will not result in a material misstatement of our annual or interim financial statements. In addition, other material weaknesses may be identified in the future. If we are unable to correct deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in SEC rules and forms will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and generally materially and adversely impact our business and financial condition.

Our lack of an independent audit committee at this time may hinder our board of directors' effectiveness in monitoring our compliance with our disclosure and accounting obligations. Until we establish such committee, we will be unable to obtain a listing on a national securities exchange.

Although our common stock is not listed on any national securities exchange, for purposes of independence we use the definition of independence applied by Nasdaq. Currently, we have no independent audit committee, and audit committee functions are performed by our board of directors as a whole. An independent audit committee would play a crucial role in the corporate governance process, assessing our processes relating to our risks and control environment, overseeing financial reporting, and evaluating internal and independent audit processes. We may, however, have difficulty attracting and retaining independent directors with the requisite qualifications to serve on an audit committee. An independent audit committee (with certain exceptions and phase in-periods if we are a controlled company) is required for listing on any national securities exchange. Therefore, until such time as we meet the audit committee independence requirements of a national securities exchange, we will be ineligible for listing on any national securities exchange.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below the expectations of investors, resulting in a decline in the market price of our common stock.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in our financial statements. Significant assumptions and estimates used in preparing our financial statements include those related to assets, liabilities, revenue, expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of

which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of investors, resulting in a decline in the market price of our common stock.

Changes in accounting rules and regulations, or interpretations thereof, could result in unfavorable accounting charges or require us to change our compensation policies.

Accounting methods and policies for companies such as ours, including policies governing revenue recognition, leases, research and development and related expenses, and accounting for stock-based compensation, are subject to review, interpretation and guidance from our auditors and relevant accounting authorities, including the SEC. Changes to accounting methods or policies, or interpretations thereof, may require us to reclassify, restate or otherwise change or revise our historical financial statements, including those contained in this Report.

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

We have incurred substantial losses during our history, do not expect to become profitable in the near future and may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation's ability to use its pre-change net operating loss carryforwards ("NOLs"), and other pre-change tax attributes (such as research tax credits) to offset its post-change income or taxes may be limited. The merger, our prior equity offerings and other changes in our stock ownership may have resulted in ownership changes. In addition, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which are outside of our control. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

Risks Related to Our Common Stock and the Offering

We are an "emerging growth company" and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (2) reduced disclosure obligations regarding executive compensation in this Report and our periodic reports and proxy statements, and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an emerging growth company, we are only required to provide two years of audited financial statements and two years of selected financial data in this Report. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds $700.0 million as of June 30 of any year or if we have total annual gross revenue of $1.07 billion or more during any fiscal year, in which cases we would no longer be an emerging growth company as of the following December 31, or if we issue more than $1.0 billion in non-convertible debt during any three-year period, in which case we would no longer be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company" which would allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in this Report and our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If

some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use the extended transition period under the JOBS Act until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We are a smaller reporting company, and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our common stock less attractive to investors.

We are currently a "smaller reporting company," meaning that we are not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a smaller reporting company and we have a public float of less than $250 million and annual revenues of less than $100 million during our most recently completed fiscal year. In the event that we are still considered a smaller reporting company at such time as we cease being an "emerging growth company," we will be required to provide additional disclosure in our SEC filings. However, similar to emerging growth companies, smaller reporting companies are able to provide simplified executive compensation disclosures in their filings; are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports and in a registration statement under the Exchange Act on Form 10. Decreased disclosures in our SEC filings due to our status as a smaller reporting company may make it harder for investors to analyze our results of operations and financial prospects.

We are not subject to compliance with rules requiring the adoption of certain corporate governance measures and as a result our stockholders have limited protections against interested director transactions, conflicts of interest and similar matters.

The Sarbanes-Oxley Act, as well as resulting rule changes enacted by the SEC, the New York Stock Exchange and the Nasdaq Stock Market, require the implementation of various measures relating to corporate governance. These measures are designed to enhance the integrity of corporate management and the securities markets and apply to securities which are listed on those exchanges. Because we are not listed on the Nasdaq Stock Market or the New York Stock Exchange, we are not presently required to comply with many of the corporate governance provisions and we have not yet adopted certain of these measures. Until we comply with such corporate governance measures, regardless of whether such compliance is required, the absence of such standards of corporate governance may leave our stockholders without protections against interested director transactions, conflicts of interest and similar matters.

We may be a controlled company within the meaning of the Nasdaq and NYSE rules if we eventually list on such exchange, and, as a result, may qualify for and intend to rely on exemptions from certain corporate governance requirements.

Upon completion of the Merger, the Stock Forfeiture and the initial closing of the Offering, KKR Phorm Investors L.P. ("KKR"), an affiliate of Kohlberg Kravis Roberts & Co. L.P. ("KKR Parent") will beneficially own a majority of the voting power of all classes of our outstanding voting stock. As a result, we may be a controlled company within the meaning of the Nasdaq or NYSE corporate governance standards, if we eventually list on the applicable exchange. Under Nasdaq rules, for example, a controlled company may elect not to comply with certain corporate governance requirements of the Nasdaq, including the requirements that:

- a majority of the board of directors consist of independent directors;

- the nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- there be an annual performance evaluation of the nominating and corporate governance and compensation committees.

If we were to list on Nasdaq in the future and are a controlled company at such time, we intend to utilize these exemptions (or similar exemptions if we were to list on NYSE), including the exemption for a board of directors composed of a majority of independent directors. In addition, to the extent we create committees, these committees may not be composed entirely of independent directors immediately following such creation. We may rely on the phase-in rules of the SEC, Nasdaq or NYSE if we are no longer a controlled company under the applicable listing standard. For example, the phase-in rules for Nasdaq permit us to have a compensation committee that has one member that is independent at the time that we cease to be a controlled company, a majority of members that are independent within 90 days thereafter and all members that are independent within one year thereafter. Accordingly, you may not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq or NYSE.

In addition, pursuant to the terms of the the Stockholders Agreement with KKR (the "KKR Stockholders Agreement"), KKR has the right to appoint a member to each committee that may be established by our board of directors, appoint the chair of our board of directors, and nominate a majority of our board of directors, in each case subject to a phase-out period based on KKR's future share ownership. KKR may assign these and other governance rights to certain transferees. See "Certain Relationships and Related Transactions—KKR Stockholders Agreement." Accordingly, even if we are no longer a controlled company, holders of our common stock may not have the same protections afforded to stockholders of companies that do not have a stockholders agreement similar to ours.

There currently is no market for our common stock and there can be no assurance that a market will ever develop. Failure to develop or maintain a trading market could negatively affect the value of our common stock and make it difficult or impossible for you to sell your shares.

Our common stock is not listed on a national securities exchange or any other exchange, or quoted on an over-the-counter market. Therefore, there is no trading market, active or otherwise, for our common stock. We plan for our common stock to become listed on, and remain eligible for quotation on, the OTC Markets, or on another over-the-counter quotation system, or in the pink sheets. In those venues, however, the shares of our common stock may trade infrequently and in low volumes, meaning that the number of persons interested in purchasing our common stock at or near bid prices at any given time may be relatively small or non-existent and the trading price of our common stock may be extremely volatile. Investors may find it difficult to obtain accurate quotations as to the market value of our common stock or to sell their shares at or near bid prices or at all. In addition, if we fail to meet the criteria set forth in SEC regulations, various requirements would be imposed by law on broker-dealers who sell our securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling our common stock, which may further affect the liquidity of our common stock. This would also make it more difficult for us to raise capital.

In addition, we may not ever be able to satisfy the listing requirements for our common stock to be listed on a national securities exchange, which is often a more widely-traded and liquid market. Some, but not all, of the factors which may delay or prevent the listing of our common stock on a more widely-traded and liquid market include the following: our stockholders' equity may be insufficient; the market value of our outstanding securities may be too low; our net income from operations may be too low; our common stock may not be sufficiently widely held; we may not be able to secure market makers for our common stock; and we may fail to meet the rules and requirements mandated by the several exchanges and markets to have our common stock listed. Should we fail to satisfy the initial listing standards of the national exchanges or the OTC Markets, or our common stock is otherwise

rejected for listing, the trading price of our common stock could suffer, the trading market for our common stock may be less liquid and our common stock price may be subject to increased volatility.

The designation of our common stock as a "penny stock" would limit the liquidity of our common stock.

Our common stock may be deemed a "penny stock" (as that term is defined under Rule 3a51-1 of the Exchange Act) in any market that may develop in the future. Generally, "penny stock" is common stock that is not listed on a securities exchange and trades for less than $5.00 a share. Prices often are not available to buyers and sellers and the market may be very limited. Penny stocks in start-up companies are among the riskiest equity investments. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. The document provides information about penny stocks and the nature and level of risks involved in investing in the penny stock market. A broker must also provide purchasers with bid and offer quotations and information regarding broker and salesperson compensation and make a written determination that the penny stock is a suitable investment for the purchaser and obtain the purchaser's written agreement to the purchase. Many brokers and investors choose not to participate in penny stock transactions, which may result in further liquidity constraints and declines in the trading price of our common stock. Because of the penny stock rules, there may be less trading activity in penny stocks in any market that develops for our common stock in the future and stockholders are likely to have difficulty selling their shares.

We do not anticipate paying dividends on our common stock, and investors may lose the entire amount of their investment.

Cash dividends have never been declared or paid on our common stock, and we do not anticipate such a declaration or payment for the foreseeable future. Any future determination about the payment of dividends will be made at the discretion of our board of directors and will depend upon our earnings, if any, capital requirements, operating and financial conditions, contractual restrictions, including any loan or debt financing agreements, and on such other factors as our board of directors deems relevant. In addition, we may enter into agreements in the future that could contain restrictions on payments of cash dividends. We expect to use future earnings, if any, to fund business growth. Therefore, stockholders will not receive any funds absent a sale of their shares of common stock. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates. We cannot assure stockholders of a positive return on their investment when they sell their shares, nor can we assure that stockholders will not lose the entire amount of their investment.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.

The Financial Industry Regulatory Authority ("FINRA") has adopted rules requiring that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative or low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA has indicated its belief that there is a high probability that speculative or low-priced securities will not be suitable for at least some customers. If these FINRA requirements are applicable to us or our securities, they may make it more difficult for broker-dealers to recommend that at least some of their customers buy our common stock, which may limit the ability of our stockholders to buy and sell our common stock and could have an adverse effect on the market for and price of our common stock.

The shares of common stock issued in the Merger and the Offering or held by our pre-Merger stockholders are "restricted securities" and, as such, may not be sold except in limited circumstances.

None of the shares of common stock issued in the Merger and the Offering or held by our pre-Merger stockholders have been registered under the Securities Act or registered or qualified under any state securities laws. The shares of common stock issued in the Merger and the Offering were sold or issued pursuant to exemptions contained in and under those laws. Accordingly, such shares of common stock are "restricted securities" as defined in Rule 144 under the Securities Act and must, therefore, be held indefinitely unless registered under applicable

federal and state securities laws, or an exemption is available from the registration requirements of those laws. The certificates or book-entry entitlements representing the shares of common stock issued in the Merger and the Offering or held by our pre-Merger stockholders reflect their restricted status.

We have agreed to register the shares of common stock issued in the Merger and the Offering, as well as the common stock held by our pre-Merger stockholders. We cannot assure you, however, that the SEC will declare the registration statement effective, thereby enabling the shares of common stock issued in the Merger or the Offering to be freely tradable. In addition, Rule 144 under the Securities Act, which generally permits the resale, subject to various terms and conditions, of limited amounts of restricted securities after they have been held for six months will not immediately apply to our common stock because we were at one time designated as a "shell company" under SEC regulations. Pursuant to Rule 144(i), securities issued by a current or former shell company that otherwise meet the holding period and other requirements of Rule 144 nevertheless cannot be sold in reliance on Rule 144 until one year after the date on which the issuer filed current "Form 10 information" (as defined in Rule 144(i)) with the SEC reflecting that it ceased being a shell company, and provided that at the time of a proposed sale pursuant to Rule 144, the issuer has satisfied certain reporting requirements under the Exchange Act. We believe this requirement to file Form 10 information has been satisfied by the filing of this Report on Form 8-K. Because, as a former shell company, the reporting requirements of Rule 144(i) will apply regardless of holding period, the restrictive legends on certificates for the shares of common stock issued in the Merger and the Offering or held by our pre-Merger stockholders cannot be removed except in connection with an actual sale that is subject to an effective registration statement under, or an applicable exemption from the registration requirements of, the Securities Act.

If we are unable to timely register the shares of common stock issued to stockholders in the Merger or the Offering, then the ability to re-sell shares of such common stock will be delayed.

We have agreed, at our expense, to prepare and file a registration statement with the SEC registering the resale of up to (1) 28,158,331 shares of our common stock issued in connection with the Merger; (2) 3,091,632 shares reserved for issuance pursuant to warrants and an outstanding convertible promissory note; (3) all shares issued in connection with the Offering; and (4) 1,650,000 shares of our common stock held by our pre-Merger stockholders. To the extent such registration statement is not declared effective by the SEC, or there are delays resulting from the SEC review process and comments raised by the SEC during that process, the shares of common stock proposed to be covered by such registration statement will not be eligible for resale until the registration statement is effective or an exemption from registration, such as Rule 144, becomes available. If (i) the registration statement is not filed within 90 days of the final closing of the Offering, (ii) the registration statement is not deemed effective within 180 days of the final closing of the offering, (iii) the registration statement ceases to remain continuously effective or the holders described above are otherwise not permitted to utilize the prospectus therein to resell their registrable securities for a period of more than 15 consecutive trading days, (iv) the registrable securities are not listed or included for quotation on the OTC Markets Group, the Nasdaq Stock Market, the New York Stock Exchange or the NYSE American (an "Approved Market") or (v) following the listing or inclusion on an Approved Market, trading of our common stock is suspended or halted on such Approved Market for more than three full, consecutive trading days, then we may be subject to certain liquidated damages pursuant to the registration rights agreement we entered into with the holders described above.

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

We have agreed, at our expense, to prepare and file a registration statement with the SEC registering the resale of up to (1) 28,158,331 shares of our common stock issued in connection with the Merger; (2) 3,091,632 shares reserved for issuance pursuant to warrants and an outstanding convertible promissory note; (3) all shares issued in connection with the Offering; and (4) 1,650,000 shares of our common stock held by our pre-Merger stockholders. After it is effective, the registration statement will permit the resale of these shares at any time for up to three years following the effective date of such registration statement. The resale, or expected or potential resale, of a substantial number of shares of our common stock in the public market could adversely affect the market price for our common stock and make it more difficult for you to sell shares of our common stock at times and prices that you feel are appropriate. Furthermore, we expect that, because there will be a large number of shares registered

pursuant to a registration statement, selling stockholders will continue to offer shares covered by such registration statement for a significant period of time, the precise duration of which cannot be predicted. Accordingly, the adverse market and price pressures resulting from an offering pursuant to a registration statement may continue for an extended period of time and continued negative pressure on the market price of our common stock could have a material adverse effect on our ability to raise additional equity capital.

Because our management will have broad discretion over the use of the net proceeds from the Offering, you may not agree with how we use them and the proceeds may not be invested successfully.

We intend to use the net proceeds from the Offering for working capital and general corporate purposes, and therefore, our management will have broad discretion as to the use of the Offering proceeds. Accordingly, you will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for our company.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. In addition, because we did not become a reporting company by conducting an underwritten initial public offering of our common stock, and because we will not be listed on a national securities exchange, security analysts of brokerage firms may not provide coverage of our company. We cannot assure you that brokerage firms will provide analyst coverage of our company in the future, or continue such coverage if started. In addition, investment banks may be less likely to agree to underwrite secondary offerings on our behalf than they might if we became a public reporting company by means of an underwritten initial public offering, because they may be less familiar with our company as a result of more limited coverage by analysts and the media, which could harm our ability to raise additional funding in the future. The failure to receive research coverage or support in the market for our shares will have an adverse effect on our ability to develop a liquid market for our common stock, which will negatively impact the trading price of our common stock.

In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, or if our operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Because the Merger was a reverse merger, the registration statement we file with respect to the shares of our common stock received by stockholders of Transphorm Technology in the Merger, investors in the Offering and the shares of our common stock held by our pre-Merger stockholders may be subject to heightened scrutiny by the SEC.

Certain SEC rules are more restrictive when applied to reverse merger companies, such as the ability of stockholders to re-sell their shares of common stock pursuant to Rule 144, and the SEC may subject the registration statement we file with respect to the shares of common stock received by investors in the Merger and the Offering or held by our pre-Merger stockholders to heightened scrutiny. The SEC may limit registration of shares held by pre-Merger stockholders, potentially for an extended period of time, which would significantly limit the ability of such holders to sell their common stock.

Our principal stockholders and management will continue to have substantial control over us after this offering and could delay or prevent a change in corporate control.

Immediately after giving effect to the Merger (and assuming the issuance of an aggregate of 28,158,331 shares of our common stock in the Merger), the Stock Forfeiture and the initial closing of the Offering, (1) KKR will be our largest stockholder, owning approximately 60.2% of our common stock, and (2) our executive officers and directors, together with holders of five percent or more of our outstanding common stock and their respective affiliates, will beneficially own approximately 72.9% of our common stock. As a result, these stockholders, acting together, or KKR individually, have the ability to significantly impact the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. In addition, these stockholders, acting together or KKR individually, have the ability to significantly impact the management and affairs of our company. The interests of these stockholders may not be the same as or may even conflict with your interests. The concentration of ownership might decrease the market price of our common stock by:

- delaying, deferring, or preventing a change in control of the company, which could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company or our assets and might affect the prevailing market price of our common stock;
- impeding a merger, consolidation, takeover, or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the company.

The significant concentration of stock ownership may also adversely affect the trading price of our common stock due to investors' perception that conflicts of interest may exist or arise.

Anti-takeover provisions that will be included in our charter documents and are under the General Corporation Law of the State of Delaware could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our management.

Provisions in our bylaws and that will be included in our certificate of incorporation may delay or prevent an acquisition of us or a change in our management. These provisions include a classified board of directors, a prohibition on actions by written consent of our stockholders from and after the date that KKR beneficially owns less than a majority of our outstanding shares of common stock, supermajority voting requirements to amend certain provisions of our certificate of incorporation and bylaws from and after the date that KKR beneficially owns less than a majority of our outstanding shares of common stock, and the ability of our board of directors to issue preferred stock without stockholder approval. Although we believe these provisions collectively will provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with our board of directors, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove then-current management by making it more difficult for stockholders to replace members of the board of directors, which is responsible for appointing the members of management. In addition, we have opted out of the provisions of Section 203 of the Delaware General Corporation Law ("DGCL"), which generally prohibit a Delaware corporation from engaging in any of a broad range of business combinations with any interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder. However, our amended and restated certificate of incorporation will provide substantially the same limitations as are set forth in Section 203 but also provides that KKR and its affiliates and any of their direct or indirect transferees and any group as to which such persons are a party do not constitute interested stockholders for purposes of this provision.

Our bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our bylaws provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, stockholder officers or other employees to us or our stockholders, any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws or any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein and the claim not being one which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery or for which the Court of Chancery does not have subject matter jurisdiction. Any person purchasing or otherwise acquiring any interest in any shares of our common stock shall be deemed to have notice of and to have consented to this provision of bylaws. This choice of forum provision may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the Court of Chancery could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The Court of Chancery may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. Alternatively, if a court were to find this provision of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our historical financial statements and the related notes thereto contained in this Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled "Special Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

On February 12, 2020, our wholly-owned subsidiary, Peninsula Acquisition Sub, Inc., a corporation formed in the State of Delaware ("Acquisition Sub"), merged with and into Transphorm Technology, the corporate existence of Acquisition Sub ceased, and Transphorm Technology became our wholly-owned subsidiary. As a result of the Merger, we acquired the business of Transphorm Technology and will continue the existing business operations of Transphorm Technology as a public reporting company under the name Transphorm, Inc.

The Merger was treated as a recapitalization and reverse acquisition for us for financial reporting purposes, and Transphorm Technology is considered the acquirer for accounting purposes.

As a result of the Merger and the change in our business and operations, a discussion of the past financial results of Peninsula Acquisition Corporation is not pertinent, and under applicable accounting principles, the historical financial results of Transphorm Technology, the accounting acquirer, prior to the Merger are considered our historical financial results.

We are a pioneer, and a market and technology leader, in the wide-bandgap gallium nitride ("GaN") power electronics field with high performance and high reliability GaN devices for high voltage power conversion applications. We deliver high quality and reliable GaN devices with high performance, while providing application design support to a growing customer base. We deploy our unique vertically-integrated innovation model that leverages one of the industry's most experienced GaN engineering team (with over 300 years of combined experience) at every development stage: device design, materials growth, device fabrication, packaging, circuits and application support. This approach, backed by one of the GaN power industry's largest IP portfolios with access to over 1,000 world-wide patents, has yielded the industry's first JEDEC and AEC-Q101-qualified high voltage GaN FETs, and to date, the only AEC-Q101-qualified GaN FETs with comprehensive qualification data reports in place. Our innovations are designed to move power electronics beyond the limitations of silicon and provide our customers with the potential to achieve high efficiency (e.g., Titanium-class performance in power supplies), high power density and, in some designs, an overall lower system cost.

We received our first product order "in volume" (e.g., greater than ten thousand units) for our Gen-2-based TO247 products in January 2018. We introduced our Gen-3 products in June 2018. Also in 2018, we were awarded a contract from the U.S. Navy to become a supplier for GaN epiwafer products for use by the U.S. Department of Defense. In the fourth quarter of 2019, we will recognize licensing revenue through our first outbound licensing deal with Nexperia B.V. ("Nexperia").

Since the inception of Transphorm Technology, we have devoted substantial resources to the research and development of GaN power devices and the protection and enhancement of our intellectual property and have incurred significant operating losses. Our net loss was $25.8 million and $32.2 million for the years ended December 31, 2018 and 2017, respectively, and $17.7 million and $18.6 million for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019, our accumulated deficit was $146.3 million. Substantially all of our operating losses have resulted from expenses incurred in connection research and development activities and from general and administrative costs associated with our operations.

To date, our revenue has been significantly lower than our expenses. Our revenue was $2.0 million for the nine months ended September 30, 2019 and $1.4 million for the year ended December 31, 2018. We expect to continue to incur significant expenses and operating losses for the foreseeable future. We expect our expenses will increase in connection with our ongoing activities as we:

- add sales and field applications personnel and incur related expenses to support operational growth;
- increase activity directly related to promoting our products to increase revenue; and
- add financial accounting and management systems and select personnel and incur additional legal and accounting expense as we operate as a public company.

Recent Developments

Reverse Merger

On February 12, 2020, our wholly-owned subsidiary, Acquisition Sub, merged with and into Transphorm Technology. Pursuant to the Merger Agreement, Transphorm Technology was the surviving corporation and became our wholly-owned subsidiary. Following the consummation of the Merger, Transphorm Technology changed its name to "Transphorm Technology, Inc." The Merger was effective as of February 12, 2020, upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware.

Immediately after completion of the Merger, we adopted Transphorm Technology's former company name, "Transphorm, Inc.", as our company name by filing a Certificate of Amendment to our Certificate of Incorporation.

At the Effective Time, (i) each share of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger was converted into the right to receive (a) 0.08289152527 shares of our common stock (in the case of shares held by accredited investors) or (b) $4.00 multiplied by the Common Stock Conversion Ratio (in the case of shares held by unaccredited investors), with the maximum number of shares of our common stock issuable to the former holders of Transphorm Technology's common stock equal to 4,224,382, (ii) 51,680,254 shares of Transphorm Technology's Series 1 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 12,433,953 shares of our common stock, (iii) 38,760,190 shares of Transphorm Technology's Series 2 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 7,499,996 shares of our common stock, and (iv) 31,850,304 shares of Transphorm Technology's Series 3 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 4,000,000 shares of our common stock. As a result, a maximum of 28,151,331 shares of our common stock will be issued to the holders of Transphorm Technology's issued and outstanding capital stock after adjustments due to rounding for fractional shares. Immediately prior to the Effective Time, an aggregate of 682,699 shares of our common stock, owned by the stockholders of Peninsula Acquisition Corporation prior to the Merger, were forfeited and cancelled (the "Stock Forfeiture").

In addition, pursuant to the Merger Agreement, (i) options to purchase 29,703,285 shares of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger under Transphorm Technology's 2007 Plan and 2015 Plan were assumed and converted into options to purchase 2,461,923 shares of our common stock, (ii) warrants to purchase 186,535 shares of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger were assumed, amended and converted into warrants to purchase 15,461 shares of our common stock, and (iii) Transphorm Technology's outstanding convertible promissory note was amended to be convertible, at the option of the holder, into shares of our common stock at a conversion price of $5.12 per share, with 3,076,171 being the maximum number of shares of our common stock convertible under the convertible promissory note. As of the closing of the Merger, there was $15.0 million of principal and $0.3 million of accrued and unpaid interest outstanding on the convertible promissory note.

As discussed in Note 1 to the Consolidated Financial Statements for years ended December 31, 2018 and 2017, and Note 1 to the Condensed Consolidated Financial Statements for the nine months ended September 30, 2019 and 2018, all per share and share amounts for all periods presented have been retroactively adjusted to reflect the effect of the Merger.

Transphorm Technology is considered the accounting acquirer in the Merger and will account for the transaction as a capital transaction because Transphorm Technology's former stockholders received substantially all of the voting rights in the combined entity and Transphorm Technology's senior management represents all of the senior management of the combined entity.

Private Placement

Following the Effective Time of the Merger, we sold 5,365,000 shares of our common stock pursuant to an initial closing of the Offering for up to 12,500,000 shares of our common stock at a purchase price of $4.00 per share. The aggregate gross proceeds from the initial closing of the Offering were $21.46 million (before deducting placement agent fees and expenses of the initial closing of the Offering, which are estimated at $2.43 million). The initial closing of the Offering occurred on February 12, 2020. We may hold one or more subsequent closings at any time prior to February 28, 2020, unless otherwise extended, to sell the remaining shares in the Offering. We may also sell up to an additional 2,500,000 shares of common stock at the Offering Price to cover over-subscriptions in the event the Offering is oversubscribed.

Each investor in any subsequent closing will be required to represent that, at the time of the applicable closing, it (i) has a substantive, pre-existing relationship with us, or has direct contact with us or the Placement Agents or other enumerated parties outside of the Offering and (ii) did not independently contact us as a result of general solicitation by means of this Report, any press release or any other public disclosure disclosing the material terms of the Offering.

Key Factors Affecting Our Performance

There are a number of industry factors that affect our business which include, among others:

Overall Demand for Products and Applications using GaN devices. Our potential for growth depends significantly on the adoption of GaN materials and devices in the power markets and GaN epiwafer material products in the RF markets, the expansion of the use of GaN devices in Infrastructure, IT, Data Centers, Industrial and Consumer adapter applications and our ability to win new designs for these applications. Demand also fluctuates based on various market cycles, continuously evolving industry supply chains, trade and tariff terms, as well as evolving competitive dynamics in each of the respective markets. These uncertainties make demand difficult to forecast for us and our customers.

Intense and Constantly Evolving Competitive Environment. Competition in the industries we serve is intense. Many companies have made significant investments in product development and production equipment. To remain competitive, market participants must continuously increase product performance, reduce costs and develop improved ways to serve their customers. To address these competitive pressures, we have invested in research and development activities to support new product development, lower product costs and deliver higher levels of performance to differentiate our products in the market.

Governmental Trade and Regulatory Conditions. Our potential for growth, as with most multi-national companies, depends on a balanced and stable trade, political, economic and regulatory environment among the countries where we do business. Changes in trade policy such as the imposition of tariffs or export bans to specific customers or countries could reduce or limit demand for our products in certain markets.

Technological Innovation and Advancement. Innovations and advancements in materials and power technologies continue to expand the potential commercial application for our products. However, new technologies or standards could emerge or improvements could be made in existing technologies that could reduce or limit the demand for our products in certain markets.

Intellectual Property Issues. We rely on patented and non-patented proprietary information relating to product development, manufacturing capabilities and other core competencies of our business. Protection of intellectual property is critical. Therefore, steps such as additional patent applications, confidentiality and non-disclosure agreements, as well as other security measures are important. While we have a strong patent portfolio comprising access to over 1,000 worldwide patents (directly owned or licensed) and there is no actual or, to our knowledge, threatened litigation against us for patent-related matters, litigation or threatened litigation is a common method to effectively enforce or protect intellectual property rights. Such action may be initiated by or against us and would require significant management time and expenses.

Components of Results of Operations

Revenue

Our revenue currently consists of (1) government revenue from our contract with the U.S. Navy and (2) revenue from product sales. In the fourth quarter of 2019, we will recognize licensing revenue through our first outbound licensing deal with Nexperia.

Operating Expenses

Cost of Goods Sold. Cost of goods sold consists of (1) direct product costs incurred for the raw materials and manufacturing services for our products, (2) fixed product costs primarily relating to production, manufacturing and personnel and (3) depreciation and amortization expenses consisting primarily of expenses related to our fixed assets together with amortization of our intangible assets. We expect our cost of goods sold attributable to direct product costs to increase proportionately with increases in revenue, and our cost of goods sold attributable to fixed product costs to remain substantially flat or moderately increase in connection with increases in revenue.

Research and Development. Research and development expenses consist primarily of compensation and related costs for personnel, including stock-based compensation and employee benefits as well as costs associated with design, fabrication, packaging and testing of GaN devices. In addition, research and development expenses include depreciation expenses related to our fixed assets. We expense research and development expenses as incurred. As we continue to invest in developing our technology for new products, we expect research and development expenses to remain flat or moderately increase in absolute dollars but to decline as a percentage of revenue.

Sales and Marketing. Sales and marketing expenses consist primarily of compensation and related costs for personnel, including stock-based compensation and employee benefits, and associated travel costs. Sales and marketing expenses also include costs associated with our support of business development efforts with distributors in Europe and Asia, and costs related to trade shows and marketing programs. We expense sales and marketing expenses as incurred. We expect sales and marketing expenses to increase in absolute dollars in future periods as we increase our sales and expand our sales force and our marketing organization.

General and Administrative. General and administrative expenses consist primarily of compensation and related costs for personnel, including stock-based compensation, employee benefits and travel. In addition, general and administrative expenses include third-party consulting, legal, audit, accounting services, allocations of overhead costs, such as rent, facilities and information technology, and amortization of our intangible assets. We expect general and administrative expenses to increase in absolute dollars in future periods due to additional legal, accounting, insurance, investor relations and other costs associated with being a public company, as well as other costs associated with growing our business.

Interest Expense

Interest expense consists primarily of interest and amortization of related costs associated with our debts with Nexperia and Yaskawa, respectively.

Equity Loss in Joint Venture

Equity loss in joint venture consists of expenditures to cover the losses associated with our 49% share ownership of AFSW. The potential magnitude of this loss may increase or decrease in the future based upon changes in our shareholding percentage in AFSW and the level of operating expenses incurred by AFSW.

Changes in Fair Value of Promissory Notes

Changes in the fair value of promissory notes reflect valuation changes in the notes held by the company. Offering costs are expensed as incurred.

Other Income, Net

Other income, net of other expenses, consists primarily of income generated from renting a component of the research and development facility we have at 115 Castilian Drive, Goleta, California.

Income Tax Expense

Income tax expense consists primarily of income taxes in certain foreign and state jurisdictions in which we conduct business.

Results of Operations

The following table sets forth our historical consolidated statements of operations data for the periods indicated (in thousands):

	Nine Months Ended September 30,		Increase (Decrease)	
	2019	2018	Amount	Percentage
Revenue	$ 2,011	$ 915	$ 1,096	119.8 %
Operating expenses:				
Cost of goods sold	4,211	3,336	875	26.2 %
Research and development	6,245	6,928	(683)	(9.9)%
Sales and marketing	2,098	2,739	(641)	(23.4)%
General and administrative	4,015	4,129	(114)	(2.8)%
Total operating expenses	16,569	17,132	(563)	(3.3)%
Loss from operations	(14,558)	(16,217)	1,659	(10.2)%
Interest expense	567	536	31	5.8 %
Equity loss in joint venture	3,004	1,185	1,819	153.5 %
Changes in fair value of promissory notes	101	821	(720)	(87.7)%
Other income, net	(513)	(158)	(355)	224.7 %
Loss before tax expense	(17,717)	(18,601)	884	(4.8)%
Tax expense	—	—	—	— %
Net loss	**$ (17,717)**	**$ (18,601)**	**$ 884**	**(4.8)%**

Revenue increased $1.1 million, or 119.8 percent, to $2.0 million for the nine months ended September 30, 2019 from $0.9 million for the same period in 2018. The increase is due primarily to increased sales to the U.S. Navy. In 2018 and 2019, we secured, respectively, the base portion and the option portion of a contract with the U.S. Navy, contemplating a three-year term and an expected total value of $18.5 million.

Operating expenses decreased $0.6 million, or 3.3 percent, to $16.6 million for the nine months ended September 30, 2019 from $17.1 million for the same period in 2018.

Cost of goods sold increased $0.9 million, or 26.2 percent, to $4.2 million for the nine months ended September 30, 2019, compared with $3.3 million for the same period in 2018, due primarily to various incremental increases in manufacturing costs.

Research and development expense, which represents 37.7 percent and 40.4 percent of our total operating expenses for the nine months ended September 30, 2019 and 2018, respectively, decreased $0.7 million, or 9.9 percent, to $6.2 million for the nine months ended September 30, 2019 from $6.9 million for the same period in 2018, due primarily to decreased investment in development of new generations of our technology.

Sales and marketing expense decreased $0.6 million, or 23.4 percent, to $2.1 million for the nine months ended September 30, 2019 compared with $2.7 million in the same period in 2018, due primarily to a decrease in salaries and employee benefits resulting from a reduced number of employees.

General and administrative expense decreased $0.1 million, or 2.8 percent, to $4.0 million for the nine months ended September 30, 2019 from $4.1 million for the same period in 2018, due primarily to a decrease in legal fees in connection with customer- and partnership-related obligations.

Interest expense of $0.6 million consists of $0.5 million and $0.1 million for promissory notes to Nexperia and Yaskawa, respectively, for the nine months ended September 30, 2019. Interest expense of $0.5 million consists of $0.2 million, $0.1 million and $0.2 million for promissory notes to Nexperia, Yaskawa, and Semiconductor Components Industries, LLC ("SCI") and IIDA Electronics Co. Ltd. ("IIDA"), respectively, for the nine months ended September 30, 2018. The promissory notes to SCI and IIDA were both paid off in 2018.

Equity loss in joint venture increased $1.8 million, or 153.5 percent, to $3.0 million for the nine months ended September 30, 2019 from $1.2 million for the same period in 2018, due primarily to an increased loss share resulting from the decreased utilization of the AFSW fabrication facility.

The change in fair value of promissory notes decreased by $0.7 million, or 87.7 percent, to $0.1 million for the nine months ended September 30, 2019, compared with $0.8 million for the nine months ended September 30, 2018.

Other income, net of other expenses, was $0.5 million and $0.2 million for the nine months ended September 30, 2019 and 2018, respectively.

Net losses were $17.7 million and $18.6 million for the nine months ended September 30, 2019 and 2018, respectively. The decrease in net loss was primarily attributable to a $1.1 million increase in revenue, a $0.6 million decrease in operating expenses and a $0.7 million decrease in changes in fair value of promissory notes, offset primarily by a $1.8 million increase in equity loss in joint venture resulting from decreased utilization of the AFSW fabrication facility.

The following table sets forth our historical consolidated statements of operations data for the periods indicated (in thousands):

	Year Ended December 31,		Increase (Decrease)	
	2018	2017	Amount	Percentage
Revenue	$ 1,358	$ —	$ 1,358	— %
Operating expenses:				
Cost of goods sold	4,601	—	4,601	— %
Research and development	9,351	17,632	(8,281)	(47.0)%
Sales and marketing	3,626	5,835	(2,209)	(37.9)%
General and administrative	5,675	6,688	(1,013)	(15.1)%
Total operating expenses	23,253	30,155	(6,902)	(22.9)%
Loss from operations	(21,895)	(30,155)	8,260	(27.4)%
Interest expense	710	697	13	1.9 %
Equity loss in joint venture	2,404	1,324	1,080	81.6 %
Changes in fair value of promissory notes	1,060	321	739	230.2 %
Other income, net	(271)	(275)	4	(1.5)%
Loss before income tax expense	(25,798)	(32,222)	6,424	(19.9)%
Income tax expense	—	—	—	— %
Net loss	**$ (25,798)**	**$ (32,222)**	**$ 6,424**	**(19.9)%**

Revenue was $1.4 million for the year ended December 31, 2018, compared with zero for the same period in 2017. Our 2018 revenue was attributable primarily to sales of our products (which represented our first significant product-based revenue) following successful inclusion of our products in an end-customer's design.

Operating expenses decreased $6.9 million, or 22.9 percent, to $23.3 million for the year ended December 31, 2018 from $30.2 million for the same period in 2017, driven primarily by a reduction in the number of employees as well as reduced production at our fabrication facility in Goleta, CA.

Cost of goods sold was $4.6 million for the year ended December 31, 2018, compared with zero for the same period in 2017. Costs of goods sold in 2018 reflected the increase in production of our products (which represented our first significant revenue-generating production) following successful inclusion of our products in an end-customer's design.

Research and development expense, which represented 40.2 percent and 58.5 percent of total operating expenses for the year ended December 31, 2018 and 2017, respectively, decreased $8.3 million, or 47.0 percent, to $9.4 million for the year ended December 31, 2018 from $17.6 million for the same period in 2017, due primarily to the decreased salaries and employee benefits resulting from reduced number of employees.

Sales and marketing expense decreased $2.2 million, or 37.9 percent, to $3.6 million for the year ended December 31, 2018 from $5.8 million for the same period in 2017, due primarily to the decreased salaries and employee benefits resulting from reduced number of employees following closure of an applications engineering research facility.

General and administrative expense decreased $1.0 million, or 15.0 percent, to $5.7 million for the year ended December 31, 2018 from $6.7 million for the same period in 2017, due primarily to a reduction in legal and compliance costs in connection with customer- and partnership-related obligations.

Interest expense of $0.7 million consists of $0.3 million, $0.2 million, $0.2 million and $8,000 for promissory notes to Nexperia, Yaskawa, SCI and IIDA, respectively, for the year ended December 31, 2018. Interest expense of $0.7 million consists of $36,000, $30,000 and $0.6 million for promissory notes to Yaskawa, SCI and IIDA, respectively, for the year ended December 31, 2017.

Equity loss in joint venture increased $1.1 million, or 81.6 percent, to $2.4 million for the year ended December 31, 2018 from $1.3 million for the same period in 2017, due primarily to eight months' operation of a joint venture for the year ended December 31, 2017.

The change in fair value of promissory notes increased by $0.7 million, or 230.2 percent, to $1.1 million for the year ended December 31, 2018, compared to $0.3 million for the same period in 2017.

Other income, net of other expenses, was $0.3 million for each of the years ended December 31, 2018 and 2017.

Net loss decreased $6.4 million, or 19.9 percent, to $25.8 million for the year ended December 31, 2018 from $32.2 million for the same period in 2017. The decrease was attributable primarily to a $1.4 million increase in revenue and a $6.9 million decrease in total operating expenses, driven primarily by a reduction in the number of employees as well as reduced production at our fabrication facility in Goleta, CA, offset primarily by a $1.1 million increase in equity loss in joint venture.

Liquidity and Capital Resources

As of September 30, 2019, we had cash on hand of $2.9 million, other current assets of $2.3 million and current liabilities of $25.3 million, resulting in negative working capital of $20.1 million. As of September 30, 2019, the negative working capital included $6.0 million of deferred revenue that we believe will be recognized as revenue in later periods and a development loan of $5.0 million.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As included in the accompanying consolidated financial statements, the Company has generated recurring losses from operations and has an accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern for the next twelve months from the issuance of these consolidated financial statements.

We plan to raise additional working capital to fund operations through the issuance of stock to investors, license of intellectual property and/or issuance of notes payable. We believe, but there is no assurance, that the net proceeds of $19.0 million from the initial closing of the Offering and our existing cash and cash equivalents will be sufficient to fund our current operating plans for the near term.

Our ability to continue as a going concern is dependent on our ability to raise adequate capital to fund operating losses until we are able to generate liquidity from our business operations. To the extent sufficient financing is not available, we may not be able to, or may be delayed in, developing our offerings and meeting our obligations. We will continue to evaluate our projected expenditures relative to our available cash and evaluate financing alternatives in order to satisfy our working capital and other cash requirements. The accompanying consolidated financial statements do not reflect any adjustments that might result from the outcome of these uncertainties.

Our principal sources of liquidity have been cash generated by issuing new shares and promissory notes in Transphorm Technology and, more recently, cash generated from operations.

On April 4, 2018, we entered into a multi-element commercial arrangement with Nexperia in order to raise an aggregate of $50.0 million in financing with approximately 9.9% equity dilution (on a fully-diluted basis) in exchange for performing certain technology and product development activities for Nexperia. See Note 3 to our audited consolidated financial statements for more information on the Nexperia arrangement. During 2018, as a result of the arrangement with Nexperia, we received $26.0 million, consisting of $16.0 million and $10.0 million from issuing convertible preferred stock and borrowing under a revolving credit facility, respectively. The commercial arrangement includes a Loan and Security Agreement ("LSA") with Nexperia, which provides for term loans in an aggregate principal amount of up to $15.0 million and an additional $9.0 million loan commitment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Cash Flows—Nexperia Loan and Security Agreement" below for more information about the LSA.

As discussed above, on February 12, 2020, concurrently with the closing of the Merger, we closed a private placement offering in which we sold 5,365,000 shares of our common stock, at a purchase price of $4.00 per share, for aggregate gross proceeds (before placement agent fees and offering expenses) of $21.46 million. See "The Merger and Related Transactions—The Offering" above for additional information.

Our future capital requirements will depend on many factors including our revenue growth rate, billing frequency, the timing and extent of spending to support further sales and marketing and research and development efforts, whether we are able to extend the maturity date of loans under the LSA with Nexperia and whether Yaskawa will elect to convert its convertible promissory note into our common stock in lieu of repayment. Our obligations in connection with AFSW will also impact our capital requirements, especially if FSL exercises its put option and we become the sole owner of AFSW, which would substantially increase our operating expenses and cash requirements, including as a result of our agreement to use our best efforts to maintain and continue the operations of AFSW for at least one year following the date on which we take over full ownership of AFSW. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations and financial condition would be materially and adversely affected.

Cash Flows

As of September 30, 2019, our cash and cash equivalents were $2.9 million. The following table shows a summary of our cash flows for the periods presented (in thousands):

	Nine Months Ended September 30,		Year Ended December 31,	
	2019	2018	2018	2017
Net cash (used in) provided by:				
Operating activities	$ (11,324)	$ (16,310)	$ (17,685)	$ (29,772)
Investing activities	(1,851)	(1,594)	(2,184)	19,135
Financing activities	13,000	10,000	13,000	15,048
(Decrease) increase in cash and cash equivalents excluding effect of foreign exchange rate changes	$ (175)	$ (7,904)	$ (6,869)	$ 4,411

Operating Activities

Net cash used in operating activities was $11.3 million and $16.3 million for the nine months ended September 30, 2019 and 2018, respectively. The decrease of $5.0 million was attributable primarily to the receipt of $3.0 million as deferred revenue from Nexperia.

Net cash used in operating activities was $17.7 million and $29.8 million for the years ended December 31, 2018 and 2017, respectively. The decrease of $12.1 million was attributable primarily to a $5.6 million lower net loss, a $2.5 million unfavorable change in fair value of promissory notes and the receipt of $3.0 million as deferred revenue from Nexperia.

Investing Activities

Net cash used in investing activities was $1.9 million and $1.6 million for the nine months ended September 30, 2019 and 2018, respectively. Cash used in investing activities was attributable primarily to investment in joint venture of $1.7 million both for the nine months ended September 30, 2019 and 2018.

Net cash used in investing activities was $2.2 million for the year ended December 31, 2018 and net cash provided by investing activities was $19.1 million for the year ended December 31, 2017. The change in cash was attributable primarily to the net proceeds of $20.5 million in matured investment securities during the year ended December 31, 2017.

Financing Activities

Net cash provided by financing activities was $13.0 million and $10.0 million for the nine months ended September 30, 2019 and 2018, respectively. Net cash provided by financing activities during the nine months ended September 30, 2019 was related to proceeds of $13.0 million from Nexperia development loans. Net cash provided by financing activities during the nine months ended September 30, 2018 relates to net proceeds of $16.0 million from our Series 3 convertible preferred stock offering to Nexperia and $7.0 million from our secured revolving credit facility with Nexperia, offset by principal payments of $13.0 million against promissory notes to SCI and IIDA.

Net cash provided by financing activities was $13.0 million and $15.0 million for the years ended December 31, 2018 and 2017, respectively. Net cash provided by financing activities during the year ended December 31, 2018 relates to net proceeds of $16.0 million from our Series 3 convertible preferred stock offering to Nexperia and $10.0 million from our secured revolving credit facility with Nexperia, offset by principal payments of $13.0 million against promissory notes to SCI and IIDA. Net cash provided by financing activities during the year ended December 31, 2017 relates to net proceeds of $15.0 million from an unsecured subordinated convertible promissory note to Yaskawa.

Nexperia Loan and Security Agreement

On April 4, 2018, we entered into a Loan and Security Agreement (“LSA”) with Nexperia. The LSA provides for term loans in an aggregate principal amount of up to $15.0 million, which term loans are available in tranches (Tranche A, Tranche B and Tranche B-1) and subject to the satisfaction of specified conditions. As of September 30, 2019, $10.0 million aggregate principal amount of term loans were outstanding under the LSA and no additional funds remained available to draw upon. The LSA also provides for a $10.0 million Tranche C Loan commitment, which Tranche C Loans may be borrowed, repaid and reborrowed subject to the terms and conditions of the LSA. As of September 30, 2019, $10.0 million aggregate principal amount of Tranche C Loans were outstanding under the LSA. The proceeds of the loans under the LSA may be used as set forth therein for development work related to the Development and License Agreement (“DLA”) between us and Nexperia, dated as of April 4, 2018, the repayment of specified debt and for general corporate purposes.

The Tranche A Loans mature on the earlier of the date a specified report is required to be delivered under the DLA or March 31, 2020, subject to extension as provided in the LSA. The Tranche B Loans and Tranche B-1 Loans mature on the earlier of the date a specified report is required to be delivered under the DLA or March 31, 2021, subject to extension as provided in the LSA. The Tranche C commitments terminate, and the Tranche C Loans mature, on April 4, 2021.

Loans under the LSA bear interest at the rate of 6.0% per annum. Interest is payable quarterly, on the date of any prepayment or repayment and on each maturity date for the loans then maturing. A commitment fee on the unused portion of the Tranche C loan commitment accrues at the rate of 0.7% per annum and is payable quarterly.

Our obligations under the LSA are secured by a security interest on certain U.S. patents not relating to MOCVD or epiwafer technology.

The LSA contains customary affirmative covenants, including delivery of financial statements, compliance with laws, and maintenance of insurance and properties, and certain negative covenants, including restrictions on liens on the collateral and restrictions on the disposition and licensing of any patent constituting collateral under the LSA. We obtained a waiver for a non-financial covenant violation in June 2019 in connection with the delivery of our 2018 audited financial statements. The LSA also contains customary events of default including, among others, payment defaults, breaches of covenants defaults, the occurrence of a material adverse change, bankruptcy and insolvency defaults, cross defaults with certain material indebtedness, judgment defaults, and the occurrence of a change of control. In addition, an event of default will occur if the DLA is terminated under certain circumstances or we fail to timely deliver reports related to statements of work under the DLA. Upon the occurrence and during the continuance an event of default, Nexperia may declare all or a portion of our outstanding obligations to be immediately due and payable and exercise other rights and remedies provided for under the LSA. If specified events of default occur and remain continuing for more than 30 consecutive days, we are required to assign the patents constituting collateral to Nexperia in satisfaction of our obligations under the LSA. During the existence of an event of default, interest on the obligations could be increased to 3.0% above the otherwise applicable interest rate.

Contractual Obligations and Commitments

The following is a summary of our significant contractual obligations as of December 31, 2018 (in thousands).

	Within One Year	More than One Year and Less Than Three Years	More than Three Years and Less Than Five Years	More Than Five Years	Total
Operating lease obligation	$ 717	$ 1,192	$ 163	$ —	$ 2,072
Revolving credit facility	10,346	—	—	—	10,346
Promissory note (1)	—	—	15,748	—	15,748
Total	$ 11,063	$ 1,192	$ 15,911	$ —	$ 28,166

(1) Consists of aggregate principal amount of $15.0 million of the convertible promissory note issued to Yaskawa.

Off-Balance Sheet Transactions

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, such as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes thereto included in this Report are prepared in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. These estimates are developed based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operation, and cash flows will be affected. We believe that the accounting policies described below involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

Adoption of new accounting standard

In May 2014, the FASB issued ASU 2014- 09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company early adopted the new standard effective January 1, 2018, the first day of the Company's fiscal year using the modified retrospective approach.

Revenue recognition policy

The Company derives its revenues primarily from sales of high-powered GaN-based products manufactured utilizing their proprietary and patented epiwafer technology, wafer fabrication and other assembly processes, and sales of GaN epiwafers for the RF and power markets, as well as sales of licenses to use such patented proprietary technology. Revenues are recognized when control of these products or licenses are transferred to its customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products and licenses. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The Company does not have any significant financing components associated with its revenue contracts, as payment is received at or shortly after the point of sale.

Government contract revenues are principally generated under research and development contracts. Contract revenues are derived primarily from research contracts with agencies of the United States Government. Credit risk related to accounts receivable arising from such contracts is considered minimal. These contracts may include cost-plus and fixed price. All payments to us for work performed on contracts with agencies of the U.S. Government are subject to adjustment upon audit by the Defense Contract Audit Agency.

Disaggregation of revenue from contracts with customers

Revenue for the year ended December 31, 2018 solely consists of product sales. Our products are sold to distributors and end-users in various sectors such as, but not limited to, the automotive, gaming, industrial, IT, and consumer products industries.

As part of the Collaboration Arrangement executed with Nexperia on April 4, 2018, the Company agreed to grant Nexperia the exclusive right to use the Company's existing Gen 3 manufacturing process technology, and the Gen 4 (Tranche A), Gen 5 (Tranche B), and 1,200V technologies (Tranche B-1) to be developed by the Company as part of the Collaboration Arrangement. License fees are received upon satisfaction of contractual milestones. For the year ended December 31, 2018, the Company did not recognize any revenue related to the process transfer or technology development performance obligations. The $3.0 million contract liability related to cash received in 2018 from Nexperia is included in deferred revenue.

Performance obligations

For performance obligations related to the sale of products, control transfers to the customer at a point in time. The Company's principal terms of sale are Free On Board Destination and the Company transfers control and records revenue for product sales upon delivery to the customer. For performance obligations related to the licensing for the use of patented technology, control also transfers to the customer at a point in time. The Company transfers control and records revenue for licensing fees once the Company has (i) provided or otherwise makes available the patented technology to the customer and (ii) the customer is able to use and benefit from the patented technology.

Variable consideration

The nature of the Company's arrangement with Nexperia gives rise to variable consideration in the form of milestone and royalty payments. These variable amounts are received upon satisfaction of contractually agreed upon development targets and sales volume, which has not been achieved as of December 31, 2018. The royalties qualify for the sales- and usage-based royalty exception, as the license of intellectual property is the predominant item to which the royalty relates and are recognized upon the subsequent sale occurring.

Stock-Based Compensation

All share-based payments, including grants of stock options, are measured based on the fair value of the share-based awards at the grant date and recognized over their respective vesting periods, which is generally four years. The estimated fair value of stock options at the grant date is determined using the Black-Scholes-Merton pricing model. The Company recognizes the fair value of share-based payments as compensation expense for all expected-to-vest stock-based awards over the vesting period of the award using the straight-line attribution method provided that the amount of compensation cost recognized at any date is no less than the portion of the grant-date fair value of the award that is vested at that date.

The Black-Scholes-Merton option pricing model requires inputs such as the fair value of common stock on date of grant, expected term, expected volatility, dividend yield, and risk-free interest rate. Further, the forfeiture rate also affects the amount of aggregate compensation expense. These inputs are subjective and generally require significant analysis and judgment to develop. Volatility data is obtained from a study of publicly traded industry peer companies. The forfeiture rate is derived primarily from the Company's historical data, and the risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues commensurate with the expected term. Management generally uses the simplified method to calculate the expected term for employee grants as the Company has limited historical exercise data or alternative information to reasonably estimate an expected term assumption. The simplified method assumes that all options will be exercised midway between the weighted average vesting date and the contractual term of the option.

Stock-based compensation expense recognized in the Company's consolidated financial statements is based on awards that are expected to vest. These expense amounts have been reduced by using an estimated forfeiture rate. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company evaluates the assumptions used to estimate forfeitures annually in connection of recognition of stock-based compensation expense.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to either early adopt or delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our common stock as of January 31, 2020, for:

- each person (or group of affiliated persons) who is known by us to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all of our directors and current executive officers as a group.

We have determined beneficial ownership in accordance with SEC rules. Except as indicated in the footnotes below, and subject to applicable community property laws, we believe, based on the information furnished to us, the persons and entities named in the table below have sole voting and investment power with respect to all shares shown as beneficially owned by them. Percentage of beneficial ownership is based on 35,173,331 shares of our common stock outstanding as of January 31, 2020, after giving effect to (i) the Merger (and assuming the issuance of an aggregate of 28,158,331 shares of our common stock in the Merger), (ii) the Stock Forfeiture, and

(iii) the issuance of 5,365,000 shares of our common stock at the initial closing of the Offering. In computing the number of shares beneficially owned by a person or entity and the percentage ownership of that person or entity, we deemed to be outstanding all shares of our common stock as to which such person or entity has the right to acquire within 60 days of January 31, 2020, through the exercise of any option or other right. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person or entity. Unless otherwise noted below, the address of each beneficial owner named below is c/o Transphorm, Inc., 75 Castilian Drive, Goleta, CA 93117.

Name of Beneficial Owner	Shares Beneficially Owned (#)	Percentage Beneficially Owned (%)
5% Stockholders:		
KKR Phorm Investors L.P. (1)	21,175,980	60.2%
Nexperia B.V. (2)	4,000,000	11.4%
Yaskawa Electric Corporation (3)	3,001,846	7.9%
Named Executive Officers and Directors:		
Mario Rivas (4)	371,005	1.0%
Cameron McAulay (5)	118,603	*
Primit Parikh, Ph.D. (6)	349,844	1.0%
Brittany Bagley	—	*
David Kerko	—	*
Umesh Mishra, Ph.D. (7)	464,411	1.3%
Eiji Yatagawa(1)	21,175,980	60.2%
All directors and current executive officers as a group (7 persons) (8)	22,479,843	61.9%

* Represents less than 1% of the total.

(1) Represents shares directly owned by KKR Phorm Investors L.P. KKR Phorm Investors GP LLC, as the general partner of KKR Phorm Investors L.P.; KKR Group Partnership L.P., as the sole member of KKR Phorm Investors GP LLC; KKR Group Holdings Corp., as the general partner of KKR Group Partnership L.P.; KKR & Co. Inc., as the sole shareholder of KKR Group Holdings Corp.; KKR Management LLP, as the Class B shareholder of KKR & Co. Inc.; and Messrs. Henry R. Kravis and George R. Roberts, as founding partners of KKR Management LLP, may be deemed to be the beneficial owners with respect to the shares directly owned by KKR Phorm Investors L.P. The principal business address of each of the entities and persons identified in this paragraph, except Mr. Roberts, is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, Suite 4200, New York, NY 10019. The principal business address for Mr. Roberts is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025. Mr. Yatagawa is a member of our board of directors and serves as an executive of Kohlberg Kravis Roberts & Co. L.P. and/or one or more of its affiliates. Each of Messrs. Kravis, Roberts and Yatagawa disclaims beneficial ownership of the shares held by KKR Phorm Investors L.P. The principal business address of Mr. Yatagawa is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019.

(2) Wingtech Technology Co. Ltd. may be deemed to be the beneficial owner having voting and dispositive power with respect to these shares. The principal business address of Wingtech Technology Co. Ltd. 4F-6F, Building 4 of Juxin Yuan, No. 188, Pingfu Road, Xuhui District, Shanghai, China. The principal business address of Nexperia B.V. is Jonkerbosplein 52, 6534 AB Nijmegen, The Netherlands.

(3) All such shares are issuable upon conversion of a convertible promissory note within 60 days of January 31, 2020. The principal business address of Yaskawa Electric Corporation is 2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu 806-0004, Japan.

(4) Consists of (i) 12,500 shares of common stock held by Mr. Rivas and (ii) 358,505 shares of common stock issuable pursuant to stock options that are exercisable within 60 days of January 31, 2020.

(5) All such shares of common stock are issuable pursuant to stock options that are exercisable within 60 days of January 31, 2020.

(6) Consists of (i) 69,396 shares of common stock held by Dr. Parikh and (ii) 280,448 shares of common stock issuable pursuant to stock options that are exercisable within 60 days of January 31, 2020.

(7) Consists of (i) 85,391 shares of common stock held by Dr. Mishra and (ii) 379,020 shares of common stock issuable subject to stock options that are exercisable within 60 days of January 31, 2020.

(8) Includes 1,136,576 shares of common stock issuable pursuant to stock options that are exercisable within 60 days of January 31, 2020.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

At the Effective Time , Brittany Bagley, David Kerko, Umesh Mishra, Mario Rivas and Eiji Yatagawa were appointed to our board of directors, and Mr. Jacobs and Mr. Tompkins resigned from our board of directors. Our executive management team was also reconstituted immediately following the Effective Time by the appointment of Mario Rivas as our Chief Executive Officer, Cameron McAulay as our Chief Financial Officer, Umesh Mishra as our Chief Technology Officer and Primit Parikh as our Chief Operating Officer, and the resignation of Mr. Jacobs from all positions with us.

Directors and Executive Officers

The following table sets forth the names, positions and ages of our current executive officers and directors, all of whom were appointed effective as of the closing of the Merger:

Name	Position	Age
Executive Officers:		
Mario Rivas	Chief Executive Officer, Director	65
Cameron McAulay	Chief Financial Officer	44
Umesh Mishra	Chief Technology Officer, Director	62
Primit Parikh	Chief Operating Officer	48
Non-Employee Directors:		
Brittany Bagley	Director	36
David Kerko	Director	46
Eiji Yatagawa	Director	42

Executive Officers

Mario Rivas has served as a member of Transphorm Technology's board of directors since June 2015. Mr. Rivas has also served as Chief Executive Officer of Transphorm Technology since October 2015. Prior to joining Transphorm Technology, Mr. Rivas was Vice President of Strategy and Business Development of Digital Heat Corporation, a manufacturer of electric eyelid heaters, from July 2013 to September 2015, President and Chief Executive Officer of ANADIGICS, Inc., a semiconductor company, from January 2009 to April 2011, and Chief Executive Officer of Quartics, Inc., a fabless semiconductor and software company, from September 2008 to

January 2009. Prior to that, Mr. Rivas held executive positions at Advanced Micro Devices, Inc., Philips Semiconductors and Motorola Semiconductor. He holds a B.S. in Electrical Engineering from the Universidad Centroamericana José Simeón Cañas and an M.S. in Semiconductor Physics and an M.S. in Management from Rensselaer Polytechnic Institute.

Mr. Rivas was selected to serve on our board of directors due to his significant management experience and experience in the technology industry.

Cameron McAulay has served as Transphorm Technology's Chief Financial Officer since November 2015. Prior to joining Transphorm Technology, he served as Finance Director, Global Customer Organization and Director of Internal Audit with KLA-Tencor Corporation from December 2012 to November 2015. He also served as Finance Director and Group Financial Controller at Atmel Corporation from November 2011 to December 2012 and had a 7-year tenure at National Semiconductor Corporation in a variety of Operational and Corporate leadership positions including Chief Audit Executive. He holds a BSc. Mathematics, Statistics and Accountancy from Strathclyde University and is a member of the Chartered Accountants of Scotland.

Umesh Mishra is a co-founder of Transphorm Technology and has served as a member of Transphorm Technology's board of directors since March 2007. Dr. Mishra has also served as our Chief Technology Officer since March 2007. Previously, Dr. Mishra was Chief Executive Officer of Transphorm Technology from 2007 to 2013. Prior to co-founding Transphorm Technology, Dr. Mishra co-founded Nitres Inc. in 1996. Nitres, the first company to develop GaN LEDs and transistors, was acquired by Cree, Inc. in 2000. Dr. Mishra has also been a Professor of Electrical and Computer Engineering at the University of California, Santa Barbara since 1990. He holds a B.S. Tech from the Indian Institute of Technology, an M.S. from Lehigh University and a Ph.D. from Cornell University.

Dr. Mishra was selected to serve on our board of directors due to his deep knowledge of Transphorm Technology, his significant experience in the technology industry and his technical expertise.

Primit Parikh is a co-founder of Transphorm Technology and has served as Transphorm Technology's Chief Operating Officer since 2007, as well as a member of the board of directors of Transphorm Japan, Inc. since 2014. With over 20 years of semiconductor and entrepreneurial experience, his background includes experience with capital raises, international markets and strategic partnerships, products and manufacturing, intellectual property, GaN and semiconductor technology, and government contracting. Dr. Parikh co-leads overall strategy for us and is an executive champion for key customer and partner relationships. Prior to Transphorm Technology, Dr. Parikh led GaN electronics at Nitres Inc. until its acquisition in 2000 by Cree, where he was responsible for RF GaN electronics, as well as cross functional programs in LED technology. Dr. Parikh has co-authored more than 75 publications and holds more than 40 patents. He holds a B.Tech. in Electrical Engineering from IIT, Mumbai and a Ph.D. in Electrical and Computer Engineering from the University of California, Santa Barbara.

Non-Employee Directors

Brittany Bagley has served as a member of Transphorm Technology's board of directors since June 2015. Ms. Bagley has been the Chief Financial Officer of Sonos, Inc. ("Sonos"), a leading sound experience system provider, since April 2019, and served on Sonos's board of directors from September 2017 to April 2019. From December 2017 to April 2019, Ms. Bagley served as a Managing Director of Kohlberg Kravis Roberts & Co. L.P. ("KKR Parent"), a global investment firm, and previously served in other roles at KKR Parent from July 2007 to December 2017. Prior to joining KKR Parent, Ms. Bagley was an analyst at The Goldman Sachs Group, Inc., an investment banking firm. She holds a B.A. from Brown University.

Ms. Bagley was selected to serve as a member of our board of directors due to her depth of experience in financial and investment matters and experience with a broad range of technology companies.

David Kerko has served as a member of Transphorm Technology's board of directors since June 2015. Mr. Kerko was a Member at KKR Parent from 2010 to 2015, including serving as Co-head of KKR Parent's Technology Group from 2013 to 2015, and has been an advisor to KKR Parent since 2015. Mr. Kerko joined KKR Parent in

1998 and is a former member of the Technology industry team within KKR Parent's private equity platform. He was actively involved in KKR Parent's investments in Borden, Toys 'R' Us, The Analytic Sciences Corporation ("TASC"), NXP (formerly Philips Semiconductors), Savant Systems and Sonos. Prior to joining KKR Parent, Mr. Kerko was with Gleacher NatWest Inc. where he was involved in a broad range of merger and acquisition transactions and financing work. Mr. Kerko has served as a director and member of the audit and compensation committees of Science Applications International Corporation (NYSE: SAIC) since January 2019, as a director of TE Connectivity Ltd. (NYSE: TEL) since March 2019, and as a director and member of the audit and compensation committees of Nebula Acquisition Corporation (Nasdaq: NEBU) since January 2018. Mr. Kerko is also currently a director of Savant Systems, LLC, a privately-held, smart home technology company and a director and chairman of the compensation committee of GlobalFoundries, a privately-held, semiconductor manufacturing company. Mr. Kerko was a director of Engility Holdings, Inc. from 2015 until its acquisition by SAIC in January 2019, and a director of TASC, a privately-held, engineering services company, from 2009 to 2015. He holds a B.S. from The Wharton School at the University of Pennsylvania and a B.S.E., summa cum laude, from the School of Engineering and Applied Science at the University of Pennsylvania.

Mr. Kerko was selected to serve on our board of directors due to his significant experience advising emerging and established companies with respect to strategic planning, corporate finance, manufacturing and operations, global business management and public markets strategy, particularly in the technology industry, as well as his service on the boards of directors of several public and private companies.

Eiji Yatagawa has served as a member of Transphorm Technology's board of directors since June 2015. Mr. Yatagawa joined KKR Parent in 2006 and is a Member on the Private Equity team. Prior to joining KKR Parent, Mr. Yatagawa was an associate in Goldman Sachs & Co.'s investment banking team from 2002 to 2006. Mr. Yatagawa currently serves on the board of directors of several privately-held companies. He holds a B.S. in Mathematical Engineering and an M.S. in Mathematical Engineering from the University of Tokyo.

Mr. Yatagawa was selected to serve as a member of our board of directors due to his significant experience in financial and investment matters and experience within the technology sector.

Board Size and Composition

Our board of directors currently consists of five members. Our amended and restated certificate of incorporation will provide that the number of directors may be changed by resolution of the board of directors. In addition, under the stockholders agreement with KKR (the "KKR Stockholders Agreement"), KKR has the right to nominate (i) a majority of the board so long as it beneficially owns at least 40% of our then-outstanding shares of common stock, (ii) 33% of the directors (rounded up to the nearest whole number) so long as it beneficially owns at least 20% but less than 40% of our then-outstanding shares of common stock, and (iii) 10% of the directors (rounded up to the nearest whole number) so long as it beneficially owns at least 10% but less than 20% of our then-outstanding shares of common stock. Further, pursuant to the terms of the KKR Stockholders Agreement, so long as KKR beneficially owns 20% or more of the outstanding shares of our common stock, we will take all necessary action to cause a director nominated by KKR to serve as chair of our board of directors. All directors will hold office until their successors have been elected and qualified or appointed or the earlier of their death, resignation or removal.

Our amended and restated certificate of incorporation will provide that our board of directors is divided into three classes, designated Class I, Class II and Class III, with staggered three-year terms. Only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of our directors. Our current directors will be divided among the three classes as follows:

- the Class I director is Brittany Bagley, and her term will expire at our annual meeting of stockholders to be held in 2020;

- the Class II directors are Umesh Mishra and Eiji Yatagawa, and their terms will expire at our annual meeting of stockholders to be held in 2021; and
- the Class III directors are David Kerko and Mario Rivas, and their terms will expire at our annual meeting of stockholders to be held in 2022.

The classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Director Independence

Our securities are not listed on a national securities exchange or on any inter-dealer quotation system that has a requirement that a majority of directors be independent. Nevertheless, our board of directors has undertaken a review of the independence of each director using the standards for director independence set forth in the Nasdaq Listing Rules and has determined that Brittany Bagley and David Kerko are independent directors. The Nasdaq independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of the director's family members has engaged in various types of business dealings with us. In addition, our board of directors has made a subjective determination as to each independent director that no relationships exist, which, in the opinion of our board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our board of directors reviewed and discussed information provided by the directors with regard to each director's business and personal activities and relationships as they may relate to us and our management. In considering the independence of the directors listed above, our board of directors considered the relationship of our directors with the holders of more than 5% of our common stock. There are no family relationships among any of our directors or executive officers.

Controlled Company Exception

After the completion of the Offering, KKR will continue to beneficially own more than 50% of our common stock and voting power. As a result, if we later list on Nasdaq or NYSE, we may be a "controlled company" as that term is set forth in Section 5615(c)(1) of the Nasdaq Marketplace Rules, for example. Under the Nasdaq corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance standards, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (3) the requirement that our director nominations be made, or recommended to our full board of directors, by our independent directors or by a nominations committee that consists entirely of independent directors and that we adopt a written charter or board resolution addressing the nominations process. Following such listing, should the listing occur, and if we are a controlled company at such time, we intend to use these exemptions in the future, and you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements established by Nasdaq or NYSE. In the event that we cease to be a "controlled company" or are not a controlled company at the time of any future listing, we will be required to comply with these provisions within the periods specified in the Nasdaq or NYSE corporate governance rules, as applicable. Pursuant to the KKR Stockholders Agreement, KKR has the right (subject to phase-out periods) to nominate a majority of our board of directors and appoint the chair of our board of directors.

Board Committees

Our board of directors has not established any committees of the board of directors. Currently, our entire board of directors performs all functions that would otherwise be performed by committees. Our board of directors does not have a policy with regard to the consideration of any director candidates recommended by security holders. If we are able to grow our business and increase our operations, we intend to expand the size of our board and establish audit, compensation and nominating and corporate governance committees. Pursuant to the terms of the

KKR Stockholders Agreement, KKR has the right (subject to phase-out periods) to appoint a member to each committee that may be established by our board of directors.

Compensation Committee Interlocks and Insider Participation

We have no separate compensation committee at this time. No executive officer of the Company has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as director of the Company during 2019.

Limitation of Liability and Indemnification

Our certificate of incorporation and bylaws provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by Delaware law. Generally, Delaware law provides a favorable forum for the indemnification of corporate officers and directors and the resulting limitation of their respective personal liabilities for acts and omissions. Delaware law prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our certificate of incorporation does not eliminate a director's duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification required by our certificate of incorporation and bylaws, we have entered into an indemnification agreement with each member of our board of directors and each of our officers. These agreements provide for the indemnification of our directors and officers for certain expenses and liabilities incurred in connection with any action, suit, proceeding or alternative dispute resolution mechanism or hearing, inquiry or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent or fiduciary of our company, or any of our subsidiaries, by reason of any action or inaction by them while serving as an officer, director, agent or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent or fiduciary of another entity. In the case of an action or proceeding by or in the right of our company or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. We believe that these charter and bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. Moreover, a stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised

that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

As a condition to the Merger, we also entered into a Pre-Merger Indemnity Agreement with our former officer and directors, pursuant to which we agreed to indemnify such former officer and directors for actions taken by them in their official capacities relating to the consideration, approval and consummation of the Merger and certain related transactions.

In connection with the consummation of the Merger, we entered into a separate indemnification agreement (the "KKR Indemnification Agreement") with Kohlberg Kravis Roberts & Co. L.P. ("KKR Parent" and, together with KKR, the "Sponsors"), pursuant to which we will indemnify the Sponsors and their affiliates (including their respective directors, officers, managers, controlling persons and employees) and the members of our board of directors designated by the Sponsors (each, a "KKR Designee") against liabilities arising in connection with, among other things, (i) KKR's acquisition and ownership of our common stock and involvement in the Merger, (ii) the Sponsors' provision of financial advisory, investment banking, syndication, monitoring and management consulting services to us and/or our subsidiaries (including in connection with any future offer or sale of securities of us or any of our subsidiaries), and (iii) any KKR Designee's service on our board of directors or the board of directors of any of our subsidiaries.

At present, there is no pending litigation or proceeding involving any of our directors or officers where indemnification will be required or permitted. We are not aware of any threatened litigation or proceedings that might result in a claim for such indemnification.

Non-Employee Director Compensation

From our inception to the date of this Report, no compensation was earned or paid to Ian Jacobs or Mark Tompkins, who were our sole directors prior to the Merger. Transphorm Technology became our wholly-owned subsidiary upon the closing of the Merger on February 12, 2020. In connection with the closing of the Merger, Messrs. Jacobs and Tompkins resigned from our board directors, and Ms. Bagley and Messrs. Kerko, Mishra, Rivas and Yatagawa were appointed to our board of directors, effective as of February 12, 2020.

During the year ended December 31, 2019, we did not compensate our non-employee directors for being members of our board of directors. In addition, we have not established a policy to provide compensation to our non-employee directors for their services in such capacity.

EXECUTIVE COMPENSATION

As an "emerging growth company" as defined in the JOBS Act and a smaller reporting company we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies and smaller reporting companies.

Summary Compensation Table

The following table presents information regarding the total compensation of our named executive officers, who consist of our principal executive officer and the next two most highly compensated individuals who were serving as our executive officers as of December 31, 2019.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)(1)	All Other Compensation ($)(2)	Total ($)
Mario Rivas	2019	350,000	—	—	47,400	397,400
Chief Executive Officer	2018	350,000	—	—	47,400	397,400
Cameron McAulay	2019	225,000	—	—	—	225,000
Chief Financial Officer	2018	225,000	15,000	—	—	240,000
Primit Parikh	2019	250,000	—	19,894	—	269,894
Chief Operating Officer & Co-Founder	2018	250,000	15,000	—	—	265,000

(1) The amounts reported represent the aggregate grant-date fair value of the stock options awarded to the named executive officer, calculated in accordance with ASC Topic 718. Such grant-date fair value does not take into account any estimated forfeitures related to service-based vesting conditions.

(2) Represents lease payments for the rental of a house for Mr. Rivas near our headquarters.

Employment and Change in Control Agreements

Transphorm Technology generally executes an offer of employment before an executive joins the company. This offer describes the basic terms of the executive's employment, including the executive's start date, starting salary and initial equity awards. None of the offer letters with Transphorm Technology's executive officers contains any change in control or severance benefits. We expect to enter into agreements with our executive officers to assume Transphorm Technology's obligations under these employment arrangements.

Outstanding Equity Awards at December 31, 2019

The following table presents information regarding the outstanding options held by each of our named executive officers as of December 31, 2019. These options were converted into options to purchase our common stock in connection with the Merger, and the table below reflects all outstanding options as of December 31, 2019 as if they had been granted by us. None of our named executive officers held any outstanding restricted stock unit or other equity awards as of that date.

		Option Awards			
		Number of Securities Underlying Unexercised Options (#)			
Name	Grant Date (1)	Exercisable	Unexercisable	Option Exercise Price ($)	Option Expiration Date (2)
Mr. Rivas	11/30/2016 (3)	66,313	—	$ 4.34	11/29/2026
	11/30/2016 (3)	292,192	—	$ 4.34	11/29/2026
Mr. McAulay	11/30/2016 (3)	62,168	—	$ 4.34	11/29/2026
	11/30/2016 (4)	52,202	15,520	$ 4.34	11/29/2026
Dr. Parikh	6/6/2019 (5)	—	6,870	$ 3.14	6/5/2029
	11/30/2016 (3)	82,891	—	$ 4.34	11/29/2026
	11/30/2016 (4)	159,738	47,490	$ 4.34	11/29/2026
	01/25/2012 (6)	24,867	—	$ 12.42	01/24/2022

(1) Unless otherwise noted, each outstanding option was granted pursuant to Transphorm Technology's 2015 Equity Incentive Plan.

(2) The expiration date shown is the normal expiration date and the latest date that options may be exercised. Options may terminate earlier in certain circumstances, such as in connection with a termination of employment or change in control.

(3) This option is fully vested and exercisable.

(4) 25% of the shares subject to this option vested on November 8, 2017, and 1/48th of the shares subject to this option vest each month thereafter, subject to the executive's continued service through each applicable vesting date.

(5) 1/12th of the shares subject to this option will vest each month beginning on August 1, 2020, subject to the executive's continued service through each applicable vesting date.

(6) This option was granted pursuant to Transphorm Technology's 2007 Stock Plan and is fully vested and exercisable.

Equity Incentive Plans

The principal features of our equity incentive plans are summarized below. These summaries are qualified in their entirety by reference to the text of the plans, which are filed as exhibits to this Report.

2020 Equity Incentive Plan

The 2020 Equity Incentive Plan (the "2020 Plan") was approved by Transphorm Technology's board of directors on February 10, 2020 and Transphorm Technology's stockholders on February 12, 2020, and became effective on the business day immediately prior to the closing of the Merger. Our stockholders approved the 2020 Plan on February 11, 2020. We assumed the 2020 Plan in connection with the Merger. Immediately following the closing of the Merger, there were no equity awards outstanding under the 2020 Plan. The 2020 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance units, and performance shares to our employees, directors, and consultants and our parent and subsidiary corporations' employees and consultants.

Authorized Shares

Subject to the adjustment provisions of the 2020 Plan, and the automatic increase described in the 2020 Plan, the maximum aggregate number of shares of our common stock that may be issued under the 2020 Plan is (i) 2,588,077 shares, plus (ii) any shares of our common stock subject to issued and outstanding awards under the 2007 Plan or 2015 Plan that were assumed in the Merger and that, on or after the closing of the Merger, expire or otherwise terminate without having been exercised or issued in full, are tendered to or withheld by us for payment of an exercise price or for tax withholding obligations, or are forfeited to or repurchased by us due to failure to vest, with the maximum number of shares to be added to the 2020 Plan pursuant to this clause (ii) equal to 2,461,923 shares. Subject to the adjustment provisions of the 2020 Plan, the number of shares of Company common stock available for issuance under the 2020 Plan will also include an annual increase on the first day of each fiscal year beginning with our 2022 fiscal year and ending on (and including) our 2030 fiscal year, in an amount equal to the least of:

- 5,000,000 shares of our common stock;
- five percent (5%) of the outstanding shares of our common stock (or the outstanding shares of common stock of any successor) on the last day of the immediately preceding fiscal year; or
- such number of shares of our common stock as the administrator may determine.

If an award granted under the 2020 Plan expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an exchange program or, with respect to restricted stock, RSUs, performance units, or performance shares, is forfeited to, or repurchased by, us due to failure to vest, then the unpurchased shares (or for awards other than stock options or stock appreciation rights, the forfeited or repurchased shares) which were subject thereto will become available for future grant or sale under the 2020 Plan (unless the 2020 Plan has terminated). With respect to stock appreciation rights, only the net shares actually issued will cease to be available under the 2020 Plan and all remaining shares under stock appreciation rights will remain available for future grant or sale under the 2020 Plan (unless the 2020 Plan has terminated). Shares that actually have been issued under the 2020 Plan under any award will not be returned to the 2020 Plan; provided, however, that if shares issued pursuant to awards of restricted stock, RSUs, performance shares, or performance units are repurchased or forfeited to us due to failure to vest, such shares will become available for future grant under the 2020 Plan. Shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award will become available for future grant or sale under the 2020 Plan. To the extent an award is paid out

in cash rather than shares, the cash payment will not result in a reduction in the number of shares available for issuance under the 2020 Plan.

Plan Administration

Our board of directors or one or more committees appointed by our board of directors will administer the 2020 Plan. In addition, if we determine it is desirable to qualify transactions under the 2020 Plan as exempt under Rule 16b-3, such transactions will be structured with the intent that they satisfy the requirements for exemption under Rule 16b-3. Subject to the provisions of the 2020 Plan, the administrator has the power to administer the 2020 Plan and make all determinations deemed necessary or advisable for administering the 2020 Plan, including the power to determine the fair market value of our common stock, select the service providers to whom awards may be granted, determine the number of shares covered by each award, approve forms of award agreement for use under the 2020 Plan, determine the terms and conditions of awards (including the exercise price, the time or times when the awards may be exercised, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any award or the shares relating thereto), construe and interpret the terms of the 2020 Plan and awards granted under it, prescribe, amend, and rescind rules and regulations relating to the 2020 Plan, including creating sub-plans, and modify or amend each award, including the discretionary authority to extend the post-termination exercisability period of awards (provided that no option or stock appreciation right will be extended past its original maximum term), temporarily suspend the exercisability of an award if the administrator deems such suspension to be necessary or appropriate for administrative purposes, and to allow a participant to defer the receipt of payment of cash or the delivery of shares that would otherwise be due to such participant under an award. The administrator may institute and determine the terms of an exchange program under which (i) outstanding awards are surrendered or cancelled in exchange for awards of the same type (which may have a higher or lower exercise price or different terms), awards of a different type and/or cash, (ii) participants would have the opportunity to transfer any outstanding awards to a financial institution or other person or entity selected by the administrator, and/or (iii) the exercise price of an outstanding award is increased or reduced. The administrator's decisions, determinations, and interpretations are final and binding on all participants.

Stock Options

Stock options may be granted under the 2020 Plan in such amounts as the administrator will determine in accordance with the terms of the 2020 Plan. The exercise price of options granted under the 2020 Plan must at least be equal to the fair market value of our common stock on the date of grant. The term of an option will be stated in the award agreement, and in the case of an incentive stock option, may not exceed 10 years. With respect to any participant who owns stock representing more than 10% of the voting power of all classes of our outstanding stock, the term of an incentive stock option granted to such participant must not exceed five years and the exercise price must equal at least 110% of the fair market value on the date of grant. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares, or other property acceptable to the administrator, as well as other types of consideration permitted by applicable law. After a participant ceases to provide service as an employee, director, or consultant, he or she may exercise his or her option for the period of time stated in his or her award agreement. In the absence of a specified time in an award agreement, if the cessation of service is due to death or disability, the option will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the option will remain exercisable for three months following the cessation of service. An option may not be exercised later than the expiration of its term. Subject to the provisions of the 2020 Plan, the administrator determines the other terms of options.

Stock Appreciation Rights

Stock appreciation rights may be granted under the 2020 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. Stock appreciation rights will expire upon the date determined by the administrator and set forth in the award agreement. After a participant ceases to provide service as an employee, director, or consultant, he or she may exercise his or her stock appreciation right for the period of time stated in his or her award agreement. In the absence of a specified time in an award agreement, if cessation of service is due to death or disability, the stock appreciation rights will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the stock appreciation rights will remain exercisable for three months following the cessation of service. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of the 2020 Plan, the administrator determines the other terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash, shares of our common stock, or a combination thereof, except that the

per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

Restricted Stock

Restricted stock may be granted under the 2020 Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the administrator (if any). The administrator will determine the number of shares of restricted stock granted to any employee, director, or consultant and, subject to the provisions of the 2020 Plan, will determine any terms and conditions of such awards. The administrator may impose whatever conditions to vesting it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us); provided, however, that the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

Restricted Stock Units

RSUs may be granted under the 2020 Plan. RSUs are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. Subject to the provisions of the 2020 Plan, the administrator determines the terms and conditions of RSUs, including the vesting criteria, and the form and timing of payment. The administrator may set vesting criteria based upon the achievement of company-wide, divisional, business unit, or individual goals (including continued employment or service), applicable federal or state securities laws, or any other basis determined by the administrator in its discretion. The administrator, in its sole discretion, may pay earned RSUs in the form of cash, in shares, or in some combination thereof. Notwithstanding the foregoing, the administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

Performance Units and Performance Shares

Performance units and performance shares may be granted under the 2020 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish performance objectives or other vesting provisions in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. The administrator may set performance objectives based upon the achievement of company-wide, divisional, business unit, or individual goals (including continued employment or service), applicable federal or state securities laws, or any other basis determined by the administrator in its discretion. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance units or performance shares. Performance units will have an initial dollar value established by the administrator on or prior to the date of grant. Performance shares will have an initial value equal to the fair market value of our common stock on the date of grant. The administrator, in its sole discretion, may pay earned performance units or performance shares in the form of cash, in shares, or in some combination thereof.

Non-Employee Directors

The 2020 Plan provides that all outside (non-employee) directors will be eligible to receive all types of awards (except for incentive stock options) under the 2020 Plan. In order to provide a maximum limit on the awards that can be made to tour non-employee directors, the 2020 Plan provides that in any given fiscal year, a non-employee director may not be paid, issued, or granted equity awards (including awards issued under the 2020 Plan) with an aggregate value (the value of which will be based on their grant date fair value determined in accordance with U.S. generally accepted accounting principles) and any other compensation (including without limitation any cash retainers or fees) that, in the aggregate, exceed $500,000 (excluding awards or other compensation paid or provided to him or her as a consultant or employee). The maximum limits do not reflect the intended size of any potential grants or a commitment to make grants to our outside directors under the 2020 Plan in the future.

Non-Transferability of Awards

Unless the administrator provides otherwise, the 2020 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime. If the administrator makes an award transferable, such award will contain such additional terms and conditions as the administrator deems appropriate.

Certain Adjustments

In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the 2020 Plan, the administrator will adjust the number and class of shares that may be delivered under the 2020 Plan and/or the number, class, and price of shares covered by each outstanding award, and the numerical share limits set forth in the 2020 Plan.

Dissolution or Liquidation

In the event of our proposed dissolution or liquidation, the administrator will notify participants as soon as practicable prior to the effective date of such proposed transaction and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control

The 2020 Plan provides that in the event of our merger with or into another corporation or entity or a change in control (as defined in the 2020 Plan), each outstanding award will be treated as the administrator determines, including, without limitation, that (i) awards will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices, (ii) upon written notice to a participant, that the participant's awards will terminate upon or immediately prior to the consummation of such merger or change in control, (iii) outstanding awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon consummation of such merger or change in control and, to the extent the administrator determines, terminate upon or immediately prior to the effectiveness of such merger or change in control, (iv) (A) the termination of an award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such award or realization of the participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the administrator determines in good faith that no amount would have been attained upon the exercise of such award or realization of the participant's rights, then such award may be terminated by us without payment), or (B) the replacement of such award with other rights or property selected by the administrator in its sole discretion, or (v) any combination of the foregoing. The administrator will not be obligated to treat similarly all awards, all awards a participant holds, all awards of the same type, or all portions of awards.

In the event that the successor corporation does not assume or substitute for the award (or portions thereof), the participant will fully vest in and have the right to exercise all of his or her outstanding options and stock appreciations rights (or portions thereof) that is not assumed or substituted for, all restrictions on restricted stock, RSUs, performance shares, and performance units (or portions thereof) not assumed or substituted for will lapse, and, with respect to such awards with performance-based vesting (or portions thereof) not assumed or substituted for, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and all other terms and conditions met, in all cases, unless specifically provided otherwise under the applicable award agreement or other written agreement between the participant and us or any parent or subsidiary. Additionally, in the event an option or stock appreciation right (or portions thereof) is not assumed or substituted for in the event of a merger or change in control, the administrator will notify each participant in writing or electronically that the option or stock appreciation right (or its applicable portion), as applicable, will be exercisable for a period of time determined by the administrator in its sole discretion, and the option or stock appreciation right (or its applicable portion), as applicable, will terminate upon the expiration of such period.

With respect to awards granted to an outside director, in the event of a change in control, the outside director's options and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock and RSUs will lapse, and, with respect to awards with performance-based vesting, all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels and all other terms and conditions met, in all cases, unless specifically provided otherwise under the applicable award agreement or other written agreement between the participant and us or any parent or subsidiary.

Clawback

Awards will be subject to any Company clawback policy and the administrator also may specify in an award agreement that the participant's rights, payments, and benefits with respect to an award will be subject to reduction, cancellation, forfeiture, recoupment, reimbursement, or reacquisition upon the occurrence of certain specified events. The administrator may require a participant to forfeit, return, or reimburse us all or a portion of the award and any amounts paid under the award pursuant to the terms of the clawback policy or applicable laws.

Amendment; Termination

The administrator has the authority to amend, alter, suspend, or terminate the 2020 Plan provided such action does not materially impair the existing rights of any participant. The 2020 Plan automatically will terminate in 2030, unless terminated sooner.

2015 Equity Incentive Plan

The 2015 Equity Incentive Plan (the "2015 Plan") was approved by Transphorm Technology's board of directors and Transphorm Technology's stockholders in June 2015. We assumed each option to purchase Transphorm Technology common stock that remained outstanding under the 2015 Plan in connection with the Merger, and the 2015 Plan continues to govern the equity awards previously granted under it. Immediately following the closing of the Merger, options to purchase 2,296,842 shares of our common stock at a weighted average exercise price of $4.24 remained outstanding under the 2015 Plan. No further awards will be granted under the 2015 Plan.

The 2015 Plan permitted the grant of incentive stock options, within the meaning of Section 422 of the Code, to Transphorm Technology's employees and any parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock, and RSUs to Transphorm Technology's employees, directors, and consultants and Transphorm Technology's parent and subsidiary corporations' employees and consultants. The only type of awards granted under the 2015 Plan were incentive stock options and nonstatutory stock options.

Authorized Shares

The 2015 Plan was terminated in connection with the closing of the Merger, and accordingly, no shares of our common stock will be available for issuance under the 2015 Plan following the closing of the Merger. The 2015 Plan will continue to govern outstanding awards granted thereunder.

Plan Administration

Following the closing of the Merger, our board of directors or one or more committees appointed by our of directors administers the 2015 Plan. Subject to the provisions of the 2015 Plan, the administrator has the power to administer the 2015 Plan, including but not limited to, the power to interpret the terms of the 2015 Plan and awards granted under it and to prescribe, amend, and rescind rules relating to the 2015 Plan. The administrator also has the authority to amend existing awards, including the power to extend the post-termination exercisability period of awards and to extend the maximum term of an option and to allow participants to defer the receipt of the payment of cash or the delivery of shares that otherwise would be due to such participant under an award. The administrator may institute and determine the terms of an exchange program under which (i) outstanding awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices or different terms), awards of a different type and/or cash, (ii) participants would have the opportunity to transfer any outstanding awards to a financial institution or other person or entity selected by the administrator, and/or (iii) the exercise price of an outstanding award is reduced or increased. The administrator's decisions, determinations, and interpretations are final and binding on all participants.

Options

Prior to the closing of the Merger, stock options were granted under the 2015 Plan. The exercise price of options granted under the 2015 Plan must have been equal to at least the fair market value of Transphorm Technology's common stock on the date of grant. The term of an option could not exceed 10 years, except that with respect to any participant who owned more than 10% of the total combined voting power of all classes of Transphorm Technology's outstanding stock on the date of grant, the term could not exceed five years and the exercise price must have been equal to at least 110% of the fair market value on the date of grant. The administrator determined the methods of payment of the exercise price of an option, which may have included cash, shares or other property acceptable to the administrator, as well as

other types of consideration permitted by applicable law. After termination of an employee, director, or consultant, he or she may exercise his or her option for the period of time as specified in the applicable option agreement. If termination is due to death or disability, the option generally will remain exercisable for at least six months. In all other cases, the option will generally remain exercisable for at least 30 days. However, in no event may an option be exercised later than the expiration of its term. Subject to the provisions of the 2015 Plan, the administrator determined the other terms of options.

Non-Transferability of Awards

Unless the administrator provides otherwise, the 2015 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime.

Certain Adjustments

In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the 2015 Plan, the administrator will adjust the number, class, and price of shares covered by each outstanding award.

Dissolution or Liquidation

In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable prior to the effective date of the proposed transaction and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control

The 2015 Plan provides that in the event of a merger or change in control, as defined under the 2015 Plan, each outstanding award will be treated as the administrator determines, including, without limitation, that (i) awards will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice, awards will be terminated upon or immediately prior to the consummation of such merger or change in control; (iii) outstanding awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an award will lapse, in whole or in part prior to or upon consummation of such merger or change in control, and, to the extent the administrator determines, terminate upon or immediately prior to the effectiveness of such merger or change in control; (iv) awards will be terminated in exchange for an amount of cash and/or property or awards will be replaced with other rights or property selected by the administrator in its sole discretion; or (v) any combination of the foregoing. If a successor corporation or its parent or subsidiary does not assume or substitute for the award (or portion thereof), then such award will fully vest, all restrictions on the shares subject to such award will lapse, and all performance goals or other vesting criteria applicable to the shares subject to such award will be deemed achieved at 100% of target levels and all other terms and conditions met. The award will then terminate upon the expiration of the specified period of time. If an option becomes fully vested and exercisable in connection with a change in control due to the successor corporation's refusal to assume or substitute for the award, the administrator will notify the applicable participant in writing or electronically that the award will be exercisable for a period of time determined by the administrator, and the option will terminate upon the expiration of such period.

Amendment; Termination

Our board of directors has the authority to amend or alter the 2015 Plan, provided such action will not impair the existing rights of any participant, unless mutually agreed to in writing between the participant and the administrator. As noted above, upon completion of the Merger, the 2015 Plan was terminated and no further awards will be granted thereunder. All outstanding awards will continue to be governed by their existing terms.

2007 Stock Plan

The 2007 Stock Plan (the "2007 Plan") was approved by Transphorm Technology's board of directors and Transphorm Technology's stockholders in March 2007. We assumed each option to purchase Transphorm Technology common stock that remained outstanding under the 2007 Plan in connection with the Merger, and the 2007 Plan continues to govern the equity awards previously granted under the 2007 Plan. Immediately following the closing of the Merger, options to purchase 165,081 shares of our common stock at a weighted average exercise price of $11.75 remained outstanding under the 2007 Plan. No further awards will be granted under the 2007 Plan.

The 2007 Plan allowed for the grant of incentive stock options, within the meaning of Section 422 of the Code, to Transphorm Technology's employees and Transphorm Technology's parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options and stock purchase rights to Transphorm Technology's employees, directors, and consultants and Transphorm Technology's parent and subsidiary corporations' employees and consultants. The only type of awards granted under the 2007 Plan were incentive stock options and nonstatutory stock options.

Authorized Shares

The 2007 Plan was terminated in connection with the closing of the Merger, and accordingly, no shares of our common stock will be available for issuance under the 2007 Plan following the closing of the Merger. The 2007 Plan will continue to govern outstanding awards granted thereunder.

Plan Administration

Following the closing of the Merger, our board of directors or a committee of our board of directors administers the 2007 Plan. Subject to the provisions of the 2007 Plan, the administrator has the full authority and discretion to take any actions it deems necessary or advisable for the administration of the 2007 Plan. The administrator has the power to construe and interpret the terms of the 2007 Plan and awards granted under it and to prescribe, amend, and rescind rules relating to the 2007 Plan. The administrator may institute and determine the terms of an exchange program pursuant to which outstanding options are surrendered or cancelled in exchange for options of the same type (which may have lower exercise prices and different terms), options of a different type, and/or cash, and/or the exercise price of an outstanding option is reduced. All decisions, interpretations, and other actions of the administrator are final and binding on all participants in the 2007 Plan.

Options

Prior to the closing of the Merger, stock options could be granted under the 2007 Plan. The exercise price per share of all incentive stock options must have been equal to at least 100% of the fair market value per share of Transphorm Technology's common stock on the date of grant, as determined by the administrator. The exercise price per share of nonstatutory stock options must have been equal to at least 85% of the fair market value per share of Transphorm Technology's common stock on the date of grant, as determined by the administrator. The term of a stock option could not exceed 10 years. With respect to any participant who owned 10% of the voting power of all classes of Transphorm Technology's outstanding stock as of the date of grant, the term of an incentive stock option granted to such participant could not exceed five years and the exercise price per share of such incentive stock option or nonstatutory stock option must have been equal to at least 110% of the fair market value per share of Transphorm Technology's common stock on the date of grant, as determined by the administrator. Except in the case of options granted to officers, directors, and consultants, options could become exercisable at a rate of no less than 20% per year over five years from the date the options were granted. The administrator determined the terms and conditions of options.

After termination of an employee, director, or consultant, he or she may exercise his or her option for the period of time as specified in the applicable option agreement. If termination is due to death or disability, the option generally will remain exercisable for at least six months. In all other cases, the option will generally remain exercisable for at least 30 days. However, an option generally may not be exercised later than the expiration of its term.

Non-Transferability of Awards

Unless the administrator provides otherwise, the 2007 Plan generally does not allow for the transfer or assignment of options, except by will or by the laws of descent and distribution.

Certain Adjustments

In the event of certain changes in our capitalization, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the 2007 Plan, the administrator may adjust the number, class, and price of shares covered by each outstanding award.

Dissolution or Liquidation

In the event of our proposed dissolution or liquidation, the administrator will notify participants as soon as practicable prior to the effective date of such proposed transaction and all outstanding awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control

The 2007 Plan provides that, in the event that we are a party to a merger or change in control, outstanding options may be assumed or substituted by the successor corporation or a parent or subsidiary thereof. In the event the successor corporation refuses to assume or substitute for the option, then the participant will fully vest in and have the right to exercise the option as to all of the shares subject to the award, including shares as to which it would not otherwise be vested or exercisable. If an option becomes fully vested and exercisable, as applicable, in lieu of assumption or substitution in the event of a merger or change in control, the administrator will notify the applicable participant in writing or electronically that the option or stock purchase right will be fully vested and exercisable, as applicable, for a period of time as determined by the administrator, contingent upon the consummation of the change in control, and the award will terminate upon expiration of such period.

Amendment; Termination

Our board of directors has the authority to amend or alter the 2007 Plan, provided such action will not impair the existing rights of any participant, unless mutually agreed to in writing between the participant and the administrator. As noted above, upon completion of the Merger, the 2007 Plan was terminated and no further awards will be granted thereunder. All outstanding awards will continue to be governed by their existing terms.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following is a description of transactions since January 1, 2017 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or will exceed the lesser of $120,000 or one percent of our total assets at year-end for our last two completed fiscal years; and
- any of our directors, executive officers or beneficial owners of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest, other than compensation and other arrangements that are described in the section titled “Executive Compensation.”

Participation in the Offering

KKR Phorm Investors L.P. (“KKR”) purchased 1,250,000 shares of our common stock in the initial closing of the Offering, for an aggregate purchase price of $5,000,000 based on the offering price of $4.00 per share. Mr. Rivas, Dr. Parikh and Dr. Mishra, purchased 12,500 shares, 2,500 shares and 2,500 shares, respectively, of our common stock in the initial closing of the Offering, for an aggregate purchase price of $50,000, $10,000 and $10,000, respectively, based on the offering price of $4.00 per share. Such purchases were made on the same terms as the shares that were sold to other investors in the Offering and not pursuant to any pre-existing contractual rights or obligations.

KKR Stockholders Agreement

In connection with the Offering and Merger, we entered into the Stockholders Agreement with KKR (the “KKR Stockholders Agreement”) pursuant to which we are required to take all necessary action for individuals designated by KKR to be included in the slate of nominees recommended by the board of directors for election by our stockholders. Under the KKR Stockholders Agreement, KKR has the right to nominate (i) a majority of the board so long as it beneficially owns at least 40% of our then-outstanding shares of common stock, (ii) 33% of the directors (rounded up to the nearest whole number) so long as it beneficially owns at least 20% but less than 40% of our then-outstanding shares of common stock, and (iii) 10% of the directors (rounded up to the nearest whole

number) so long as it beneficially owns at least 10% but less than 20% of our then-outstanding shares of common stock (we refer to any director nominated by KKR as a "KKR Designee"). The KKR Stockholders Agreement also provides that so long as KKR beneficially owns 20% or more of our then-outstanding shares of common stock, we will agree to take all necessary action to cause a KKR Designee to serve as chair of the board of directors. The KKR Stockholders Agreement also provides that KKR may nominate at least one member of each committee that may be established by the board of directors. KKR may assign these and other governance rights to certain transferees.

Indemnification Agreement

In connection with the consummation of the Merger, we entered into a separate indemnification agreement (the "KKR Indemnification Agreement") with Kohlberg Kravis Roberts & Co. L.P. ("KKR Parent" and, together with KKR, the "Sponsors"), pursuant to which we will indemnify the Sponsors and their affiliates (including their respective directors, officers, managers, controlling persons and employees) and the members of our board of directors designated by the Sponsors (each, a "KKR Designee") against liabilities arising in connection with, among other things, (i) KKR's acquisition and ownership of our common stock and involvement in the Merger, (ii) the Sponsors' provision of financial advisory, investment banking, syndication, monitoring and management consulting services to us and/or our subsidiaries (including in connection with any future offer or sale of securities of us or any of our subsidiaries), and (iii) any KKR Designee's service on our board of directors or the board of directors of any of our subsidiaries.

Registration Rights Agreement

The description set forth above under the caption "The Merger and Related Transactions—Registration Rights" is incorporated herein by reference. KKR, Nexperia, Yaskawa, Mr. Rivas, Dr. Parikh and Dr. Mishra are parties to the Registration Rights Agreement.

Series 3 Preferred Stock Financing

The following description has been adjusted to give effect to the Merger and application of the applicable share conversion ratio pursuant to the Merger Agreement. In April 2018, Transphorm Technology issued an aggregate of 4,000,000 shares of its Series 3 Preferred Stock at a price per share of $4.00, for aggregate gross consideration of $16.0 million. All such shares were purchased by Nexperia.

Relationship with Nexperia

The descriptions set forth above under the captions "Description of Business—Nexperia Cooperation Agreement" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Cash Flows—Nexperia Loan and Security Agreement" are incorporated herein by reference.

Yaskawa Promissory Note

In October 2017, Transphorm Technology issued an unsecured subordinated convertible promissory note (the "Yaskawa Note") to Yaskawa in the aggregate principal amount of $15.0 million. The Yaskawa Note accrues interest at the rate of 1.0% per annum, and principal plus interest is due on the earlier of September 30, 2022, or the occurrence of an event of default. Following the Merger, any or all of the outstanding principal and accrued interest under the Yaskawa Note is convertible at the option of the holder into shares of our common stock at a conversion price of $5.12 per share, up to a maximum of 3,076,171 shares. As of the closing of the Merger, $15.0 million of principal and $0.3 million of accrued interest remains outstanding on the Yaskawa Note.

Review, Approval and Ratification of Related Party Transactions

We did not have a formal review and approval policy for related party transactions at the time of any of the transactions described above. However, all of the transactions described above were entered into after presentation,

consideration and approval by our board of directors. We intend to establish formal policies and procedures for the review, approval and ratification of related party transactions in the future.

MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock is not listed on a national securities exchange, an over-the-counter market or any other exchange. Therefore, there is no trading market, active or otherwise, for our common stock and our common stock may never be included for trading on any stock exchange, automated quotation system or any over-the-counter market.

As of the date of this Report (and assuming the the issuance of an aggregate of 28,158,331 shares of our common stock in the Merger), we had 35,173,331 shares of common stock outstanding held by approximately 60 stockholders of record.

Shares Eligible for Future Sale

Prior to the Merger, there has been no public market for our common stock. As described below, no shares of our common stock will be available for sale in the public market for a period of at least a several months after consummation of the Merger due to contractual and legal restrictions on resale described below. Future sales of our common stock in the public market either before (to the extent permitted) or after restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing price of our common stock at such time and our ability to raise equity capital at a time and price we deem appropriate.

No shares held by our pre-Merger stockholders or issued in connection with the Merger or the Offering can be publicly sold under Rule 144 promulgated under the Securities Act until 12 months after the date of filing this Report. However, in connection with the Offering, we undertook to file a registration statement registering such shares no later than 90 calendar days from the final closing of the Offering.

Sale of Restricted Shares

As of the date of this Report, all outstanding shares of our common stock are "restricted securities" as such term is defined in Rule 144. These restricted securities were issued and sold by us, or will be issued and sold by us, in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemption provided by Rule 144, which is summarized below.

Lock-Up Agreements

In connection with the initial closing of the Offering, holders of approximately 24.1 million shares of our common stock agreed, subject to certain exceptions, not to dispose of or hedge any shares of common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of the lock-up agreement continuing through the date nine months after the initial closing of the Offering, except with our prior written consent.

Following the lock-up periods set forth in the agreements described above, and assuming that no parties are released from these agreements and that there is no extension of the lock-up period, shares of our common stock will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Rule 144

Pursuant to Rule 144 promulgated under the Securities Act, sales of the securities of a former shell company, such as us, under that rule are not permitted (i) until at least 12 months have elapsed from the date on which this Report, reflecting our status as a non-shell company, is filed with the SEC, and (ii) unless at the time of a

proposed sale, we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and have filed all reports and other materials required to be filed by Section 13 or 15(d) of the Exchange Act, as applicable, during the preceding 12 months, other than reports on Form 8-K. We intend to register such shares for sale under the Securities Act, but are currently a "voluntary filer" and are not subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act. As a result, unless we register such shares for sale under the Securities Act, all of our stockholders will be forced to hold their shares of our common stock for at least that 12-month period before they are eligible to sell those shares, and even after that 12-month period, sales may not be made under Rule 144 unless we and the selling stockholders are in compliance with other requirements of Rule 144.

In general, Rule 144 provides that (i) any of our non-affiliates that has held restricted securities for at least 12 months is thereafter entitled to sell such securities freely and without restriction, provided that we remain compliant and current with our SEC reporting obligations, and (ii) any of our affiliates, which includes our directors, executive officers and other persons in control of us, that has held restricted securities for at least 12 months is thereafter entitled to sell such securities subject to the following restrictions: (a) we are compliant and current with our SEC reporting obligations, (b) certain manner of sale provisions are satisfied, (c) a Form 144 is filed with the SEC, and (d) certain volume limitations are satisfied, which limit the sale of shares within any three-month period to a number of shares that does not exceed 1% of the total number of outstanding shares or, if our common stock is then listed or quoted for trading on a national securities exchange, then the greater of 1% of the total number of outstanding shares and the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of the Form 144 with respect to the sale. A person who has ceased to be an affiliate at least three months immediately preceding the sale and who has owned such shares of common stock for at least one year is entitled to sell the shares under Rule 144 without regard to any of the limitations described above.

Registration Rights

In connection with the Merger and the Offering, we entered into a registration rights agreement (the "Registration Rights Agreement"), pursuant to which we have agreed that promptly, but no later than 90 calendar days from the final closing of the Offering, we will file, subject to customary exceptions, a registration statement with the SEC (the "Registration Statement"), covering (i) the shares of our common stock issued in the Offering; (ii) the shares of our common stock issued in the Share Conversion; and (iii) 1,650,000 shares of our common stock held by our pre-Merger stockholders ((i)-(iii) collectively, the "Registrable Shares"). We will use our commercially reasonable efforts to ensure that such Registration Statement is declared effective within 180 calendar days after the final closing of the Offering (the "Registration Effectiveness Date"). Subject to customary exceptions, if we are late in filing the Registration Statement, if the Registration Statement is not declared effective within 180 days after the final closing of the Offering, if we fail to maintain the effectiveness of the Registration Statement, or the holders of Registrable Shares cannot use the Registration Statement to resell the Registrable Shares for a period of more than 15 consecutive trading days (except for suspension of the use of the Registration Statement in connection with the filing of a post-effective amendment in connection with filing our Annual Report on Form 10-K for the time reasonably required to respond to any comments from the SEC on the post-effective amendment or during a permitted blackout period as described in the Registration Rights Agreement), the Registrable Shares are not listed or quoted on the OTC Markets Group, the Nasdaq Stock Market, the New York Stock Exchange or the NYSE American, or following the listing or inclusion for quotation on such markets, trading of our common stock is suspended or halted for more than three full, consecutive trading days or if the Registrable Shares are not listed or quoted on such markets (collectively, the "Registration Events"), we will make payments to each holder of Registrable Shares as monetary penalties at a rate equal to 12% per annum of the total value of Registrable Shares held or purchased by such holder and affected during the period, based on the monetary values assigned in the Registration Rights Agreement, provided that the maximum amount of monetary penalties paid by us will not exceed 5% of the aggregate value of such holder's Registrable Shares (with such value based on the monetary values assigned in the Registration Rights Agreement) that are affected by all such Registration Events. No monetary penalties will accrue with respect to (1) any Registrable Shares removed from the Registration Statement in response to a comment from the staff of the SEC limiting the number of shares of common stock which may be included in the Registration Statement (a "Cutback Comment"), (2) Registrable Shares that may be resold without manner of sale restrictions, current information requirements, volume limitations or other limitations under Rule 144 or another exemption from registration under the Securities Act, (3) Registrable Shares which are excluded from a Registration

Statement because a holder fails to provide information concerning the holder and the manner of distribution of the holder's Registrable Shares that is required by SEC rules to be disclosed, and (4) any circumstance in which the SEC does not declare the Registration Statement effective on or before 180 days after the final closing of the Offering, and the reason for the SEC's determination is that (i) the offering of any of the Registrable Shares constitutes a primary offering of securities by the Company, (ii) Rule 415 may not be relied upon for the registration of the resale of any or all of the Registrable Shares, and/or (iii) a holder of any Registrable Shares must be named as an underwriter and such holder does not consent to be so named in the Registration Statement. Notwithstanding the previous sentence, if the SEC does not declare the Registration Statement effective before the Registration Effectiveness Date, in certain circumstances we may still be liable for liquidated damages if we do not continue to use our commercially reasonable efforts at the first opportunity that is permitted by the SEC to register for resale all such Registrable Securities, using one or more registration statements that we are then entitled to use. Any cutback resulting from a Cutback Comment shall be allocated to the Registrable Shares pro rata based on the total number of such shares held by or issuable to each holder thereof.

We must use commercially reasonable efforts to keep the Registration Statement effective for three years from the date it is declared effective by the SEC or until the date on which all Registrable Shares have been transferred other than to certain enumerated permitted assignees under the Registration Rights Agreement.

We will pay all expenses in connection with the registration obligations provided in the Registration Rights Agreement, including, without limitation, all registration, filing, and stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, the fees and disbursements of our counsel and of our independent accountants, and the reasonable fees and disbursements of counsel to the holders, not to exceed $15,000; provided that in connection with any and all secondary offerings and piggy-back registrations contemplated in the Registration Rights Agreement, we will also pay for the reasonable fees and disbursements of a single counsel of the holders in an aggregate amount not to exceed $100,000. Each holder will be responsible for its own sales commissions, if any, transfer taxes and the expenses of any attorney or other advisor such investor decides to employ.

All descriptions of the Registration Rights Agreement herein are qualified in their entirety by reference to the text thereof filed as an exhibit to this Report, which is incorporated herein by reference.

Stock Plans

We intend to file with the SEC a registration statement under the Securities Act covering the shares of common stock that (i) we may issue upon exercise of outstanding options under the 2007 Plan and the 2015 Plan and (ii) are reserved for issuance under the 2020 Plan. Shares registered under such registration statement will be available for sale in the open market following its effective date, subject to Rule 144 volume limitations and the lock-up agreements described above, if applicable.

DESCRIPTION OF SECURITIES

We have authorized capital stock consisting of 750,000,000 shares of common stock and 5,000,000 shares of preferred stock. As of the date of this Report (and assuming the the issuance of an aggregate of 28,158,331 shares of our common stock in the Merger), we had 35,173,331 shares of common stock issued and outstanding, and no shares of preferred stock issued and outstanding. Unless stated otherwise, the following discussion summarizes the term and provisions of our amended and restated certificate of incorporation and our amended and restated bylaws. This description is summarized from, and qualified in its entirety by reference to, our amended and restated certificate of incorporation and our amended and restated bylaws, which are filed as exhibits to this Report.

Common Stock

Voting Rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our certificate of incorporation and bylaws do not provide for cumulative voting rights. Because of this, the holders of a plurality of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose. With respect to matters other than the election of directors, at any meeting of the stockholders at which a quorum is present or represented, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at such meeting and entitled to vote on the subject matter shall be the act of the stockholders, except as otherwise required by law. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding convertible preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

We have never paid cash dividends on our common stock. Moreover, we do not anticipate paying periodic cash dividends on our common stock for the foreseeable future. Any future determination about the payment of dividends will be made at the discretion of our board of directors and will depend upon our earnings, if any, capital requirements, operating and financial conditions, contractual restrictions, including any loan or debt financing agreements, and on such other factors as our board of directors deems relevant.

Liquidation

In the event of our liquidation, dissolution, or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of convertible preferred stock.

Preferred Stock

The following description of our preferred stock and the description of the terms of any particular series of our preferred stock that we choose to issue hereunder are not complete. These descriptions are qualified in their entirety by reference to our amended and restated certificate of incorporation and the certificate of designation, if and when adopted by our board of directors, relating to that series. The rights, preferences, privileges and restrictions of the preferred stock of each series will be fixed by the certificate of designation relating to that series.

We currently have no shares of preferred stock outstanding, and we have no present plan to issue any shares of preferred stock. Our board of directors has the authority, without further action by the stockholders, to issue up to 5,000,000 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, redemption rights, 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 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 change in our control or other corporate action. .

Warrants

As of the date hereof, there are four outstanding warrants to purchase, in the aggregate, 15,461 shares of our common stock. Two of the warrants will expire on November 3, 2020, and two of the warrants will expire five years from the effective date of an initial public offering of our common stock.

The warrants contain customary provisions for adjustment in the event of stock splits, subdivision or combination, mergers, etc.

See Item 2.01, "Completion of Acquisition or Disposition of Assets—The Merger and Related Transactions—Registration Rights" for a description of the registration rights granted to (among others) the holders of the warrants, which description is incorporated herein by reference.

This summary descriptions of the warrants described above is qualified in their entirety by reference to the warrants, as amended, filed as exhibits to this Report.

Options

Options to purchase shares of Transphorm Technology common stock that were originally granted under the 2007 Plan and 2015 Plan to certain of Transphorm Technology's employees and officers were converted into options to purchase 2,461,923 shares of our common stock with a weighted average exercise price of $4.75 per share when they were assumed by us in connection with the Merger.

Convertible Debt

In October 2017, Transphorm Technology issued the Yaskawa Note, an unsecured subordinated convertible promissory note in the aggregate principal amount of $15.0 million. The stated interest rate of the Yaskawa Note is 1.0%, and principal plus interest is due on the earlier of September 30, 2022, or the occurrence of an event of default, change of control or an initial public offering. Following the Merger, any or all of the outstanding principal and accrued interest under the Yaskawa Note is convertible, in whole or in part, at the option of the holder into shares of our common stock at a conversion price of $5.12 per share, up to a maximum of 3,076,171 shares. As of the closing of the Merger, $15.0 million of principal and $0.3 million of accrued interest remains outstanding on the Yaskawa Note.

Other Convertible Securities

As of the date hereof, other than the securities described above, we do not have any outstanding convertible securities.

Anti-Takeover Effects of Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws

Certain provisions of Delaware law and certain provisions included in our amended and restated certificate of incorporation to be effective twenty (20) days after a Definitive Information Statement on Schedule 14C is filed with the SEC and mailed to our stockholders and in our amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter, or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Preferred Stock

Our amended and restated certificate of incorporation contains provisions that permit our board of directors to issue, without any further vote or action by the stockholders, shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series,

the voting rights (if any) of the shares of the series and the powers, preferences, or relative, participation, optional, and other special rights, if any, and any qualifications, limitations, or restrictions, of the shares of such series.

Removal of Directors

Our amended and restated certificate of incorporation provides that stockholders may only remove a director for cause by a vote of no less than a majority of the shares present in person or by proxy at the meeting and entitled to vote.

Director Vacancies

Our amended and restated certificate of incorporation authorizes only our board of directors to fill vacant directorships.

No Cumulative Voting

Our amended and restated certificate of incorporation provides that stockholders do not have the right to cumulate votes in the election of directors.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws provide that, except as otherwise required by law, special meetings of the stockholders may be called only by the chairperson of our board of directors, the chief executive officer, the president (in the absence of a chief executive officer), or our board of directors acting pursuant to a resolution adopted by board members constituting a majority of the total number of authorized directorships.

Advance Notice Procedures for Director Nominations

Our bylaws provide that stockholders seeking to nominate candidates for election as directors at an annual or special meeting of stockholders must provide timely notice thereof in writing. To be timely, a stockholder's notice generally will have to be delivered to and received at our principal executive offices before notice of the meeting is issued by the secretary of the Company, with such notice being served not less than 90 nor more than 120 days before the meeting. Although the amended and restated bylaws do not give the board of directors the power to approve or disapprove stockholder nominations of candidates to be elected at an annual meeting, the amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company.

Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws provide that from and after the date that KKR Phorm Investors L.P. ("KKR"), an affiliate of Kohlberg Kravis Roberts & Co. L.P. ("KKR Parent"), beneficially owns less than a majority of our outstanding shares of common stock, any action to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by written consent.

Amending our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation provides that, from and after the date that KKR beneficially owns less than a majority of our outstanding shares of common stock, the affirmative vote of at least 66 2/3% of the votes entitled to be cast by holders of all outstanding shares then entitled to vote, voting together as a single class, is required to amend certain provisions of our amended and restated certificate of incorporation.

From and after the date that KKR beneficially owns less than a majority of our outstanding shares of common stock, our amended and restated bylaws may be adopted, amended, altered or repealed by stockholders only upon approval of at least 66 2/3% of the votes entitled to be cast by holders of all outstanding shares then entitled to vote, voting together as a single class. Additionally, our amended and restated certificate of incorporation provides that our bylaws may be amended, altered or repealed by the board of directors.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock and preferred stock will be available for future issuances without stockholder approval, except as required by the listing standards of any exchange upon which our common stock may become listed, and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of the Company by means of a proxy contest, tender offer, merger, or otherwise.

Exclusive Jurisdiction

Our amended and restated bylaws provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware, or if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware, is the exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee to the us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine, except, in each case, (A) any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within 10 days following such determination), (B) which is vested in the exclusive jurisdiction of a court or forum other than such court, or (C) for which such court does not have subject matter jurisdiction. Our amended and restated bylaws also provide that unless we consent in writing to the selection of an alternative forum, that the federal district courts of the United States of America shall be the exclusive forum for the resolutions of any complaint stating a claim against us, or any of our directors, employees, control persons, underwriters, or agents arising under the Securities Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to actions arising under the Exchange Act or the rules and regulations thereunder. Although our amended and restated bylaws contain the exclusive forum provisions described above, it is possible that a court could find that such provision is inapplicable for a particular claim or action or that such provision is unenforceable, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Business Combinations with Interested Stockholders

We have opted out of Section 203 of the DGCL. However, our amended and restated certificate of incorporation contains similar provisions providing that we may not engage in certain “business combinations” with any “interested stockholder” for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to this time, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or

- at or subsequent to such time, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and by the affirmative vote of holders of at least 66 and 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset, or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of our outstanding voting stock. For purposes of this section only, "voting stock" has the meaning given to it in Section 203 of the DGCL.

The provisions of our amended and restated certificate of incorporation and amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. For example, under certain circumstances, our charter provisions regarding certain "business combinations" will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with the Company for a three-year period. This provision may encourage companies interested in acquiring us to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions may also have the effect of preventing changes in management or in our board of directors. It is possible that these provisions may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Limitations of Liability and Indemnification Matters

For a discussion of liability and indemnification, see "Directors, Executive Officers, Promoters and Control Persons-Limitation of Liability and Indemnification" above.

Transfer Agent

There is currently no transfer agent for our common stock. In connection with applying to have our common stock quoted on OTC Markets, we intend to appoint a transfer agent and registrar for our common stock.

LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business.

We are currently not aware of any pending legal proceedings to which we are a party or of which any of our property is subject, nor are we aware of any such proceedings that are contemplated by any governmental authority.

Item 3.02 Unregistered Sales of Equity Securities.

The Offering

The information regarding the Offering set forth in Item 2.01, "Completion of Acquisition or Disposition of Assets—The Merger and Related Transactions—The Offering" and "—Description of Securities" is incorporated herein by reference.

On February 12, 2020, in connection with the initial closing of the Offering, we issued an aggregate of 5,365,000 shares of our common stock at a price of $4.00 per share to accredited investors for aggregate gross proceeds of approximately $21.46 million. We may hold one or more subsequent closings at any time prior to February 28, 2020, unless otherwise extended, to sell the remaining shares in the Offering. We may also sell up to an additional 2,500,000 shares of our common stock at the Offering Price to cover over-subscriptions in the event the Offering is oversubscribed. These transactions were exempt from registration under Section 4(a)(2) of the Securities Act (or Rule 506 of Regulation D) as not involving any public offering.

Securities Issued in Connection with the Merger

On February 12, 2020, pursuant to the terms of the Merger Agreement, (i) each share of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger was converted into the right to receive (a) 0.08289152527 shares of our common stock (in the case of shares held by accredited investors) or (b) $4.00 multiplied by the Common Stock Conversion Ratio (in the case of shares held by unaccredited investors), with the maximum number of shares of our common stock issuable to the former holders of Transphorm Technology's common stock equal to 4,224,382, (ii) 51,680,254 shares of Transphorm Technology's Series 1 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 12,433,953 shares of our common stock, (iii) 38,760,190 shares of Transphorm Technology's Series 2 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 7,499,996 shares of our common stock, and (iv) 31,850,304 shares of Transphorm Technology's Series 3 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 4,000,000 shares of our common stock. In addition, we assumed (1) all outstanding options to purchase Transphorm Technology's common stock that remained outstanding under the 2007 Plan and the 2015 Plan, whether vested or unvested, and converted them into options to purchase an aggregate of 2,461,923 shares of our common stock, and (2) all outstanding warrants to purchase Transphorm Technology's common stock and converted them into warrants to purchase an aggregate of 15,461 shares of our common stock. These transactions were exempt from registration under Section 4(a)(2) of the Securities Act (or Rule 506 of Regulation D) as not involving any public offering.

Sales of Unregistered Securities of Peninsula Acquisition Corporation

On February 11, 2020, the board of directors of Peninsula Acquisition Corporation approved the issuance of an aggregate of 25,000 shares of Peninsula Acquisition Corporation common stock to a service provider to the Company in connection with the negotiation of the Merger Agreement. This transaction was exempt from registration under Section 4(a)(2) of the Securities Act (or Rule 506 of Regulation D) as not involving any public offering.

Sales of Unregistered Securities of Transphorm Technology

The following list sets forth information as to all securities sold by Transphorm Technology from January 1, 2017 through immediately prior to the consummation of the Merger, which were not registered under the Securities Act. The following description is historical and has not been adjusted to give effect to the Merger or applicable conversion ratios pursuant to the Merger Agreement.

- In October 2017, Transphorm Technology issued $15.0 million in principal amount of a convertible promissory note to one accredited investor.

- In April 2018, Transphorm Technology issued an aggregate of 31,850,304 shares of its Series 3 Preferred Stock at a price per share of $0.50235, for aggregate gross consideration of $16.0 million, to one accredited investor.

- Since January 1, 2017, Transphorm Technology granted to certain employees and consultants options to purchase an aggregate of 3,542,718 shares of its common stock under the 2015 Plan at exercise prices ranging from $0.26 to $0.36 per share, for an aggregate exercise price of $1.0 million.

- Since January 1, 2017, Transphorm Technology issued and sold an aggregate of 30,000 shares of its common stock upon the exercise of options under the 2007 Plan at an exercise price of $0.30 per share, for an aggregate exercise price of $9,000.

- Since January 1, 2017, Transphorm Technology issued and sold an aggregate of 169,538 shares of its common stock upon the exercise of options under the 2015 Plan, at exercise prices ranging from $0.26 to $0.36 per share, for an aggregate exercise price of approximately $58,000.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about Transphorm Technology. The sales of these securities were made without any general solicitation or advertising.

Item 3.03 Material Modification to Rights of Security Holders.

The information contained in Item 5.03, “Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year” is incorporated herein by reference.

Item 4.01 Changes in Registrant’s Certifying Accountant.

Dismissal of Independent Registered Public Accounting Firm

Upon the Effective Time of the Merger, Raich Ende Malter & Co. LLP was dismissed as the independent registered public accounting firm that audits the financial statements of our company.

Raich Ende Malter & Co. LLP’s audit report on our financial statements for the period from May 31, 2017 (Peninsula Acquisition Corporation’s inception) through June 30, 2019 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles, except that the report dated September 27, 2019 contained statements indicating there is substantial doubt about the Company’s ability to continue as a going-concern.

During the period from May 31, 2017 through June 30, 2019 and the subsequent interim period through the date of Raich Ende Malter & Co. LLP’s dismissal, there were no disagreements with Raich Ende Malter & Co. LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Raich Ende Malter & Co. LLP would have caused it to make reference to the subject matter thereof in connection with its report, and there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K).

We provided Raich Ende Malter & Co. LLP with a copy of the disclosures we are making in this Report prior to the filing hereof and requested that Raich Ende Malter & Co. LLP furnish to us a letter addressed to the SEC

stating whether Raich Ende Malter & Co. LLP agrees with the statements made by us in this Report. A copy of Raich Ende Malter & Co. LLP's letter is filed as Exhibit 16.1 to this Report.

Engagement of Independent Registered Public Accounting Firm

Effective as of the Effective Time, our board of directors engaged Marcum LLP, as the independent registered public accounting firm to audit the Company's financial statements for the fiscal year ended December 31, 2019.

During the Company's fiscal years ended June 30, 2019 and 2018, and the subsequent interim period through the date of Marcum LLP appointment, neither the Company nor anyone acting on its behalf consulted Marcum LLP regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that Marcum LLP concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

Item 5.01 Changes in Control of Registrant.

The information regarding a change of control of Peninsula Acquisition Corporation in connection with the Merger set forth in Item 2.01, "Completion of Acquisition or Disposition of Assets—The Merger and Related Transactions" is incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information regarding departure and election of our directors and departure and appointment of our principal officers in connection with the Merger set forth in Item 2.01, "Completion of Acquisition or Disposition of Assets —The Merger and Related Transactions" is incorporated herein by reference.

For information regarding the terms of employment of our newly appointed executive officers, see Item 2.01, "Completion of Acquisition or Disposition of Assets—Executive Compensation," which description is incorporated herein by reference. For certain biographical, related party and other information regarding our newly appointed executive officers, see Item 2.01, "Completion of Acquisition or Disposition of Assets—Directors, Executive Officers, Promoters and Control Persons" and "Completion of Acquisition or Disposition of Assets—Certain Relationships and Related Transactions," which disclosures are incorporated herein by reference.

For information about compensation to our directors, see Item 2.01, "Completion of Acquisition or Disposition of Assets—Directors, Executive Officers, Promoters and Control Persons—Director Compensation," which description is incorporated herein by reference. For certain biographical, related party and other information regarding our newly appointed directors, see Item 2.01 "Completion of Acquisition or Disposition of Assets—Directors, Executive Officers, Promoters and Control Persons" and "Completion of Acquisition or Disposition of Assets—Certain Relationships and Related Transactions," which disclosures are incorporated herein by reference.

Reference is made to the descriptions of the 2007 Plan, the 2015 Plan and the 2020 Plan set forth under Item 2.01, "Completion of Acquisition or Disposition of Assets—Executive Compensation—Equity Incentive Plans," which descriptions are incorporated herein by reference. The descriptions of the 2007 Plan, 2015 Plan and 2020 Plan contained in this Report do not purport to be complete, and are qualified in their entirety by reference to the full text of applicable plans, which are filed as exhibits to this Report and incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Amendments to Certificate of Incorporation

Immediately after completion of the Merger, we adopted Transphorm Technology's former company name, "Transphorm, Inc.", as our company name by filing a Certificate of Amendment to our Certificate of Incorporation. The Certificate of Amendment to our Certificate of Incorporation is filed as an exhibit to this Report and incorporated herein by reference.

On February 11, 2020, our board of directors and all of our pre-Merger stockholders approved an amended and restated certificate of incorporation, which will be effective upon its filing with the Secretary of State of the State of Delaware on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders. See the description of the amended and restated certificate of incorporation in Item 2.01, "Completion of Acquisition or Disposition of Assets—Description of Securities—Anti-Takeover Effects of Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws," which description is incorporated herein by reference. Our amended and restated certificate of incorporation is filed as an exhibit to this Report and incorporated herein by reference.

Amendments to Bylaws

On February 11, 2020, we amended and restated our bylaws in their entirety. See the description of the amended and restated bylaws in Item 2.01, "Completion of Acquisition or Disposition of Assets—Description of Securities—Anti-Takeover Effects of Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws," which description is incorporated herein by reference. Our amended and restated bylaws are filed as an exhibit to this Report and incorporated herein by reference.

Change in Fiscal Year

Effective February 12, 2020, our board of directors approved a change in our fiscal year end from June 30 to December 31 to align with the fiscal year end of Transphorm Technology. Following such change, the Company's current fiscal year will end on December 31, 2020.

Item 5.06 Change in Shell Company Status.

Prior to the Merger, we were a "shell company" (as such term is defined in Rule 12b-2 under the Exchange Act). As a result of the Merger described in Item 2.01 of this Report, we have ceased to be a shell company. The information contained in this Report constitutes the current "Form 10 information" necessary to satisfy the conditions contained in Rule 144(i)(2) under the Securities Act.

Item 5.07 Submission of Matters to a Vote of Security Holders.

On February 11, 2020, stockholders holding 100% of the then outstanding shares of our common stock executed a written consent in lieu of a meeting to approve (1) the adoption of the 2020 Plan; (2) the amended and restated certificate of incorporation; (3) the amended and restated bylaws; (4) the Pre-Merger Indemnity Agreement; (5) the form of director and officer indemnification agreement; (6) the KKR Indemnification Agreement; and (7) the KKR Stockholders Agreement.

The information regarding submission of matters to a vote of security holders set forth in Item 5.03, "Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year" is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) As a result of its acquisition of Transphorm Technology as described in Item 2.01, the registrant is filing herewith Transphorm Technology's audited financial statements as of and for the fiscal years ended

December 31, 2018 and 2017 and Transphorm Technology's unaudited condensed financial statements as of, and for the nine months ended September 30, 2019 and 2018, as Exhibit 99.1 and Exhibit 99.2, respectively, to this Report.

(b) Unaudited pro forma combined financial information for the fiscal year ended December 31, 2018 and as of and for the nine months ended September 30, 2019 is attached as Exhibit 99.3 to this Report.

(c) Shell Company Transactions. Reference is made to Items 9.01(a) and 9.01(b) and the exhibits referred to therein, which are incorporated herein by reference.

(d) Exhibits.

Exhibit Index

Exhibit Number	Exhibit Description
2.1 ‡	Agreement and Plan of Merger and Reorganization, dated February 12, 2020, by and among the Registrant, Peninsula Acquisition Sub, Inc. and Transphorm Technology
3.1	Certificate of Merger relating to the merger of Peninsula Acquisition Sub, Inc. with and into Transphorm Technology, filed with the Secretary of State of Delaware on February 12, 2020
3.2	Certificate of Amendment to Certificate of Incorporation, filed with the Secretary of State of Delaware on February 12, 2020
3.3	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be filed with the Secretary of State of Delaware
3.4	Amended and Restated Bylaws of the Registrant, as currently in effect
4.1 *	Form of Registration Rights Agreement
4.2	Stockholders Agreement, dated February 13, 2020, by and between the Registrant and KKR
10.1.1 *	Engagement Letter, dated October 22, 2019, by and between B. Riley FBR, Inc. and Transphorm Technology ("B. Riley Engagement Letter")
10.1.2 *	Amendment No. 1 and Consent to B. Riley Engagement Letter, dated November 13, 2019, by and between B. Riley FBR, Inc. and Transphorm Technology
10.2 *	Engagement Letter, dated November 14, 2019, by and between Craig-Hallum Capital Group LLC and Transphorm Technology
10.3.1 #	2007 Stock Plan
10.3.2 #	Form of Stock Option Agreement under 2007 Stock Plan
10.4.1 #	2015 Equity Incentive Plan
10.4.2 #	Form of Stock Option Agreement under 2015 Equity Incentive Plan
10.5 #	2020 Equity Incentive Plan
10.6	Form of Lock-Up Agreement
10.7 *	Form of Subscription Agreement
10.8 #	Offer Letter, dated as of October 13, 2015, by and between Transphorm Technology and Mario Rivas
10.9 #	Offer Letter, dated as of March 22, 2007, by and between Transphorm Technology and Primit Parikh
10.10 #	Offer Letter, dated as of October 14, 2015, by and between Transphorm Technology and Cameron McAulay
10.11.1 †	Award Contract, dated December 13, 2018, by and between Transphorm Technology and Naval Air Warfare Center Aircraft Division
10.11.2 †	Amendment of Solicitation, dated February 14, 2019, by and between Transphorm Technology and Naval Air Warfare Center Aircraft Division

Exhibit Number	Exhibit Description
10.11.3 †	Amendment of Solicitation, dated June 6, 2019, by and between Transphorm Technology and Naval Air Warfare Center Aircraft Division
10.11.4	Amendment of Solicitation, dated September 12, 2019, by and between Transphorm Technology and Naval Air Warfare Center Aircraft Division
10.11.5 †	Amendment of Solicitation, dated November 27, 2019, by and between Transphorm Technology and Naval Air Warfare Center Aircraft Division
10.12.1 †	Joint Venture Agreement, dated as of May 23, 2017, by and among Aizu Fujitsu Semiconductor Limited, Fujitsu Semiconductor Limited, Transphorm Technology and Transphorm Aizu, Inc.
10.12.2 †	First Amendment to the Joint Venture Agreement, dated as of September 1, 2018, by and between Aizu Fujitsu Semiconductor Limited, Fujitsu Semiconductor Limited, Transphorm Technology and Transphorm Aizu, Inc.
10.13.1 †	Supply Agreement, dated April 4, 2018, between Transphorm Technology and Nexperia
10.13.2	Amendment No. 1 to Supply Agreement, dated February 7, 2020, between Transphorm Technology and Nexperia
10.14.1 †	Loan and Security Agreement, dated April 4, 2018, between Transphorm Technology and Nexperia
10.14.2 †	Amendment No. 1 to Loan and Security Agreement, dated March 21, 2019, between Transphorm Technology and Nexperia
10.14.3	Amendment No. 2 to Loan and Security Agreement, dated February 7, 2020, between Transphorm Technology and Nexperia
10.15.1 †	Development and License Agreement, dated April 4, 2018, between Transphorm Technology and Nexperia
10.15.2 †	Amendment No. 1 to Development and License Agreement, dated March 21, 2019, between Transphorm Technology and Nexperia
10.15.3	Amendment No. 2 to Development and License Agreement, dated February 7, 2020, between Transphorm Technology and Nexperia
10.16.1	Standard Industrial/Commercial Multi-Tenant Lease, dated June 23, 2010, by and between Transphorm Technology and Castilian LLC, for the premises located at 75 Castilian Drive, Goleta, CA 93117
10.16.2	First Amendment to Lease, dated January 22, 2016, by and between Transphorm Technology and Castilian, LLC, for the premises located at 75 Castilian Drive, Goleta, CA 93117
10.17.1	Standard Industrial/Commercial Multi-Tenant Lease, dated October 14, 2008, by and between Transphorm Technology and Frieslander Holdings, LLC and Nederlander Holdings, LLC, for the premises located at 111 Castilian Drive, Suite B, Goleta, CA 93117
10.17.2	First Amendment to Standard Industrial/Commercial Multi-Tenant Lease, dated March 17, 2009, by and between Transphorm Technology and Frieslander Holdings, LLC and Nederlander Holdings, LLC, for the premises located at 111 Castilian Drive, Suite B, Goleta, CA 93117
10.17.3	Second Amendment to Standard Industrial/Commercial Multi-Tenant Lease, dated August 1, 2011, by and between Transphorm Technology and Frieslander Holdings, LLC and Nederlander Holdings, LLC, for the premises located at 115 Castilian Drive, Suite B, Goleta, CA 93117, formerly known as 111 Castilian Drive, Suite B, Goleta, CA 93117
10.17.4	Third Amendment to Standard Industrial/Commercial Multi-Tenant Lease, dated November 24, 2015, by and between Transphorm Technology and Frieslander Holdings, LLC and Nederlander Holdings, LLC, for the premises located at 115 Castilian Drive, Suite B, Goleta, CA 93117, formerly known as 111 Castilian Drive, Suite B, Goleta, CA 93117
10.18	Form of Director and Officer Indemnification Agreement
10.19	Form of Pre-Merger Indemnity Agreement
10.20.1 *	Warrant to Purchase Stock, dated November 3, 2010, by and between Transphorm Technology and Silicon Valley Bank ("SVB Warrant")

Exhibit Number	Exhibit Description
10.20.2	Letter Amendment to SVB Warrant, dated May 21, 2015, by and between Transphorm Technology and SVB Financial Group
10.20.3	Amendment to SVB Warrant, dated February 4, 2020, by and between Transphorm Technology and SVB Financial Group
10.21.1 *	Warrant to Purchase Shares of Series Preferred Stock, dated November 3, 2010, by and between Transphorm Technology and Leader Equity, LLC ("Leader Warrant")
10.21.2	Letter Amendment to Leader Warrant, dated May 21, 2015, by and between Transphorm Technology and Leader Ventures, LLC
10.21.3	Amendment to Leader Warrant, dated February 4, 2020, by and between Transphorm Technology and Leader Ventures, LLC
10.22.1	Plain English Warrant Agreement, dated November 3, 2010, by and between Transphorm Technology and TriplePoint Capital, LLC ("First TriplePoint Warrant")
10.22.2	Plain English Warrant Agreement, dated December 2, 2010, by and between Transphorm Technology and TriplePoint Capital, LLC ("Second TriplePoint Warrant")
10.22.3	Letter Amendment to First TriplePoint Warrant and Second TriplePoint Warrant, dated May 20, 2015, by and between Transphorm Technology and TriplePoint Capital LLC
10.22.4	Amendment to First TriplePoint Warrant, dated February 10, 2020, by and between Transphorm Technology and TriplePoint Capital LLC
10.22.5	Amendment to Second TriplePoint Warrant, dated February 10, 2020, by and between Transphorm Technology and TriplePoint Capital LLC
10.23.1 *	Subordinated Convertible Promissory Note, dated October 4, 2017, by and between Transphorm Technology and Yaskawa
10.23.2	Waiver, Consent and Amendment Agreement, dated March 16, 2018, by and between Transphorm Technology and Yaskawa
10.23.3	Consent, Guaranty and Amendment Agreement, dated February 10, 2020, by and between Transphorm Technology and Yaskawa
10.24.1 †	License Agreement dated September 1, 2007, by and between Transphorm Technology and The Regents of the University of California
10.24.2 †	Eleventh Amendment to License Agreement dated October 29, 2019, by and between Transform Technology and the Regents of the University of California
10.25 †	Intracompany License Agreement, dated Oct. 14, 2019, by and between Transphorm Japan and Transphorm Technology
10.26	Letter Agreement, dated February 5, 2020, by and between Transphorm and Marelli Corporation
10.27	Letter Agreement, dated February 3, 2020, by and between Transphorm and Yaskawa
10.28	Indemnification Agreement, dated February 12, 2020, by and between Transphorm Technology and KKR
16.1	Letter from Raich Ende Malter & Co. LLP as to the change in certifying accountant, dated as of February 13, 2020
99.1	Audited financial statements as of and for the years ended December 31, 2018 and 2017
99.2	Unaudited financial statements as of September 30, 2019 and for the nine months ended September 30, 2019 and 2018
99.3	Pro forma financial information as of September 30, 2019 and for the nine month period ended, and for the year ended December 31, 2018

‡ Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant hereby undertakes to furnish supplementally a copy of any of the omitted schedules and exhibits to the SEC on a confidential basis upon request.

* Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant hereby undertakes to furnish supplementally a copy of any of the omitted schedules and exhibits to the SEC on a confidential basis upon request.

# Indicates management contract or compensatory plan.

† Portions of the exhibit, marked by brackets, have been omitted because the omitted information (i) is not material and (ii) would likely cause competitive harm if publicly disclosed.

Signature

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

Transphorm, Inc.

Dated: February13, 2020

By: */s/ Mario Rivas*

Mario Rivas

Chief Executive Officer

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

by and among

PENINSULA ACQUISITION CORPORATION, a Delaware corporation,

PENINSULA ACQUISITION SUB, INC., a Delaware corporation,

and

TRANSPHORM, INC., a Delaware corporation

February 12, 2020

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AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION (this "**Agreement**"), dated as of February 12, 2020, by and among **PENINSULA ACQUISITION CORPORATION**, a Delaware corporation (the "**Parent**"), **PENINSULA ACQUISITION SUB, INC.**, a Delaware corporation (the "**Acquisition Subsidiary**"), and **TRANSPHORM, INC.**, a Delaware corporation (the "**Company**"). The Parent, the Acquisition Subsidiary and the Company are each a "**Party**" and referred to collectively herein as the "**Parties**."

WHEREAS, this Agreement contemplates a merger of the Acquisition Subsidiary with and into the Company, with the Company remaining as the surviving entity after the merger (the "**Merger**"), whereby the stockholders of the Company will receive Parent Common Stock (as defined below) in exchange for their capital stock of the Company;

WHEREAS, immediately following the Merger, the Parent will complete a private placement offering (the "**Private Placement Offering**") of a minimum of 5,000,000 shares of the Parent's common stock, par value $0.0001 per share (the "**Parent Common Stock**"), at a purchase price of $4.00 per share (the "**Purchase Price**"), upon the terms and subject to the conditions of subscription agreements in a form reasonably acceptable to the Parent and the Company;

WHEREAS, as inducement to the Company's willingness to enter into this Agreement, contemporaneously with the execution and delivery of this Agreement by the parties hereto, certain stockholders of the Parent prior to the Merger have entered into forfeiture letters with the Parent (the "**Forfeiture Letters**"), to be effective only upon the Effective Time (as defined below), pursuant to which an aggregate of 682,699 shares of Parent Common Stock (the "**Forfeited Shares**") will be forfeited and cancelled immediately prior to the Effective Time; and

WHEREAS, the Parties intend for the Merger to qualify as a "reorganization" under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and that this Agreement constitutes a "plan of reorganization" within the meaning of Sections 1.368-2(g) and 1.368-3(a) of the United States Treasury Regulations.

NOW, THEREFORE, in consideration of the representations, warranties and covenants herein contained, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties hereto, intending legally to be bound, agree as follows:

ARTICLE 1
THE MERGER

1.1 The Merger. Upon and subject to the terms and conditions set forth in this Agreement, the Acquisition Subsidiary shall merge with and into the Company at the Effective Time (as defined below). From and after the Effective Time, the separate corporate existence of the Acquisition Subsidiary shall cease and the Company shall continue as the surviving corporation in the Merger (the "**Surviving Corporation**"). The "**Effective Time**" shall be the

time at which a certificate of merger in proper form and duly executed, reflecting the Merger (the "**Certificate of Merger**") pursuant to Section 251(c) of General Corporation Law of the State of Delaware (such General Corporation Law of the State of Delaware, the "**Delaware Act**") is filed with and accepted by the Secretary of State of the State of Delaware. The Merger shall have the effects set forth herein and in the applicable provisions of the Delaware Act. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as provided herein, all the property, rights, privileges, powers and franchises of the Company and the Acquisition Subsidiary shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Acquisition Subsidiary shall become the debts, liabilities and duties of the Surviving Corporation. The Parent, the Company and the Acquisition Subsidiary, respectively, shall each use its best efforts to take all such action as may be necessary or appropriate to effectuate the Merger in accordance with the Delaware Act.

1.2 The Closing. The closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place remotely, via electronic exchange of documents, simultaneous with the execution and delivery of this Agreement, or, if all of the conditions to the obligations of the Parties to consummate the transactions contemplated hereby have not been satisfied or waived by such date, on such mutually agreeable later date as soon as practicable after the satisfaction or waiver of all conditions (excluding the delivery of any documents to be delivered at the Closing by any of the Parties) set forth in Article 5 hereof (and in any event not later than three Business Days thereafter) (the date of such Closing, the "**Closing Date**"). As used in this Agreement, the term "**Business Day**" means any day other than a Saturday, a Sunday or a day on which banks in the state of New York are required or authorized by applicable Law to close.

1.3 Actions at the Closing. At the Closing:

(a) the Company shall deliver to the Parent and the Acquisition Subsidiary the various certificates, instruments and documents to be delivered by the Company pursuant to Sections 5.1 and 5.2;

(b) the Parent and the Acquisition Subsidiary shall deliver to the Company the various certificates, instruments and documents to be delivered by the Parent and/or Acquisition Subsidiary pursuant to Sections 5.1 and 5.3; and

(c) the Parties will cause the Certificate of Merger to be filed with the Secretary of State of the State of Delaware in accordance with the Delaware Act.

1.4 Additional Actions. If at any time after the Effective Time the Surviving Corporation or the Parent shall consider or be advised that any deeds, bills of sale, assignments or assurances or any other acts or things are necessary, desirable or proper (a) to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its right, title or interest in, to or under any of the rights, privileges, powers, franchises, properties or assets of either the Company or the Acquisition Subsidiary or (b) otherwise to carry out the purposes of this Agreement, the Surviving Corporation, the Parent and its officers and directors or their designees shall be authorized (to the fullest extent allowed under applicable Law) to execute and deliver, in the name and on behalf of either the Company, the Parent or the Acquisition Subsidiary, all such

deeds, bills of sale, assignments and assurances and do, in the name and on behalf of the Company, the Parent or the Acquisition Subsidiary, all such other acts and things necessary, desirable or proper to vest, perfect or confirm its right, title or interest in, to or under any of the rights, privileges, powers, franchises, properties or assets of the Company, the Parent or the Acquisition Subsidiary, as applicable, and otherwise to carry out the purposes of this Agreement.

1.5 Conversion of Company Securities. At the Effective Time, by virtue of the Merger and without any action on the part of any Party or the holder of any of the following securities:

(a) Each share of common stock, par value $0.001 per share, of the Company ("**Company Common Stock**"), each share of Series 2 Preferred Stock, par value $0.001 per share, of the Company ("**Series 2 Preferred Stock**"), and each share of Series 3 Preferred Stock, par value $0.001 per share, of the Company ("**Series 3 Preferred Stock**") issued and outstanding immediately prior to the Effective Time (other than Dissenting Shares (as defined below) and shares of Company Stock (as defined below) held by Unaccredited Investors (as defined below)), shall cease to be an existing share of Company Stock and shall be converted into and represent the right to receive such number of shares of Parent Common Stock as is equal to the applicable "**Conversion Ratio**" set forth on Schedule 1.5(a) hereto such that the post-Merger capitalization structure of the Parent shall be as set forth in Exhibit A. Each share of Series 1 Preferred Stock, par value $0.001 per share, of the Company (the "**Series 1 Preferred Stock**" and together with the Series 2 Preferred Stock and the Series 3 Preferred Stock, the "**Company Preferred Stock**" and the Company Preferred Stock together with the Company Common Stock, the "**Company Stock**"), issued and outstanding immediately prior to the Effective Time (other than Dissenting Shares and shares held by Unaccredited Investors) shall be treated as if each such share had been converted into a share of Company Common Stock immediately prior to the Effective Time in accordance with the Company's certificate of incorporation. An aggregate of a maximum number of 31,250,000 shares of Parent Common Stock, subject to (x) adjustment as necessary due to rounding as set forth in Section 1.7 and (y) Section 1.5(c), shall be issuable in respect of the shares of Company Stock held by the stockholders of record of the Company (including Dissenting Shares, shares of Parent Common Stock issuable upon exercise of Parent Warrants (as defined below), and shares of Parent Common Stock issuable upon the conversation of the Convertible Note (as defined below)) as of immediately prior to the Effective Time (the "**Company Stockholders**"). The shares of Parent Common Stock into which the shares of Company Common Stock are converted pursuant to this Section shall be referred to herein as the "**Merger Shares**." The Merger Shares shall be adjusted to reflect appropriately the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into or exercisable or exchangeable for Parent Common Stock), reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to Parent Common Stock occurring or having a record date on or after the date hereof and prior to the Effective Time.

(b) After the Effective Time, the Parent's transfer agent (the "**Transfer Agent**") shall issue certificates (which, for all purposes in this Agreement, may be book-entry security entitlements representing shares of Parent Common Stock) evidencing the Merger

Shares to each Company Stockholder who has surrendered a certificate that immediately prior to the Effective Time represented Company Stock to be converted into such Merger Shares pursuant to this Section 1.5 (the "**Company Stock Certificates**"). If any Company Stock Certificate shall have been lost, stolen or destroyed, the Transfer Agent may, in its sole discretion and as a condition to the issuance of any certificates representing Merger Shares, require the owner of such lost, stolen or destroyed Company Stock Certificate to provide an appropriate affidavit with respect to such Company Stock Certificate.

(c) Notwithstanding anything to the contrary in this Agreement, each issued and outstanding share of Company Stock held by Unaccredited Investors (other than Dissenting Shares) shall cease to be an existing share of Company Stock and shall be converted into the right to receive a cash payment equal to $4.00 multiplied by the applicable Conversation Ratio set forth on Schedule 1.5(a) hereto. "**Unaccredited Investor**" shall mean a Company Stockholder who does not complete and deliver to the Company and Parent no later than five (5) calendar days after the Closing Date an investor questionnaire reasonably acceptable to the Company and the Parent certifying that such Company Stockholder is an "accredited investor" or not a "U.S. Person" as such terms are defined in Regulation D and Regulation S, respectively, under the Securities Act; provided that the Company and the Parent may determine any Company Stockholder is an "accredited investor" without having received such an investor questionnaire if they reasonably believe that such Company Stockholder qualifies as an "accredited investor."

(d) Each issued and outstanding share of common stock, par value $0.0001 per share, of the Acquisition Subsidiary shall be converted into one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation.

1.6 Dissenting Shares.

(a) For purposes of this Agreement, "**Dissenting Shares**" means shares of Company Stock held as of the Effective Time by a Company Stockholder who has not voted such Company Stock in favor of the adoption of this Agreement and the Merger and with respect to which appraisal shall have been duly demanded and perfected in accordance with Section 262 of the Delaware Act and not effectively withdrawn or forfeited prior to the Effective Time. Dissenting Shares shall not be converted into or represent the right to receive shares of Parent Common Stock unless such Company Stockholder's right to appraisal shall have ceased in accordance with the Delaware Act. If such Company Stockholder has so forfeited or withdrawn his, her or its right to appraisal of Dissenting Shares, then (i) as of the occurrence of such event, such holder's Dissenting Shares shall cease to be Dissenting Shares and shall be converted into and represent the right to receive the Merger Shares issuable in respect of such Company Stock pursuant to Section 1.5(a), and (ii) promptly following the occurrence of such event and, if requested by the Parent, the proper surrender of such person's Company Stock Certificate, the Parent shall deliver to such Company Stockholder a certificate representing the Merger Shares to which such holder is entitled pursuant to Section 1.5(a).

(b) The Company shall give the Parent prompt notice of any written demands for appraisal of any Company Stock, withdrawals of such demands, and any other instruments

that relate to such demands received by the Company. The Company shall not, except with the prior written consent of the Parent (such consent not to be unreasonably withheld, conditioned or delayed), make any payment with respect to any demands for appraisal of Company Stock or offer to settle or settle any such demands unless required by the court of the State of Delaware having jurisdiction thereof.

1.7 Fractional Shares. No certificates or scrip representing fractional Merger Shares shall be issued to Company Stockholders on the surrender for exchange of shares of Company Stock, and such Company Stockholders shall not be entitled to any voting rights, rights to receive any dividends or distributions or other rights as a stockholder of the Parent with respect to any fractional Merger Shares that would have otherwise been issued to such Company Stockholders. In lieu of any fractional Merger Shares to which the holder would otherwise be entitled, the Company shall pay the holder cash equal to such fraction multiplied by the Purchase Price.

1.8 Options and Warrants.

(a) As of the Effective Time, all outstanding Company Options (as defined below) that remain unexercised, whether vested or unvested, shall be assumed by the Parent and shall be converted into options to purchase shares of Parent Common Stock ("**Parent Options**") without further action by the holder thereof. Each Parent Option as so assumed and converted shall constitute an option to acquire such number of shares of Parent Common Stock as is equal to the number of shares of Company Common Stock subject to the outstanding and unexercised portion of the Company Option immediately prior to the Effective Time, multiplied by the Conversion Ratio for Company Common Stock (with the result rounded down to the nearest whole share of Parent Common Stock). The exercise price per share of each Parent Option as so assumed and converted shall be equal to the exercise price of the Company Option immediately prior to the Effective Time divided by the Conversion Ratio (with the result rounded up to the nearest whole cent). Each Parent Option shall otherwise be subject to the same terms and conditions as were applicable under the respective Company Option immediately prior to the Effective Time, provided, that the Board of Directors of the Parent or a committee thereof shall succeed to the authority and responsibility of the Company's board of directors or any committee thereof with respect to each Company Option assumed by the Parent. It is the intention of the parties that (i) each Parent Option that qualified as an incentive stock option (as defined in Section 422 of the Code) immediately prior to the Effective Time shall continue to so qualify, to the maximum extent permissible, immediately following the Effective Time, and (ii) the number of shares of Parent Common Stock and exercise price per share of Parent Common Stock under each Parent Option shall be determined in a manner consistent with the requirements of Section 409A of the Code.

(b) Prior to the Effective Time, Parent and the Company shall take such actions (including adopting any necessary resolutions) as are reasonably necessary to effect the treatment of the Company Options as contemplated by this Section 1.8. At the Effective Time, the Parent shall assume all obligations of the Company under the applicable Company Equity Plan, each outstanding Company Option, and the agreements evidencing the grants thereof, and

shall administer and honor all such awards in accordance with the terms and conditions of such awards and the applicable Company Equity Plan (subject to the adjustments required by reason of this Agreement or such other adjustments or amendments made by the Parent in accordance with such terms and conditions).

(c) As of the Effective Time, each outstanding Company Warrant (as defined below) that is outstanding as of immediately prior to the Effective time shall be assumed by Parent and shall be converted into warrants to purchase Parent Common Stock ("**Parent Warrants**") without further action by the holder thereof. Accordingly, from and after the Effective Time: (i) each Company Warrant assumed by the Parent may be exercised solely for shares of Parent Common Stock; (ii) the number of shares of Parent Common Stock subject to each Company Warrant assumed by the Parent shall be determined by multiplying (A) the number of shares of Company Common Stock that would have been issuable upon exercise of each such Company Warrant had such Company Warrant been exercised prior to the Effective Time by (B) the Conversion Ratio for Company Common Stock and rounding the resulting number down to the nearest whole number of shares of Parent Common Stock; (iii) the per share exercise price for the Parent Common Stock issuable upon exercise of each Company Warrant assumed by the Parent shall be determined by dividing the per share exercise price of shares of Company Common Stock subject to such Company Warrant, as in effect immediately prior to the Effective Time, by the Conversion Ratio for the Company Common Stock and rounding the resulting exercise price up to the nearest whole cent; and (iv) any restriction on any Company Warrant assumed by the Parent shall continue in full force and effect and the term and other provisions of such Company Warrant shall otherwise remain unchanged.

(d) The Parent shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery upon exercise of the Parent Options to be issued for the Company Options, and for delivery upon exercise of the Parent Warrants, in each case, in accordance with this Section 1.8.

1.9 Directors and Officers.

(a) At the Effective Time, by virtue of the Merger and without any action on the part of the Parent, Acquisition Subsidiary, the Company or the holders of any shares of capital stock of any of the foregoing, the directors and officers of the Surviving Corporation shall be the directors and officers of the Company as of immediately prior to the Effective Time, each to hold office until the earlier of his/her resignation or removal or until his/her respective successors are duly appointed and qualified, as the case may be, and the Surviving Corporation and the Parent shall take any necessary actions (whether prior to, at or after the Effective Time) as shall be necessary or appropriate to effectuate or carry out the purpose of this Section 1.9.

(b) At or prior to the Closing, the Board of Directors of the Parent shall, subject to compliance with Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, take the following action, to be effective upon the Effective Time: (i) elect to the Board of Directors of the Parent the persons who were directors of the Company immediately prior to the Closing (other than Michael White); and (ii) appoint as the officers of the Parent those persons who were the officers of the Company immediately prior to the Closing, or, in

either case with regard to clauses (i) and (ii), such other persons designated by the Company (including any replacement for a director of the Company immediately prior to the Closing who is either unwilling or unable to serve as a director of the Parent upon the Effective Time). All of the persons serving as directors of the Parent immediately prior to the Closing shall resign immediately following the election of the new directors, and all of the persons serving as officers of the Parent immediately prior to the Closing shall resign immediately following the appointment of the new officers, all subject to compliance with Rule 14f-1 promulgated under the Exchange Act. Subject to applicable law, the Parent, with the assistance of the Company, has taken or shall take all action reasonably requested by the Company, but consistent with the certificate of incorporation and bylaws of the Parent, that is reasonably necessary to effect any such election or appointment of the designees of the Company to the Parent's Board of Directors, including mailing to the Parent's stockholders an information statement containing the information required by Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder at least 10 days prior to the Effective Time. The Company has supplied the Parent all information with respect to it and its nominees, officers, directors and Affiliates required by such Section 14(f) and Rule 14f-1.

(c) The provisions of this Section 1.9 are in addition to and shall not limit any rights which the Company or any of its Affiliates may have as a holder or beneficial owner of shares of capital stock of the Parent as a matter of law with respect to the election of directors or otherwise. The newly-appointed directors and officers of the Parent shall hold office for the term specified in, and subject to the provisions contained in, the certificate of incorporation and bylaws of the Parent and applicable law.

1.10 Certificate of Incorporation and Bylaws. The Surviving Corporation or the Parent may make any necessary filings in the State of Delaware as shall be necessary or appropriate to effectuate or carry out fully the purpose of this Section 1.10:

(a) the certificate of incorporation of the Company will be amended and restated at the Effective Time to read in its entirety as set forth on Exhibit B hereto, and, as so amended and restated, will be the certificate of incorporation of the Surviving Corporation until thereafter amended as provided by Delaware law and such certificate of incorporation;

(b) the bylaws of the Acquisition Subsidiary in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation until duly amended or repealed;

(c) the certificate of incorporation of the Parent in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Parent until duly amended or repealed; and

(d) the bylaws of the Parent in effect immediately prior to the Effective Time shall be the bylaws of the Parent until duly amended or repealed.

1.11 No Further Rights. From and after the Effective Time, no shares of Company Stock shall be deemed to be outstanding, and holders of Company Stock, certificated or uncertificated, shall cease to have any rights with respect thereto, except as provided herein or by

applicable Law, other than the right to receive Parent Common Stock in connection with the Merger.

1.12 Closing of Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and no transfer of Company Stock shall thereafter be made. If, after the Effective Time, Company Stock Certificates are presented to the Parent or the Surviving Corporation, they shall be cancelled and exchanged for Merger Shares in accordance with Section 1.5, subject to the provisions hereof and applicable Law in the case of Dissenting Shares.

1.13 Exemption from Registration; Rule 144; Rule 701.

(a) The Parent and the Company intend that the shares of Parent Common Stock to be issued pursuant to Section 1.5 or upon exercise of Parent Options and Parent Warrants granted pursuant to Section 1.8 hereof, will be issued in a transaction exempt from registration under the Securities Act, by reason of Section 4(a)(2) of the Securities Act of 1933, as amended (the "**Securities Act**"), Rule 506 of Regulation D promulgated by the United States Securities and Exchange Commission (the "**SEC**") thereunder, Regulation S promulgated by the SEC and/or Rule 701 of the Securities Act, and that all recipients of such shares of Parent Common Stock either (i) shall be "accredited investors" or not "U.S. Persons" as such terms are defined in Regulation D and Regulation S, respectively, or (ii) within the meaning of Rule 701 of the Securities Act, were employees or directors of the Company, its parent or its majority-owned subsidiaries or consultants who were natural persons and who provided bona fide services to the Company, its parent or its majority-owned subsidiaries (provided that such services were not in connection with the offer or sale of securities in a capital raising transaction and did not directly or indirectly promote or maintain a market for the Company's securities), and who received Parent Common Stock or Parent Options pursuant to a compensatory benefit plan, or are family members of employees, directors or consultants who acquired such securities by gift or domestic relations orders. The shares of Parent Common Stock to be issued pursuant to Section 1.5 hereof or upon exercise of Parent Options and Parent Warrants granted pursuant to Section 1.8 hereof, will be "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged, assigned or otherwise transferred unless (A) a registration statement with respect thereto is effective under the Securities Act and any applicable state securities laws, or (B) an exemption from such registration exists and either the Parent receives an opinion of counsel from the holder of such securities, which counsel and opinion are satisfactory to the Parent, that such securities may be offered, sold, pledged, assigned or transferred in the manner contemplated without an effective registration statement under the Securities Act or applicable state securities laws, or the holder complies with the requirements of Regulation S, if applicable; and the certificates (or book-entry security entitlements) representing such shares of Parent Common Stock will bear an appropriate legend and restriction on the books of the Parent's transfer agent to that effect.

(b) The Parent is a "shell company" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The Company acknowledges that pursuant to Rule 144(i), securities issued by a former shell company (such as the Merger Shares) that otherwise meet the holding period and other requirements of Rule 144

nevertheless cannot be sold in reliance on Rule 144 until one year after the Parent (i) is no longer a shell company; and (ii) has filed current "Form 10 information" (as defined in Rule 144(i)) with the SEC reflecting that it is no longer a shell company, and provided that at the time of a proposed sale pursuant to Rule 144, the Parent is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and has filed all reports and other materials required to be filed by section 13 or 15(d) of the Exchange Act, as applicable, during the preceding 12 months (or for such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports. **As a result, the restrictive legends on certificates for the Merger Shares cannot be removed except in connection with an actual sale meeting the foregoing requirements or pursuant to an effective registration statement.**

1.14 Certain Tax Matters. Each of the Parties shall use its best efforts to cause the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. None of the Parties shall (and each of the Parties shall cause their respective Subsidiaries not to) take any action, or fail to take any action, that could reasonably be expected to cause the Merger to fail to qualify as a reorganization within the meaning of Section 368(a) of the Code. The Parties intend, for all Tax purposes, to report and, except to the extent otherwise required by a "final determination" within the meaning of Section 1313(a) of the Code, shall report (including, without limitation, on all applicable United States federal, state, local or foreign government reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with Taxes (collectively, "**Tax Returns**") and in connection with any Tax audit), the Merger as a reorganization within the meaning of Section 368(a) of the Code. For purposes of this Agreement, "**Taxes**" means all taxes or levies or other similar assessments or liabilities in the nature of a tax, including without limitation income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, unemployment insurance, social security, business license, business organization, environmental, workers compensation, payroll, profits, license, lease, service, service use, severance, stamp, occupation, windfall profits, customs, duties, franchise and other taxes imposed by the United States of America or any state, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Parent that the statements contained in this ARTICLE 2 are true and correct, except as set forth in the disclosure schedule provided by the Company to the Parent on the date hereof (the "**Company Disclosure Schedule**"). The Company Disclosure Schedule shall be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this ARTICLE 2; and to the extent that it is reasonably apparent from the context thereof that such disclosure also applies to any other numbered paragraph contained in this ARTICLE 2, the disclosures in any numbered paragraph of the Company Disclosure Schedule shall qualify such other corresponding numbered paragraph in this ARTICLE 2. For purposes of this ARTICLE 2, the phrase "to the knowledge of the

Company" or any phrase of similar import shall be deemed to refer to the actual knowledge of any executive officer of the Company as well as any other knowledge which such person would have possessed had such person made reasonable inquiry of directors and key employees of the Company who report directly to such person.

2.1 Organization, Qualification and Corporate Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company is duly qualified to conduct business and is in good standing under the laws of each jurisdiction in which the nature of its businesses or the ownership or leasing of its properties requires such qualification, except where the failure to be so qualified or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect (as defined below). The Company has all requisite corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. The Company has furnished or made available to the Parent complete and accurate copies of its certificate or articles of incorporation and bylaws. The Company is not in default under or in violation of any provision of its certificate of incorporation, as amended to date, or its bylaws, as amended to date, except where such default or violation would not be reasonably expected to have a Company Material Adverse Effect. For purposes of this Agreement, "**Company Material Adverse Effect**" means any effect that either alone or in combination with any other effect has a material adverse effect on the assets, business, financial condition or results of operations of the Company and the Company Subsidiaries, taken as a whole; *provided*, *that*, in no event shall any effects (whether alone or in combination) resulting from or arising in connection with any of the following be deemed to constitute, nor shall any of the following be taken into account in determining whether there has occurred, a Company Material Adverse Effect: (a) conditions generally affecting the industries in which the Company participates or the U.S. or global economy or capital markets as a whole; (b) any failure by the Company to meet internal projections or forecasts or revenue or earnings predictions; (c) the execution, delivery, announcement or performance of the obligations under this Agreement or the announcement, pendency or anticipated consummation of the Merger; (d) any natural disaster or any acts of terrorism, sabotage, military action or war or any escalation or worsening thereof; (e) any changes (after the date of this Agreement) in GAAP, other applicable accounting rules or applicable Law, or changes or developments in political, regulatory or legislative conditions, or (f) the taking of any action required by this Agreement.

2.2 Capitalization. As of the date hereof, the authorized capital stock of the Company consists of (i) 350,000,000 shares of Company Common Stock, of which 50,963,148 shares are outstanding, and (ii) 122,350,304 shares of Company Preferred Stock, (A) 51,700,000 shares of which are designated "**Series 1 Preferred Stock**", 51,680,254 shares of which are issued and outstanding as of the date of this Agreement, (B) 38,800,000 shares of which are designated "**Series 2 Preferred Stock**", 38,760,190 shares of which are issued and outstanding as of the date of this Agreement, and (C) 31,850,304 shares of which are designated "**Series 3 Preferred Stock**", all of which are issued and outstanding as of the date of this Agreement No other shares of Company Stock are issued and outstanding, and no shares of Company Stock are held in the treasury of the Company. As of the date of this Agreement and as of immediately prior to the Effective Time, there are and will be no outstanding options to purchase shares of Company

Common Stock except as set forth on Section 2.2 of the Company Disclosure Schedule ("**Company Options**") and there will be no shares of Company Common Stock that are or have been subject to vesting or forfeiture or repurchase by the Company except as set forth on Section 2.2 of the Company Disclosure Schedule. As of the date of this Agreement and as of immediately prior to the Effective Time, there are and will be no outstanding warrants to purchase shares of Company Stock except 186,535 warrants to purchase shares of Company Common Stock (the "**Company Warrants**"). As of the date of this Agreement and as of immediately prior to the Effective Time, there are and will be no outstanding shares of Company Common Stock issuable upon the conversion of any promissory notes issued by the Company, except for the convertible note held by the holder set forth on Section 2.2 of the Company Disclosure Schedule (such note, the "**Convertible Note**"). Section 2.2 of the Company Disclosure Schedule sets forth with respect to the Convertible Note, the name of the holder of such Convertible Note, the expiration date of the Convertible Note, and the amount of principal and interest outstanding under the Convertible Note. Section 2.2 of the Company Disclosure Schedule sets forth a complete and accurate list of (a) all stockholders of the Company, indicating the number and class of Company Stock held by each stockholder, (b) all stock option plans and other stock or equity-related plans of the Company ("**Company Equity Plans**") and the number of shares of Company Common Stock remaining available for future awards thereunder, and (c) all outstanding Company Options, indicating (i) the holder thereof, (ii) the number of shares of Company Common Stock subject to each Company Option, (iii) the exercise price, date of grant, vesting schedule and expiration date for each Company Option, and (iv) any terms regarding the acceleration of vesting. All of the issued and outstanding shares of Company Stock are, and all shares of Company Common Stock that may be issued upon exercise of Company Options, all shares of Company Common Stock that may be issued upon exercise of Company Warrants, and all shares of Company Stock that may be issued upon conversion of the Convertible Note, respectively, will be (upon issuance in accordance with their terms), duly authorized, validly issued, fully paid, nonassessable and, effective as of the Effective Time, free of all preemptive rights, and have been or will be issued in accordance with applicable laws, including but not limited to, the Securities Act. Other than the Company Options, Company Warrants, and the Convertible Note, there are no outstanding or authorized options, warrants, securities, rights, agreements or commitments to which the Company is a party or which are binding upon the Company providing for the issuance or redemption of any of Company Stock or pursuant to which any outstanding Company Stock is subject to vesting. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Company. Other than as listed in Section 2.2 of the Company Disclosure Schedule, there are no agreements to which the Company is a party or by which it is bound with respect to the voting (including without limitation voting trusts or proxies), registration under the Securities Act, or sale or transfer (including without limitation agreements relating to pre-emptive rights, rights of first refusal, co-sale rights or "drag-along" rights) of any securities of the Company. To the knowledge of the Company, there are no agreements among other parties, to which the Company is not a party and by which it is not bound, with respect to the voting (including without limitation voting trusts or proxies) or sale or transfer (including without limitation agreements relating to rights of first refusal, co-sale rights or "drag-along" rights) of any securities of the Company. All of the issued and outstanding shares of Company Stock were issued in compliance with applicable securities laws.

2.3 Authorization of Transaction. The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery by the Company of this Agreement and the Transaction Documentation to which it is a party, and, subject to the adoption of this Agreement and (a) the approval of the Merger by the vote of stockholders of the Company required by Delaware law and (b) the approvals in accordance with the Company's certificate or articles of incorporation set forth in Section 2.3 of the Company Disclosure Schedule (collectively, the "**Company Consents**"), the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Company. Without limiting the generality of the foregoing, the board of directors of the Company (i) determined that the Merger is fair and in the best interests of the Company and the Company Stockholders, (ii) adopted this Agreement in accordance with the provisions of the Delaware Act, and (iii) directed that this Agreement and the Merger be submitted to the Company Stockholders for their adoption and approval and resolved to recommend that the Company Stockholders vote in favor of the adoption of this Agreement and the approval of the Merger. This Agreement has been duly and validly executed and delivered by the Company and, assuming it is a valid and binding obligation of the Parent and the Acquisition Subsidiary, constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited under applicable bankruptcy, insolvency and similar laws, rules or regulations affecting creditors' rights and remedies generally and to general principles of equity, whether applied in a court of law or a court of equity.

2.4 Non-contravention. Subject to the receipt of Company Consents and the filing of the Certificate of Merger as required by the Delaware Act, neither the execution and delivery by the Company of this Agreement or the Transaction Documentation to which it is a party, nor the consummation by the Company of the transactions contemplated hereby or thereby will (a) conflict with or violate any provision of the certificate of incorporation or bylaws of the Company, as amended to date, (b) require on the part of the Company any filing with, or any permit, authorization, consent or approval of, any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency (a "**Governmental Entity**"), except for the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, or such permits, authorizations, consents and approvals as to which the failure to obtain or make the same would not reasonably be expected to have a Company Material Adverse Effect and would not reasonably be expected to adversely affect the consummation of the transactions contemplated hereby, (c) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party the right to terminate, modify or cancel, or require any notice, consent or waiver under, any Material Contract (as defined below) to which the Company is a party or by which the Company is bound or to which any of its assets is subject, except, in the case of the foregoing clause (c), for any conflict, breach, default, acceleration, termination, modification or cancellation which would not reasonably be expected to have a Company Material Adverse Effect or any notice, consent or waiver the absence of which would not reasonably be expected to have a Company Material Adverse Effect and would not adversely affect the consummation of the transactions contemplated hereby, (d) result in the imposition of any Security Interest upon any material assets of the Company or (e) violate any

federal, state, local, municipal, foreign, international, multinational, Governmental Entity or other constitution, law, statute, ordinance, principle of common law, rule, regulation, code, governmental determination, order, writ, injunction, decree, treaty, convention, governmental certification requirement or other public limitation, U.S. or non-U.S., including Tax and U.S. antitrust laws (collectively, "**Laws**") applicable to the Company, except, in the case of the foregoing clause (e), such violations that would not reasonably be expected to have a Company Material Adverse Effect. For purposes of this Agreement, "**Security Interest**" means any mortgage, pledge, security interest, encumbrance, charge or other lien (whether arising by contract or by operation of law), other than (i) mechanic's, materialmen's and similar Security Interests, (ii) Security Interests arising under worker's compensation, unemployment insurance, social security, retirement and similar legislation, or (iii) Security Interests on goods in transit incurred pursuant to documentary letters of credit, in each case arising in the Ordinary Course of Business (as defined below) of the Company and not material to the Company. For purposes of this Agreement, "**Ordinary Course of Business**" means the ordinary course of such person's business, consistent with past practice (including with respect to frequency and amount).

2.5 Subsidiaries.

(a) Section 2.5(a) of the Company Disclosure Schedule sets forth: (i) the name of each Company Subsidiary; (ii) the number and type of outstanding equity securities of each Company Subsidiary and a list of the holders thereof; and (iii) the jurisdiction of organization of each Company Subsidiary. For purposes of this Agreement, a "**Subsidiary**" shall mean any corporation, partnership, joint venture or other entity in which a Party has, directly or indirectly, an equity interest representing 50% or more of the equity securities thereof or other equity interests therein; a "**Company Subsidiary**" is a Subsidiary of the Company.

(b) Each Company Subsidiary is an entity duly organized, validly existing and in corporate and Tax good standing under the laws of the jurisdiction of its incorporation. Each Company Subsidiary is duly qualified to conduct business and is in corporate and Tax good standing under the laws of each jurisdiction in which the nature of its businesses or the ownership or leasing of its properties requires qualification to do business, except where the failure to be so qualified or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. Each Company Subsidiary has all requisite power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. No Company Subsidiary is in default under or in violation of any provision of its charter, bylaws or other organizational documents. All of the issued and outstanding equity securities of each Company Subsidiary (i) are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights, (ii) are held of record and beneficially by either the Company or any other Company Subsidiary and (iii) are held or owned free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state or other applicable securities laws), claims, Security Interests, options, warrants, rights, contracts, calls, commitments, equities and demands. Except as set forth in Section 2.5(b) of the Company Disclosure Schedule, there are no outstanding or authorized options, warrants, rights, agreements or commitments to which the Company or any Company

Subsidiary is a party or which are binding on any of them providing for the issuance, disposition or acquisition of any equity securities of any Company Subsidiary.

(c) Except as set forth in Section 2.5(c) of the Company Disclosure Schedule, the Company does not control directly or indirectly or have any direct or indirect equity participation or similar interest in any corporation, partnership, limited liability company, joint venture, trust or other business association which is not a Company Subsidiary.

2.6 Compliance with Laws.

The Company:

(a) and the conduct and operations of its business, are in compliance with each Law applicable to the Company or any of its properties or assets, except for any violations or defaults that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect;

(b) has complied with all federal and state securities laws and regulations, except for any violations or defaults that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect;

(c) has not been the subject of any voluntary or involuntary bankruptcy proceeding; and

(d) is not and has not, and to the knowledge of the Company, the officers and directors of the Company are not and have not in their capacity as an officer or director of the Company, as applicable, been the subject of any civil, criminal or administrative investigation or proceeding brought by any federal or state agency having regulatory authority over such entity or person or alleging a violation of securities laws.

2.7 Financial Statements. The Company has provided or made available to the Parent: (a) the Company's draft, audited consolidated balance sheet of the Company as of December 31, 2018 and the related consolidated statements of operations and cash flows for the years ended December 31, 2018 and 2017 (collectively, the "**Company Financial Statements**") and its unaudited balance sheet (the "**Company Balance Sheet**") as of September 30, 2019 (the "**Company Balance Sheet Date**"), and the related unaudited statements of operations and cash flows of the Company for the nine-month period then ended (the "**Company Interim Statements**"). The Company Financial Statements and the Company Interim Statements have been prepared in accordance with United States generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods covered thereby (except in each case as described in the notes thereto), and fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of the respective dates thereof and for the periods referred to therein and comply as to form with the applicable rules and regulations of the SEC for inclusion of such Company Financial Statements and Company Interim Statements in the Parent's filings with the SEC as required by the Exchange Act.

2.8 Absence of Certain Changes. Since the Company Balance Sheet Date, to the knowledge of the Company, there has occurred no event or development which, individually or in the aggregate, has had, or would reasonably be expected to have, a Company Material Adverse Effect.

2.9 Undisclosed Liabilities. To the knowledge of the Company, except as set forth in Section 2.9 of the Company Disclosure Schedule, the Company has no liability (whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), except for (a) liabilities shown on the Company Balance Sheet, (b) liabilities not exceeding $100,000 in the aggregate that have arisen since the Company Balance Sheet Date in the ordinary course of business, (c) contractual and other liabilities incurred in the ordinary course of business which are not required by GAAP to be reflected on a balance sheet, and (d) liabilities under this Agreement.

2.10 Contracts. Each Material Contract (as defined below) of the Company is a legal, valid, binding and enforceable obligation of the Company and in full force and effect, except as such enforceability may be limited under applicable bankruptcy, insolvency and similar laws, rules or regulations affecting creditors' rights and remedies generally and general principles of equity whether applied in a court of law or a court of equity; and (ii) neither the Company nor, to the knowledge of the Company, any other party, is in breach or violation of, or default under, any such agreement, except for any breach, violation or default that has not had and would not reasonably be expected to have a Company Material Adverse Effect, and to the knowledge of the Company, no event has occurred, is pending or, to the knowledge of the Company, is threatened, which, after the giving of notice, with lapse of time, or otherwise, would constitute a breach or default by the Company or, to the knowledge of the Company, any other party under such Material Contract, except for any breach, violation or default that has not had and would not reasonably be expected to have a Company Material Adverse Effect. For purposes of this Section 2.10, a "**Material Contract**" is a material contract as defined by Item 601(b)(10) of Regulation S-K.

2.11 Litigation. As of the date of this Agreement, there is no action, suit, proceeding, claim, arbitration or investigation before any Governmental Entity or before any arbitrator (a "**Legal Proceeding**") which is pending or, to the Company's knowledge, threatened against the Company which (a) seeks either damages in excess of $100,000 individually or $500,000 in the aggregate, (b) if determined adversely to the Company, would have or be reasonably expected to have, individually or in the aggregate, a Company Material Adverse Effect or (c) in any manner challenges or seeks to prevent, enjoin, alter or delay the transactions contemplated by this Agreement.

2.12 Brokers' Fees. Other than obligations arising under the (a) Engagement Letter, dated October 22, 2019, by and between B. Riley FBR, Inc. and the Company and (b) Engagement Letter, dated November 14, 2019, by and between Craig-Hallum Capital Group LLC and the Company, and except as set forth on Section 2.12 of the Company Disclosure Schedule, the Company has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

2.13 Books and Records. The minute books and other similar records of the Company made available to the Parent contain, in all material respects, complete and accurate records of all material actions taken at any meetings of the Company's stockholders, board of directors or any committees thereof and of all written consents executed in lieu of the holding of any such meetings.

2.14 Disclosure. No representation or warranty by the Company contained in this Agreement, and no statement contained in any document, certificate or other instrument delivered or to be delivered by or on behalf of the Company pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading. The Company has disclosed or made available to the Parent all material information that the Parent has requested relating to the business of the Company or the transactions contemplated by this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE ACQUISITION SUBSIDIARY

The Parent represents and warrants to the Company that the statements contained in this ARTICLE 3 are true and correct, except as set forth in the disclosure schedule provided by the Parent to the Company on the date hereof (the "**Parent Disclosure Schedule**"). The Parent Disclosure Schedule shall be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this ARTICLE 3; and to the extent that it is reasonably apparent from the context thereof that such disclosure also applies to any other numbered paragraph contained in this ARTICLE 3, the disclosures in any numbered paragraph of the Parent Disclosure Schedule shall qualify such other corresponding numbered paragraph in this ARTICLE 3. For purposes of this ARTICLE 3, the phrase "to the knowledge of the Parent" or any phrase of similar import shall be deemed to refer to the actual knowledge of any director or executive officer of the Parent as well as any other knowledge which such person would have possessed had such person made reasonable inquiry of directors and key employees of the Parent and the accountants and attorneys of the Parent.

3.1 Organization, Qualification and Corporate Power. The Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and the Acquisition Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Parent is duly qualified to conduct business and is in good standing under the laws of each jurisdiction in which the nature of its businesses or the ownership or leasing of its properties requires such qualification, except where the failure to be so qualified or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect (as defined below). The Parent has all requisite corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. The Parent has furnished or made available to the Company complete and accurate copies of its certificate or articles of incorporation and bylaws. Neither the Parent nor the Acquisition Subsidiary is in default under

or in violation of any provision of its certificate or articles of incorporation, as amended to date, its bylaws, as amended to date, or any mortgage, indenture, lease, license or any other agreement or instrument referred to in Section 3.15, except where such default or violation would not reasonably be expected to have a Parent Material Adverse Effect. For purposes of this Agreement, "**Parent Material Adverse Effect**" means a material adverse effect on the assets, business, financial condition, or results of operations of the Parent and its subsidiaries, taken as a whole; *provided*, *that*, in no event shall any effects (whether alone or in combination) resulting from or arising in connection with any of the following be deemed to constitute, nor shall any of the following be taken into account in determining whether there has occurred, a Parent Material Adverse Effect: (a) conditions generally affecting the industries in which the Parent participates or the U.S. or global economy or capital markets as a whole; (b) any failure by the Parent to meet internal projections or forecasts or revenue or earnings predictions; (c) the execution, delivery, announcement or performance of the obligations under this Agreement or the announcement, pendency or anticipated consummation of the Merger; (d) any natural disaster or any acts of terrorism, sabotage, military action or war or any escalation or worsening thereof; (e) any changes (after the date of this Agreement) in GAAP, other applicable accounting rules or applicable Law, or changes or developments in political, regulatory or legislative conditions, or (f) the taking of any action required by this Agreement

3.2 Capitalization. As of immediately prior to the Effective Time, after giving effect to the forfeiture and cancellation of the Forfeited Shares, but prior to giving effect to the issuance of the Merger Shares or the shares to be issued in the Private Placement Offering, the authorized capital stock of the Parent will consist of 750,000,000 shares of Parent Common Stock, $0.0001 par value per share, of which 1,650,000 shares will be issued and outstanding after taking into account the forfeiture of the Forfeited Shares (the "**Pre-Merger Shares**"), and 5,000,000 shares of preferred stock, $0.0001 par value per share, of which no shares will be outstanding. All of the issued and outstanding shares of Parent Common Stock are duly authorized, validly issued, fully paid, nonassessable and free of all preemptive, anti-dilution and similar rights and have been issued in accordance with applicable laws, including, but not limited to, the Securities Act. Except in connection with the Private Placement Offering, as expressly contemplated by the Transaction Documentation, there are no outstanding or authorized options, warrants, rights, agreements or commitments to which the Parent is a party or which are binding upon the Parent providing for the issuance or redemption of any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Parent. Except in connection with the Private Placement Offering or as contemplated by the Transaction Documentation, there are no agreements to which the Parent is a party or by which it is bound with respect to the voting (including without limitation voting trusts or proxies), registration under the Securities Act, or sale or transfer (including without limitation agreements relating to pre-emptive rights, rights of first refusal, co-sale rights or "drag-along" rights) of any securities of the Parent. There are no agreements among other parties, to which the Parent is not a party and by which it is not bound, with respect to the voting (including without limitation voting trusts or proxies) or sale or transfer (including without limitation agreements relating to rights of first refusal, co-sale rights or "drag-along" rights) of any securities of the Parent. All of the issued and outstanding shares of Parent Common Stock were issued in compliance with applicable federal and state securities laws. The Merger Shares to be issued at the Closing

pursuant to Section 1.5 hereof, when issued and delivered in accordance with the terms hereof and of the Certificate of Merger, shall be duly and validly issued, fully paid and nonassessable and free of all preemptive rights and will be issued in compliance with applicable federal and state securities laws.

3.3 Authorization of Transaction. Each of the Parent and the Acquisition Subsidiary has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery by the Parent and the Acquisition Subsidiary of this Agreement and the agreements contemplated hereby and thereby (collectively, the "**Transaction Documentation**") to which it is a party, and the consummation by the Parent and the Acquisition Subsidiary of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of the Parent and the Acquisition Subsidiary, respectively. Each of the documents included in the Transaction Documentation has been duly and validly executed and delivered by the Parent or the Acquisition Subsidiary, as the case may be, and, assuming it is a valid and binding obligation of the Company, and constitutes a valid and binding obligation of the Parent or the Acquisition Subsidiary, as the case may be, enforceable against them in accordance with its terms, except as such enforceability may be limited under applicable bankruptcy, insolvency and similar laws, rules or regulations affecting creditors' rights and remedies generally and to general principles of equity, whether applied in a court of law or a court of equity.

3.4 Noncontravention. Subject to the filing of the Certificate of Merger as required by the Delaware Act, neither the execution and delivery by the Parent or the Acquisition Subsidiary, as the case may be, of this Agreement or the Transaction Documentation to which it is a party, nor the consummation by the Parent or the Acquisition Subsidiary, as the case may be, of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the organizational documents or bylaws of the Parent or the Acquisition Subsidiary, as the case may be, (b) require on the part of the Parent or the Acquisition Subsidiary, as the case may be, any filing with, or permit, authorization, consent or approval of, any Governmental Entity, other than (i) filing of Form D with the SEC and any applicable state securities filings with respect to the offering of the Merger Shares, which will be completed by Parent following the Effective Time, or (ii) filing of such permits, authorizations, consents and approvals as to which the failure to obtain or make the same would not reasonably be expected to have a Parent Material Adverse Effect, (c) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party any right to terminate, modify or cancel, or require any notice, consent or waiver under, any contract or instrument to which the Parent or the Acquisition Subsidiary, as the case may be, is a party or by which either is bound or to which any of their assets are subject, except for (i) any conflict, breach, default, acceleration, termination, modification or cancellation which would not reasonably be expected to have a Parent Material Adverse Effect and would not reasonably be expected to adversely affect the consummation of the transactions contemplated hereby or (ii) any notice, consent or waiver the absence of which would not reasonably be expected to have a Parent Material Adverse Effect and would not reasonably be expected to adversely affect the consummation of the transactions contemplated hereby, (d) result in the imposition of any Security Interest upon any assets of the Parent or the Acquisition Subsidiary or

(e) violate any Laws applicable to the Parent or the Acquisition Subsidiary or any of their properties or assets.

3.5 Subsidiaries.

(a) The Parent has no subsidiaries, nor does it have any direct or indirect interest in any Subsidiary other than the Acquisition Subsidiary. The Acquisition Subsidiary is an entity duly organized, validly existing and in corporate and Tax good standing under the laws of the jurisdiction of its organization. The Acquisition Subsidiary was formed solely to effectuate the Merger and has not conducted any business operations since its organization. The Parent has delivered or made available to the Company complete and accurate copies of the charter, bylaws or other organizational documents of the Acquisition Subsidiary. The Acquisition Subsidiary has no assets other than minimal paid-in capital, has no liabilities or other obligations, and is not in default under or in violation of any provision of its charter, bylaws or other organizational documents. All of the issued and outstanding shares of capital stock of the Acquisition Subsidiary are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. All shares of the Acquisition Subsidiary are owned by the Parent free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state securities laws), claims, Security Interests, options, warrants, rights, contracts, calls, commitments, equities and demands. There are no outstanding or authorized options, warrants, rights, agreements or commitments to which the Parent or the Acquisition Subsidiary is a party or which are binding on any of them providing for the issuance, disposition or acquisition of any capital stock of the Parent or the Acquisition Subsidiary (except as contemplated by this Agreement). There are no outstanding stock appreciation, phantom stock or similar rights with respect to the Acquisition Subsidiary. There are no voting trusts, proxies or other agreements or understandings with respect to the voting of any capital stock of the Acquisition Subsidiary.

(b) At all times from May 31, 2017 (inception) through the date of this Agreement, the business and operations of the Parent have been conducted exclusively through the Parent.

(c) The Parent does not control directly or indirectly or have any direct or indirect participation or similar interest in any corporation, partnership, limited liability company, joint venture, trust or other business association which is not a Subsidiary.

3.6 SEC Reports and Prior Registration Statement Matters. Since the filing of the Parent's Registration Statement on Form 10 on August 29, 2017 (the "**Parent Form 10**"), the Parent has filed (or has been deemed to have timely filed pursuant to Rule 12b-25 under the Exchange Act) all reports, forms and documents that it was required to file with the SEC pursuant to the Exchange Act (together with the Parent Form 10, the "**Parent Previous Filings**"). The Parent shall notify the Company immediately and in writing of the filing of any additional forms, reports or documents filed with the SEC by the Parent after the date hereof and prior to the Effective Time, provided that Company is aware that the Parent will timely file a Form 8-K Current Report with respect to the execution and delivery of this Agreement (together with the Parent Previous Filings, the "**Parent SEC Filings**"). The Parent has furnished or made available to the Company complete and accurate copies, as amended or supplemented, of (a) the

Parent Form 10, as filed with the SEC, which contained audited balance sheets of the Parent as of June 30, 2017, and the related statements of operation, changes in stockholders' equity and cash flows for the period from May 31, 2017 (inception) through June 30, 2017; (b) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017; (c) the Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2017; (d) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018; (e) the Annual Report on Form 10-K for the year ended June 30, 2018; (f) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018; (g) the Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2018; (h) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019; (i) the Annual Report on Form 10-K for the year ended June 30, 2019; (j) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019; (k) the Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2019 and (l) all other reports filed by the Parent under Section 13 or subsections (a) or (c) of Section 14 of the Exchange Act with the SEC (such reports, together with the Parent Previous Filings, are collectively referred to herein as the "**Parent Reports**"). The Parent Reports constitute all of the documents required to be filed or furnished by the Parent with the SEC, including under Section 13 or subsections (a) or (c) of Section 14 of the Exchange Act. The Parent has timely filed (or has been deemed to have timely filed pursuant to Rule 12b-25 under the Exchange Act) and made publicly available on the SEC's EDGAR system, and the Company may rely upon, all certifications and statements required by (i) Rule 13a-14 or Rule 15d-14 under the Exchange Act and (ii) Section 906 of the Sarbanes Oxley Act of 2002 with respect to any documents filed with the SEC. The Parent is in compliance in all material respects with all of the provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it. The Parent Reports complied in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder when filed. As of the date hereof, there are no outstanding or unresolved comments in comment letters received from the staff of the SEC with respect to any of the Parent Reports. As of their respective dates, the Parent Reports, including any financial statements, schedules or exhibits included or incorporated by reference therein, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the Subsidiaries of the Parent is required to file or furnish any forms, reports or other documents with the SEC. No order suspending the effectiveness of any registration statement of the Parent under the Securities Act or the Exchange Act has been issued by the SEC and, to the Parent's knowledge, no proceedings for that purpose have been initiated or threatened by the SEC. Since the most recent filing of such certifications and statements, there have been no significant changes in the Parent's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act), or in other factors that could significantly affect its disclosure controls and procedures. The Parent has established and maintains disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Exchange Act) and such controls and procedures are effective in ensuring that material information relating to the Parent, including its subsidiaries, is made known to the principal executive officer and the principal financial officer.

3.7 Compliance with Laws. Each of the Parent and its Subsidiaries:

(a) and the conduct and operations of their respective businesses, are in compliance in all material respects with each Law applicable to the Parent, any Subsidiary of the Parent or any of their properties or assets;

(b) has complied with all federal and state securities laws and regulations, including being current in all of its reporting obligations under such federal and state securities laws and regulations, except for any violations or defaults that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect, and all prior issuances of its securities have been either registered under the Securities Act or exempt from registration;

(c) has not been the subject of any voluntary or involuntary bankruptcy proceeding, nor has it been a party to any material litigation or, within the past three years, the subject of any threat of material litigation;

(d) has not, and the past and present officers, directors and Affiliates of the Parent have not, been the subject of, nor does any officer or director of the Parent have any reason to believe that the Parent or any of its officers, directors or Affiliates will be the subject of, any civil or criminal proceeding or investigation by any federal or state agency alleging a violation of securities laws;

(e) is not and has not, and the past and present officers, directors and Affiliates of the Parent are not and have not, been the subject of, nor does any officer or director of the Parent have any reason to believe that the Parent or any of its officers, directors or Affiliates are the subject of, any civil, criminal or administrative investigation or proceeding brought by any federal or state agency having regulatory authority over such entity or person or alleging a violation of securities laws;

(f) except as set forth in Section 3.7(f) of the Parent Disclosure Schedule, does not and will not on the Closing, have any liabilities, contingent or otherwise, including but not limited to notes payable and accounts payable, exclusive of professional fees and expenses related to the Merger and Private Placement Offering transactions, including brokers' fees (each of which is set forth on Section 3.7(f) of the Parent Disclosure Schedule), and is not a party to any executory agreements; and

(g) is not a "blank check company" as such term is defined by Rule 419 of the Securities Act, except for the Parent which is a "blank check company."

3.8 Financial Statements. The audited financial statements and unaudited interim financial statements of the Parent included in the Parent Reports (collectively, the "**Parent Financial Statements**") (a) complied as to form in all material respects with applicable accounting requirements and, as appropriate, the published rules and regulations of the SEC with respect thereto when filed, (b) were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby (except as may be indicated therein or in the notes

thereto, and in the case of quarterly financial statements, as permitted by Form 10-Q under the Exchange Act), (c) fairly present in all material respects the financial condition, results of operations and cash flows of the Parent as of the respective dates thereof and for the periods referred to therein, and (d) are consistent in all material respects with the books and records of the Parent. There has been no change in Parent accounting policies except as described in the notes to the Parent Financial Statements.

3.9 Absence of Certain Changes. Since July 1, 2019, the Parent has conducted its business only in the ordinary course consistent with past practice, and there has not occurred or been entered into, as the case may be, any (a) event or development which, individually or in the aggregate, has had, or could reasonably be expected to have in the future, a Parent Material Adverse Effect, (b) event that would reasonably be expected to prevent or materially delay the performance of the Parent's obligations pursuant to this Agreement, (c) material change by the Parent in its accounting methods, principles or practices, (d) declaration, setting aside or payment of any dividend or distribution in respect of the shares of capital stock of the Parent or any redemption, purchase or other acquisition of any of the Parent's securities, (e) increase in the compensation or benefits payable or to become payable to any officers or directors of the Parent or the Acquisition Subsidiary or establishment or modification of any compensatory plan of the Parent, (f) issuance, grants or sale of any stock, options, warrants, notes, bonds or other securities, or entry into any agreement with respect thereto by the Parent, (g) amendment to the certificate of incorporation or bylaws of the Parent, (h) capital expenditures by the Parent, purchase, sale, assignment or transfer of any material assets by the Parent, mortgage, pledge or existence of any lien, encumbrance or charge on any material assets or properties, tangible or intangible of the Parent, except for liens for Taxes not yet due and such other liens, encumbrances, restrictions or charges, or cancellation, compromise, release or waiver by the Parent of any rights of material value or any material debts or claims, (i) incurrence by the Parent of any material liability (absolute or contingent), except for current liabilities and obligations incurred in the ordinary course of business consistent with past practice (which liabilities are not material, individually or in the aggregate), (j) damage, destruction or similar loss, whether or not covered by insurance, materially affecting the business or properties of the Parent, (k) entry by the Parent into any agreement, contract, lease or license, (l) acceleration, termination, modification or cancellation of any agreement, contract, lease or license to which the Parent is a party or by which any of them is bound, (m) entry by the Parent into any loan or other transaction with any officers, directors or employees of the Parent, (n) charitable or other capital contribution by the Parent or pledge therefore, (o) entry by the Parent into any transaction of a material nature, or (p) negotiation or agreement by the Parent to do any of the things described in the preceding clauses (a) through (o), other than activities in connection with the transactions contemplated by this Agreement.

3.10 Undisclosed Liabilities. None of the Parent and its Subsidiaries has any liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), except for (a) liabilities shown on the balance sheet contained in the most recent Parent Report, and (b) liabilities which have arisen since the date of the balance sheet contained in the most recent Parent Report in the Ordinary Course of Business

which do not exceed $15,000 in the aggregate (other than professional fees and expenses related to the Merger and the Private Placement Offering).

3.11 Off-Balance Sheet Arrangements. Neither the Parent nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off balance sheet partnership or any similar contract or arrangement (including any contract or arrangement relating to any transaction or relationship between or among the Parent and any of its Subsidiaries, on the one hand, and any unconsolidated affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand, or any "off balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K under the Exchange Act)), where the result, purpose or intended effect of such contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Parent or any of its Subsidiaries in the Parent's or such Subsidiary's published financial statements or other Parent Reports.

3.12 Tax Matters.

(a) Each of the Parent and its Subsidiaries has filed on a timely basis all Tax Returns that it was required to file, and all such Tax Returns were complete and accurate in all material respects. Neither the Parent nor any of its Subsidiaries is or has ever been a member of a group of corporations with which it has filed (or been required to file) consolidated, combined or unitary Tax Returns, other than a group of which the Parent was the common parent. Each of the Parent and its Subsidiaries has paid on a timely basis all Taxes that were due and payable. The unpaid Taxes of the Parent and its Subsidiaries for tax periods through the date of the balance sheet contained in the most recent Parent Report do not exceed the accruals and reserves for Taxes (excluding accruals and reserves for deferred Taxes established to reflect timing differences between book and Tax income) set forth on such balance sheet. Neither the Parent nor any of its Subsidiaries has any actual or potential liability for any Tax obligation of any taxpayer (including, without limitation, any affiliated group of corporations or other entities that included the Parent or any of its Subsidiaries during a prior period) other than the Parent and its Subsidiaries. All Taxes that the Parent or any of its Subsidiaries is or was required by law to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Entity. There are no liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of the Parent or its Subsidiaries.

(b) The Parent has delivered or made available to the Company complete and accurate copies of all federal and state income Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by the Parent or any of its Subsidiaries since May 31, 2017 (the Parent's inception). No examination or audit of any Tax Return of the Parent or any of its Subsidiaries by any Governmental Entity is currently in progress or, to the knowledge of the Parent, threatened or contemplated. Neither the Parent nor any of its Subsidiaries has been informed by any jurisdiction that the jurisdiction believes that the Parent or its Subsidiaries were required to file any Tax Return that was not filed. Neither the Parent nor any of its Subsidiaries has waived any statute of limitations with respect to Taxes or agreed to an extension of time with respect to a Tax assessment or deficiency.

(c) Neither the Parent nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, including any adjustment pursuant to Code Sections 481 or 263A (or any corresponding or similar provision of state, local or foreign Law); (ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date; (iii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of U.S. state, local or non-U.S. Law) executed on or prior to the Closing Date; (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) prepaid amount or any other income eligible for deferral under the Code or Treasury Regulations promulgated thereunder (including, without limitation, pursuant to Sections 455 or 456 of the Code, Treasury Regulations Section 1.451-5 and Revenue Procedure 2004-34, 2004-33 I.R.B. 991) received on or prior to the Closing Date; (vi) intercompany transactions or any excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of U.S. state, local or non-U.S. income Tax Law); (vii) election made under Section 108(i) of the Code prior to the Closing or (viii) any similar election, action, or agreement that would have the effect of deferring any liability for Taxes of the Company from any period ending on or before the Closing Date to any period ending after such date.

(d) Neither the Parent nor any of its Subsidiaries has participated in any "listed transaction," as defined in Section 6706A(c)(2) of the Code and Treasury Regulations Sections 1.6011-4(b)(2).

3.13 Assets. Each of the Parent and the Acquisition Subsidiary owns or leases all tangible assets necessary for the conduct of its businesses as presently conducted and as presently proposed to be conducted. Each such tangible asset is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear) and is suitable for the purposes for which it presently is used. No asset of the Parent or the Acquisition Subsidiary (tangible or intangible) is subject to any Security Interest.

3.14 Real Property. Neither the Parent nor any of its Subsidiaries owns, leases or uses any real property, nor have they ever owned, leased or used any real property.

3.15 Contracts. Except for this Agreement, the agreements to be executed by the Parent that are included as exhibits to this Agreement or such agreements that comprise the Transaction Documentation, the agreements filed as exhibits to the Parent Reports and the agreements set forth on Section 3.15 of the Parent Disclosure Schedule, the Parent is not a party to any contract, agreement, arrangement or other understanding, whether written or oral, which is currently in effect. All agreements or commitments set forth on Section 3.15 of the Parent Disclosure Schedule shall either be cancelled or satisfied at the Effective Time except for outstanding liabilities set forth in Section 3.7(f) of the Parent Disclosure Schedule.

3.16 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of the Parent or any of its Subsidiaries.

3.17 Insurance. The Parent does not own or maintain any insurance policies, nor is any insurance necessary for the operation of its business.

3.18 Litigation. As of the date of this Agreement, there is no Legal Proceeding which is pending or, to the Parent's knowledge, threatened against the Parent or any Subsidiary of the Parent and there is no reasonable basis for any proceeding, claim, action or governmental investigation directly or indirectly involving the Parent, Acquisition Subsidiary, or the Parent's officers, directors or employees, in their capacities as such. Neither the Parent nor Acquisition Subsidiary are party to any order, judgment or decree issued by any federal, state or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign.

3.19 Employees.

(a) Other than the sole officer of the Parent, the Parent and the Subsidiaries of the Parent have no employees.

(b) Neither the Parent nor any of its Subsidiaries is or ever has been a party to or bound by any collective bargaining agreement, nor have any of them experienced any strikes, grievances, claims of unfair labor practices or other collective bargaining disputes. There has been no organizational effort made or, to the knowledge of the Parent, threatened, either currently or since the date of organization of the Parent, by or on behalf of any labor union with respect to the service providers of the Parent or any of its Subsidiaries. Each individual providing services to the Parent or any of its Subsidiaries has been properly classified as an employee or a non- employee service provider with respect to each such entity for all purposes under applicable law. No current or former employee, consultant or director of the Parent or the Acquisition Subsidiary owes any indebtedness to the Parent, the Acquisition Subsidiary or their Affiliates, nor does the Parent, the Acquisition Subsidiary or their Affiliates owe any indebtedness to any current or former employee, consultant or director of the Parent or the Acquisition Subsidiary, other than in connection with the Parent's obligations under that certain Promissory Note, by and between the Parent and Mark Tompkins, dated as of May 31, 2017.

3.20 Employee Benefits. Neither the Parent nor any of its Subsidiaries or ERISA Affiliates maintains, sponsors or contributes to or in the past has maintained, sponsored or contributed to any Employee Benefit Plan (as defined in Section 3(3) of ERISA, whether or not ERISA applies to the arrangement) or multiemployer plan (each capitalized term in this sentence as defined in Section 4001(a)(3) of ERISA). Neither the execution of this Agreement nor the consummation of the transactions contemplated by this Agreement shall, individually, in the aggregate or in connection with any other event, (a) result in any payment becoming due to any officer, employee, consultant or director of the Parent or the Acquisition Subsidiary, (b) increase or modify any benefits otherwise payable by the Parent or the Acquisition Subsidiary to any employee, consultant or director of the Parent or the Acquisition Subsidiary, or (c) result in the acceleration of time of payment or vesting of any such benefits.

3.21 Environmental Matters.

(a) Each of the Parent and its Subsidiaries has complied with all applicable Environmental Laws, except for violations of Environmental Laws that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect. There is no pending or, to the knowledge of the Parent, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request by any Governmental Entity, relating to any Environmental Law involving the Parent or any of its Subsidiaries, except for litigation, notices of violations, formal administrative proceedings or investigations, inquiries or information requests that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect.

(b) The Parent has no environmental reports, investigations or audits relating to premises currently or previously owned or operated by the Parent or any of its Subsidiaries (whether conducted by or on behalf of the Parent or its Subsidiaries or a third party, and whether done at the initiative of the Parent or any of its Subsidiaries or directed by a Governmental Entity or other third party) which were issued or conducted during the past five years and which the Parent has possession of or access to.

(c) To the knowledge of the Parent, there is no material environmental liability of any solid or hazardous waste transporter or treatment, storage or disposal facility that has been used by the Parent or any of its Subsidiaries.

(d) For purposes of this Agreement, "**Environmental Law**" means any Law relating to the environment, including without limitation any Law pertaining to (i) treatment, storage, disposal, generation and transportation of industrial, toxic or hazardous materials or substances or solid or hazardous waste; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release or threatened release into the environment of industrial, toxic or hazardous materials or substances, or solid or hazardous waste, including without limitation emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (v) the protection of wild life, marine life and wetlands, including without limitation all endangered and threatened species; (vi) storage tanks, vessels, containers, abandoned or discarded barrels, and other closed receptacles; (vii) the reclamation of mines; (viii) health and safety of employees and other persons; and (ix) manufacturing, processing, using, distributing, treating, storing, disposing, transporting or handling of materials regulated under any law as pollutants, contaminants, toxic or hazardous materials or substances or oil or petroleum products or solid or hazardous waste. As used above, the terms "release" and "environment" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

3.22 Permits. The Parent has no licenses, permits and certificates from federal, state, local and foreign authorities (including, without limitation, federal and state agencies regulating occupational health and safety), and none are necessary to its operations and business.

3.23 Certain Business Relationships with Affiliates. Except as set forth on Section 3.23 of the Parent Disclosure Schedule, no Affiliate of the Parent or of any of its Subsidiaries (a) owns any property or right, tangible or intangible, which is used in the business of the Parent or any of its Subsidiaries, (b) has any claim or cause of action against the Parent or any of its Subsidiaries, or (c) owes any money to, or is owed any money by, the Parent or any of its Subsidiaries.

3.24 Tax-Free Reorganization.

(a) The Parent (i) is not an "investment company" as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code; (ii) has no present plan or intention to liquidate the Surviving Corporation or to merge the Surviving Corporation with or into any other corporation or entity, or to sell or otherwise dispose of the stock of the Surviving Corporation which the Parent will acquire in the Merger, or to cause the Surviving Corporation to sell or otherwise dispose of its assets, all except if such liquidation, merger or disposition is described in Section 368(a)(2)(C) or Treasury Regulation Section 1.368-2(d)(4) or Section 1.368-2(k); and (iii) has no present plan or intention, following the Merger, to issue any additional shares of stock of the Surviving Corporation or to create any new class of stock of the Surviving Corporation.

(b) The Acquisition Subsidiary is a wholly owned subsidiary of the Parent, formed solely for the purpose of engaging in the Merger, and will carry on no business prior to the Merger.

(c) Immediately prior to the Merger, the Parent will be in control of Acquisition Subsidiary within the meaning of Section 368(c) of the Code.

(d) Neither the Parent, nor, to the knowledge of the Parent, any person related to the Parent (within the meaning of Treasury Regulations Section 1.368-1(e)(3)) or any person acting as an intermediary for the Parent, has any present plan or intention to reacquire any of the Merger Shares.

(e) The Acquisition Subsidiary will have no liabilities assumed by the Surviving Corporation and will not transfer to the Surviving Corporation any assets subject to liabilities in the Merger.

(f) The Parent conducts no activities other than activities related to maintaining its legal and/or corporate existence, its status as a "shell company" as defined in Rule 12b-2 under the Exchange Act and holding the capital stock of Acquisition Subsidiary and any related accounting, legal, financial, administrative, tax and other similar activities related to such matters.

(g) The Parent does not hold any property and does not have any tax attributes immediately prior to the Merger, other than a de minimis amount of assets to facilitate its organization or maintain its legal existence and tax attributes related to holding those assets.

(h) To the Parent's knowledge, immediately following the Merger, the Surviving Corporation will hold at least 90% of the fair market value of the net assets and at least 70% of the fair market value of the gross assets held by the Company immediately prior to the Merger (for purposes of this representation, amounts used by the Company to pay reorganization expenses, if any, will be included as assets of the Company held immediately prior to the Merger).

3.25 Brokers' Fees. Except as listed on Section 3.25 of the Parent Disclosure Schedule, neither the Parent nor any of its Subsidiaries has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

3.26 Disclosure. No representation or warranty by the Parent or the Acquisition Subsidiary contained in this Agreement, and no statement contained in any document, certificate or other instrument delivered or to be delivered by or on behalf of the Parent or the Acquisition Subsidiary pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading. The Parent has disclosed to the Company all material information relating to the business of the Parent or any of its Subsidiaries or the transactions contemplated by this Agreement.

3.27 Interested Party Transactions. To the knowledge of the Parent, no officer, director or stockholder of the Parent or any "affiliate" (as such term is defined in Rule 12b-2 under the Exchange Act) (each, an "**Affiliate**") or "associate" (as such term is defined in Rule 405 under the Securities Act) of any such person currently has or has had, either directly or indirectly, (a) an interest in any person that (i) furnishes or sells services or products that are furnished or sold or are proposed to be furnished or sold by the Parent or any of its Subsidiaries or (ii) purchases from or sells or furnishes to the Parent or any of its Subsidiaries any goods or services, or (b) other than as disclosed in Section 3.27 of the Parent Disclosure Schedule, a beneficial interest in any contract or agreement to which the Parent or any of its Subsidiaries is a party or by which it may be bound or affected. Except as set forth in Section 3.27 of the Parent Disclosure Schedule, the Parent is not indebted to any officer, director or stockholder of the Parent or any "affiliate" or "associate" of any such person (each such person, a "**Parent Insider**") (except for reimbursement of ordinary business expenses) and no Parent Insider is indebted to the Parent (except for cash advances for ordinary business expenses), all of which shall be paid or cancelled immediately at or prior to the Effective Time by Parent's stockholders. Neither the Parent nor any of its Subsidiaries has extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of the Parent or any of its Subsidiaries.

3.28 Accountants. Except for the preparation and filing of the Parent's corporate Tax Returns, there are have been no non-audit services performed by Raich Ende Malter & Co. LLP (the "**Parent Auditor**") for the Parent and/or any of its Subsidiaries, and the Parent has not taken any action or failed to take any action that would reasonably be expected to impair the

independence of the Parent Auditor. The report of the Parent Auditor on the financial statements of the Parent for the past fiscal year did not contain an adverse opinion or a disclaimer of opinion, or was qualified as to uncertainty, audit scope, or accounting principles, although it did express uncertainty as to the Parent's ability to continue as a going concern. During the Parent's most recent fiscal year and the subsequent interim periods, there were no disagreements with the Parent Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures. None of the reportable events listed in Item 304(a)(1)(iv) or (v) of Regulation S-K occurred with respect to the Parent Auditor.

3.29 Minute Books. The minute books and other similar records of the Parent and each of its Subsidiaries contain, in all material respects, complete and accurate records of all actions taken at any meetings of directors (or committees thereof) and stockholders or actions by written consent in lieu of the holding of any such meetings since the time of organization of each such corporation through the date of this Agreement. The Parent has provided true and complete copies of all such minute books and other similar records to the Company's representatives.

3.30 Board Action. The Parent's Board of Directors (a) has unanimously determined that the Merger is advisable and in the best interests of the Parent's stockholders and is on terms that are fair to such Parent stockholders, (b) has caused the Parent, in its capacity as the sole stockholder of the Acquisition Subsidiary, and the Board of Directors of the Acquisition Subsidiary, to approve the Merger and this Agreement by unanimous written consent, and (c) adopted this Agreement in accordance with the provisions of the Delaware Act.

3.31 Intellectual Property. The Parent does not own or license the right to use any patents, copyrights, trademarks, know-how or software, and none are or ever have been necessary for the operation of its business. To the Parent's knowledge, the Parent is not infringing, and has never infringed, upon the intellectual property or proprietary rights of any Person. There are no claims pending or, to the Parent's knowledge, threatened alleging that the Parent is currently infringing upon or using in an unauthorized manner or violating the intellectual or proprietary rights of any Person, and the Parent is unaware of any facts which would form a reasonable basis for any such claim. The Parent is not, nor will it be as a result of the execution and delivery of this Agreement or the performance of its obligations under this Agreement, in breach of any license, sublicense or other agreement or contract relating to intellectual property.

3.32 Investment Company. None of the Parent or Acquisition Subsidiary is as of the date of this Agreement, nor upon the Closing will be, an "investment company," a company controlled by an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

3.33 Foreign Corrupt Practices Act. Neither the Parent nor its Subsidiaries, nor to the Parent's knowledge, any agent or other person acting on behalf of the Parent or its Subsidiaries, has: (a) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (b) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic

political parties or campaigns from corporate funds, (c) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Parent is aware) which is in violation of law or (d) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

3.34 No Integrated Offering. Neither the Parent nor any Affiliates of the Parent, nor any Person acting on the behalf of any of the foregoing, has, directly or indirectly, (a) made any offers or sales of any security or solicited any offers to purchase any security, under circumstances that would require registration of any of the shares of Parent Common Stock issuable pursuant to this Agreement under the Securities Act or cause this offering of such shares of Parent Common Stock to be integrated with prior offerings by the Parent for purposes of the Securities Act or any applicable shareholder approval requirements of any authority, or (b) made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the shares to be issued in the Private Placement Offering under the Securities Act or cause Private Placement Offering to be integrated with prior offerings by the Parent for purposes of the Securities Act.

3.35 No General Solicitation. Neither the Parent, nor any of its Affiliates, nor, to the knowledge of the Parent, any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the shares to be issued in the Private Placement Offering.

3.36 Application of Takeover Provisions. The Parent and its Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, or other similar takeover, anti-takeover, moratorium, fair price, interested shareholder or similar provision under the certificate of incorporation of the Parent or the laws of the State of Delaware to the transactions contemplated hereby, including the Merger and the Parent's issuance of shares of Parent Common Stock to the stockholders of the Company. The Parent has never adopted any shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Parent Common Stock or a change in control of the Parent.

ARTICLE 4
COVENANTS

4.1 Conduct of the Business Prior to Closing; Closing Efforts.

(a) From the date hereof to the earlier of the Closing Date or the termination of this Agreement, the Parent shall not take any of the actions specified in Section 3.9, except (i) as consented to by Primit Parikh at pparikh@transphormusa.com on behalf of the Company, it being understood that the Company shall not unreasonably withhold, delay or condition its consent to any request made in accordance with this Section 4.1(a), (ii) as expressly contemplated by this Agreement or (iii) as required by law.

(b) Each of the Parties shall use its best efforts, to the extent commercially reasonable in light of the circumstances ("**Reasonable Best Efforts**"), to take all actions and to

do all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including without limitation using its Reasonable Best Efforts to ensure that (a) its representations and warranties remain true and correct in all material respects through the Closing Date and (b) the conditions to the obligations of the other Parties to consummate the Merger are satisfied.

4.2 Governmental and Third-Party Notices and Consents.

(a) Each Party shall use its Reasonable Best Efforts to obtain, at its expense, all waivers, permits, consents, approvals or other authorizations from Governmental Entities, and to effect all registrations, filings and notices with or to Governmental Entities, as may be required for such Party to consummate the transactions contemplated by this Agreement and to otherwise comply with all applicable Laws in connection with the consummation of the transactions contemplated by this Agreement. The Company acknowledges it will cause the Parent, following the Effective Time, to timely complete all filings with the SEC and individual states required by Regulation D under the Securities Act with respect to the issuance of the Merger Shares and in connection with the Private Placement Offering.

(b) The Company shall use its Reasonable Best Efforts to obtain, at its expense, all such waivers, consents or approvals from third parties, and to give all such notices to third parties, if any, as are required to be listed in Section 2.4 of the Company Disclosure Schedule.

4.3 Super 8-K. Promptly after the execution of this Agreement, the Parties shall complete a Current Report on Form 8-K relating to this Agreement and the transactions contemplated hereby (including the "**Form 10 information**" required by Items 2.01(f) and 5.01(a)(8) of Form 8-K and the financial statements required thereby) (the "**Super 8-K**"). Each of the Company and the Parent shall use its Reasonable Best Efforts to cause the Super 8-K to be filed with the SEC within four Business Days of the Closing of the transactions contemplated by this Agreement and to otherwise comply with all requirements of applicable federal and state securities laws.

4.4 Access to Parent Information.

(a) The Parent shall (and shall cause the Acquisition Subsidiary to) permit representatives of the Company to have full access (at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Parent and the Acquisition Subsidiary) to all premises, properties, financial and accounting records, contracts, other records and documents, and personnel of or pertaining to the Parent and the Acquisition Subsidiary.

(b) The Company (i) shall treat and hold as confidential any Parent Confidential Information (as defined below), (ii) shall not use any of the Parent Confidential Information except in connection with this Agreement, and (iii) if this Agreement is terminated for any reason whatsoever, shall return to the Parent all tangible embodiments (and all copies) thereof which are in its possession. For purposes of this Agreement, "**Parent Confidential Information**" means any information of the Parent or any Subsidiary of the Parent that is

furnished to the Company by the Parent or its Subsidiaries in connection with this Agreement; provided, however, that it shall not include any information (A) which, at the time of disclosure, is available publicly other than as a result of non-permitted disclosure by the Company or their respective directors, officers, or employees, (B) which, after disclosure, becomes available publicly through no fault of the Company or their respective directors, officers, or employees, (C) which the Company knew or to which the Company had access prior to disclosure, as demonstrated by competent evidence, provided that the source of such information is not known by the Company to be bound by a confidentiality obligation to the Parent or any Subsidiary of the Parent or (D) which the Company rightfully obtains from a source other than the Parent or a Subsidiary of the Parent, provided that the source of such information is not known by the Company to be bound by a confidentiality obligation to the Parent or any Subsidiary of the Parent.

4.5 Expenses. The costs and expenses of each Party (including legal fees and expenses of such Party) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party that incurred such costs and expenses, unless otherwise agreed to by such Parties. The Parties agree that an aggregate maximum amount of up to $200,000 of the fees of Mitchell Silberberg & Knupp LLP and its reasonable and documented out-of-pocket expenses related to the transaction contemplated hereby shall be paid from the gross proceeds of the Private Placement Offering at the closing thereof.

4.6 Indemnification.

(a) The Parent shall not, and shall cause the Surviving Corporation not to, after the Effective Time, take any action to alter or impair any exculpatory or indemnification provisions now existing in the certificate of incorporation or bylaws of the Company for the benefit of any individual who served as a director or officer of the Company at any time prior to the Effective Time, except for any changes which may be required to conform with changes in applicable Law and any changes which do not affect the application of such provisions to acts or omissions of such individuals prior to the Effective Time.

(b) From and after the Effective Time, the Parent agrees that it will, and will cause the Surviving Corporation to, indemnify and hold harmless each current and former director and officer of the Company (the "**Indemnified Executives**") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages, liabilities or amounts paid in settlement incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent permitted under Delaware law (and the Parent and the Surviving Corporation shall also advance expenses as incurred to the fullest extent permitted under Delaware law, provided the Indemnified Executive to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Indemnified Executive is not entitled to indemnification).

(c) At or prior to the Effective Time, the Company shall purchase a directors' and officers' liability insurance "tail policy" with a claims period of six (6) years from the

Closing Date, and on terms and conditions no less favorable to the Indemnified Executives that those in effect under the Company's existing directors' and officers' liability insurance policy in effect on the date hereof, for the benefit of the Indemnified Executives with respect to their acts and omissions as directors and officers of the Company or its subsidiaries occurring prior to the Effective Time (such policy, the "**D&O Tail Policy**").

(d) The provisions of this Section 4.6 shall survive the Closing and are intended to be for the benefit of, and enforceable by, each Indemnified Executive, and nothing in this Agreement shall affect any indemnification rights that any such Indemnified Executive (or its Affiliates) may have under the certificate of incorporation or bylaws of the Company or any contract or instrument or applicable Law, including any contract, agreement or arrangement between the Parent, the Company, the Surviving Corporation or any of their respective Subsidiaries (on the one hand) and any such Indemnified Executive, any investor or third party (on the other hand). Notwithstanding anything in this Agreement to the contrary, the obligations under this Section 4.6 shall not be terminated or modified in such a manner as to adversely affect any Indemnified Executive without the consent of such Indemnified Executive.

(e) From and after the Effective Time, the Parent and the Company agree that it will, and will cause the Surviving Corporation to, indemnify each director and officer of the Parent listed on Schedule 4.6(d) attached hereto (the "**Parent Indemnified Executives**") for actions arising out of or pertaining to actions relating to the approval of and entering into the this Agreement, the Transaction Documentation, the Merger and each of the transactions contemplated by this Agreement pursuant to an agreement in the form attached hereto as Exhibit C (collectively, the "**Pre-Merger Indemnity Agreements**").

(f) The Company shall obtain and purchase director and officer liability insurance ("**D&O Insurance**") to be effective as of 12:01am on the Closing Date, covering the (x) the directors and officers of the Parent immediately after the Effective Time and (y) the Parent Indemnified Executives, and such D&O Insurance shall include coverage for any acts or omissions that take place on or after the Closing Date in connection with the transactions contemplated by this Agreement, and shall be maintained in effect for a period of at least six (6) years following the Effective Time.

(g) Notwithstanding anything to the contrary in this Section 4.6, from and after the Effective Time, each of the Parent and the Company agrees that any indemnification available to any Indemnified Executive who on or prior to the Closing Date was a director of the Company or any of its Subsidiaries by virtue of such Indemnified Executive's service as a partner or employee of any investment fund affiliated with or managed by any Company Stockholder or any of such Company Stockholder's Affiliates on or prior to the Closing Date (any such Indemnified Executive, a "**Stockholder Nominated Director**") shall be secondary to the indemnification to be provided by the Parent, the Surviving Corporation and its Subsidiaries pursuant to this Section 4.6 and that the Parent, the Surviving Corporation and its Subsidiaries (i) shall be the primary indemnitors of first resort for the Stockholder Nominated Directors pursuant to this Section 4.6, (ii) shall be fully responsible for the indemnification and exculpation from liabilities with respect to the Stockholder Nominated Directors which are addressed by this

Section 4.6 and (iii) shall not make any claim for contribution, subrogation or any other recovery of any kind in respect of any other indemnification or insurance available to any Stockholder Nominated Director with respect to any matter addressed by this Section 4.6.

4.7 Registration and Quotation of Shares. Promptly, but no later than ninety calendar days after the final closing of the Private Placement Offering, the Parent shall (a) file a Form 211 with the Financial Industry Regulatory Authority in accordance with Rule 15(c)2-11 of the Exchange Act and (b) file, subject to customary exceptions, an appropriate registration statement with the SEC covering the resale of the Merger Shares, the Pre-Merger Shares, the shares of Parent Common Stock issuable upon exercise of Parent Warrants and the shares of Parent Common Stock issuable upon the conversion of the Convertible Note (the "**Registrable Shares**" and the "**Registration Statement**"). The Parent shall take commercially reasonable efforts to ensure that (i) the Registration Statement be declared effective, and (ii) the Parent Common Stock be eligible for quotation on the OTC Markets QB Tier or a national securities exchange, in each case, within one hundred and eighty calendar days of the final closing of the Private Placement Offering.

4.8 Name and Fiscal Year Change. The Parent shall change its fiscal year end to December 31, such change to take effect at the Effective Time. Promptly after the Effective Time, the Parent shall amend its Certificate of Incorporation to change its corporate name to Transphorm, Inc., or such other name as specified by the Company.

4.9 Parent Board; Amendment of Charter Documents. The Parent shall take such actions as are necessary (including the solicitation of approvals by the Board of Directors and the stockholders of the Parent), prior to the Effective Time, (a) to authorize the Parent's Board of Directors to consist of five (5) members, (b) to amend and restate its bylaws in a manner satisfactory to the Company, and (c) to amend and restate its certificate of incorporation in a manner satisfactory to the Company, which, in the case of clause (c), shall be effective in accordance with Regulation 14C of the Exchange Act. Each new member of the Parent's Board of Directors that was not a member of the Parent's Board of Directors immediately before the Effective Time shall enter into an indemnification agreement with the Parent in the form attached hereto as Exhibit D (the "**Post-Merger Indemnification Agreement**") within fifteen (15) days of their appointment.

4.10 Equity Plans. Prior to the Effective Time, the Company shall have adopted, and the Company's stockholders shall have approved, the equity incentive plan attached hereto as Exhibit E (the "**2020 Plan**"). As of the Effective Time, (i) the Board of Directors of Parent shall (a) adopt the 2020 Plan, and (b) take whatever steps are necessary to cause the Parent to assume the 2020 Plan and the Company Options and (ii) the stockholders of the Parent shall adopt the 2020 Plan, subject to effectiveness in accordance with Regulation 14C of the Exchange Act. After such assumption, 2,461,923 shares of Parent Common Stock will be issuable upon the exercise of Parent Options converted from assumed Company Options issued under the Company's 2007 Stock Plan or 2015 Equity Incentive Plan and (ii) 2,588,077 shares of Parent Common Stock will be reserved for future issuance under the 2020 Plan. The 2020 Plan will provide that the 2,588,077 shares of Parent Common Stock reserved for issuance will be subject

to increase annually on the first day of each fiscal year beginning with the 2022 fiscal year and ending on (and including) fiscal year 2030, at the discretion of the Administrator (as such term is defined in the 2020 Plan), in an amount equal to the least of (a) five percent (5%) of the shares of Parent Common Stock outstanding on the last day of the immediately preceding fiscal year, (b) 5,000,000 shares of Parent Common Stock, or (c) such number of shares as determined by the Administrator no later than the last day of the immediately preceding fiscal year.

4.11 Information Provided to Stockholders. The Company shall prepare, with the cooperation of the Parent, information to be sent to the holders of shares of Company Stock in connection with receiving their approval of the Merger, this Agreement and related transactions (including, without limitation, a substantially complete draft of the Super 8-K). The Parent and the Company shall each use Reasonable Best Efforts to cause information provided to the Company's stockholders to comply with applicable federal and state securities laws requirements. Each of the Parent and the Company agrees to provide promptly to the other such information concerning its business and financial statements and affairs as, in the reasonable judgment of the providing party or its counsel, may be required or appropriate for inclusion in the information sent, or in any amendments or supplements thereto, and to cause its counsel and auditors to cooperate with the other's counsel and auditors in the preparation of the information to be sent to the stockholders of the Company. The Company will promptly advise the Parent, and the Parent will promptly advise the Company, in writing if at any time prior to the Effective Time either the Company or the Parent shall obtain knowledge of any facts that might make it necessary or appropriate to amend or supplement the information sent in order to make the statements contained or incorporated by reference therein not misleading or to comply with applicable Law. The information sent by the Company shall contain the recommendation of the Board of Directors of the Company that the holders of shares of Company Stock approve the Merger and this Agreement and the conclusion of the Board of Directors of the Company that the terms and conditions of the Merger are advisable and fair and in the best interests of the Company and such holders. Anything to the contrary contained herein notwithstanding, the Company shall not include in the information sent to its stockholders any information with respect to the Parent or its Affiliates or associates, the form and content of which information shall not have been approved by such party in its reasonable discretion prior to such inclusion.

4.12 Auditors. The Parent shall provide the Parent Auditor with a copy of the Super 8-K and shall request that the Parent Auditor furnish a letter (the "**Auditor Letter**") addressed to the Securities and Exchange Commission stating whether the Parent Auditor agrees with the statements made by the Parent in the Super 8-K.

4.13 Private Placement. Each of the Company and the Parent shall take all necessary action on its part such that the issuance of the Merger Shares to Company stockholders is exempt from registration under the Securities Act.

4.14 Notification of Certain Matters. At or prior to the Effective Time, each party shall give prompt notice to the other party of (a) the occurrence or failure to occur of any event or the discovery of any information, which occurrence, failure or discovery would be likely to cause any representation or warranty on its part contained in this Agreement to be untrue, inaccurate or

incomplete after the date hereof in any material respect or, in the case of any representation or warranty given as of a specific date, would be likely to cause any such representation or warranty on its part contained in this Agreement to be untrue, inaccurate or incomplete in any material respect as of such specific date, and (b) any material failure of such party to comply with or satisfy any covenant or agreement to be complied with or satisfied by it hereunder.

4.15 Terminations.

(a) The Parent shall have entered into an agreement with the counterparty to the agreement listed on Schedule 4.15(a) (the "**MSK Terminated Agreement**") in a form reasonably acceptable to the Company (the "**MSK Termination Agreement**") such that the MSK Terminated Agreement will terminate and be of no further effect upon the occurrence of the Effective Time and the Parent's payment to the counterparty of the amount specified in the MSK Termination Agreement.

(b) The Parent shall have entered into an agreement with the counterparty to the agreement listed on Schedule 4.15(b) (the "**Auditor Agreement**") in a form reasonably acceptable to the Company (the "**Auditor Termination Agreement**") such that the Auditor Agreement will terminate and be of no further effect upon the occurrence of the Effective Time.

(c) The Parent shall have entered into an agreement with the counterparty to the agreement listed on Schedule 4.15(c) (the "**Accountant Agreement**") in a form reasonably acceptable to the Company (the "**Accountant Termination Agreement**") such that the Accountant Agreement will terminate and be of no further effect upon the occurrence of the Effective Time.

4.16 Payoff Letter. The Parent shall have delivered to the Company a payoff letter executed by the individual listed on Schedule 4.16 (the "**Debt Holder**") in a form reasonably acceptable to the Company and the Debt Holder (the "**Payoff Letter**") setting forth (x) the amount required to pay off the indebtedness owing to the Debt Holder, (y) upon payment of such amount, the termination of the contract with respect to such indebtedness and a release of the Parent, and (z) Debt Holder's commitment to release all liens that the Debt Holder may hold on the Parent prior to the Closing Date or an authorization for the Parent to do so.

4.17 Convertible Note. Prior to the Effective Time, the holder of the Convertible Note shall have entered into an agreement with the Parent and the Company providing for the assumption of the Convertible Note by the Parent, to be effective at the Effective Time, and the amendment of the Convertible Note such that the Convertible Note shall be convertible into a number of shares of Parent Common Stock equal to the outstanding obligations being converted under the Convertible Note, divided by $5.12 per share, with any fraction rounded down to the nearest whole number; provided; however, that the Convertible Note shall be convertible into a maximum of 3,076,171 shares of Parent Common Stock.

4.18 Specified Stockholder Agreement. From and after the Effective Time, each of the Company and the Parent agree that the Parent shall provide the stockholder of the Company specified on Schedule 4.18 (the "**Specified Stockholder**") with certain governance and

information rights with respect to the Parent pursuant to an agreement in the form attached hereto as Exhibit F (the "**Specified Stockholder Agreement**"), which Specified Stockholder Agreement shall be entered into by the parties thereto no later than one (1) business day after the Effective Time.

4.19 Special Indemnification Agreement. From and after the Effective Time, each of the Company and the Parent agree that the Parent shall enter into a special indemnification agreement with the Specified Stockholder in the form attached hereto as Exhibit G (the "**Special Post-Merger Indemnification Agreement**) no later than one (1) business day after the Effective Time.

ARTICLE 5
CONDITIONS TO CONSUMMATION OF MERGER

5.1 Conditions to Each Party's Obligations. The respective obligations of each Party to consummate the Merger are subject to the satisfaction or waiver of the following conditions:

(a) the Company shall have obtained (and, with respect to clause (ii) below, shall have provided copies thereof to the Parent of) (i) the approval of its Board of Directors and (ii) the written consents of Company Stockholders representing at least (A) a majority of the votes represented by the outstanding shares of Company Stock, voting as a single class on an as-converted to Company Common Stock basis and (B) a majority of the votes represented by the outstanding shares of Series 1 Preferred Stock and Series 3 Preferred Stock, voting as a single class on an as-converted to Company Common Stock basis, in each case approving the execution, delivery and performance by the Company of this Agreement and the other Transaction Documentation to which the Company is a party, in form and substance reasonably satisfactory to the Parent; and

(b) prior to the Closing, the Company and the Parent shall have at least $20 million in escrow in connection with the Private Placement Offering, and the conditions to the closing of such Private Placement Offering shall have been satisfied (other than the consummation of the Merger and those other conditions that, by their nature, will be satisfied at the Closing of the Private Placement Offering) and such amount of gross proceeds shall be unencumbered cash available to the Parent and the Surviving Corporation at the Effective Time (other than as expressly contemplated by this Agreement).

5.2 Conditions to Obligations of the Parent and the Acquisition Subsidiary. The obligation of each of the Parent and the Acquisition Subsidiary to consummate the Merger is subject to the satisfaction (or waiver by the Parent) of the following additional conditions:

(a) the Company shall have obtained (and shall have provided copies thereof to the Parent) all other waivers, permits, consents, approvals or other authorizations, and effected all of the registrations, filings and notices, referred to in Section 4.2 which are required on the part of the Company, except such waivers, permits, consents, approvals or other authorizations the failure of which to obtain or effect does not, individually or in the aggregate, have a

Company Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(b) the representations and warranties of the Company set forth in this Agreement (when read without regard to any qualification as to materiality or Company Material Adverse Effect contained therein) shall be true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time as though made as of the Effective Time (provided, however, that to the extent such representation and warranty expressly relates to an earlier date, such representation and warranty shall be true and correct as of such earlier date), except for any untrue or incorrect representations and warranties that, individually or in the aggregate, do not have a Company Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(c) the Company shall have performed or complied with its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Effective Time, except for such non-performance or non-compliance as does not have a Company Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(d) no Legal Proceeding shall be pending against the Company wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of any of the transactions contemplated by this Agreement or (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, and no such judgment, order, decree, stipulation or injunction shall be in effect;

(e) the Company shall have delivered to the Parent and the Acquisition Subsidiary a copy of each written consent received from a Company Stockholder consenting to the Merger, together with a certification from each such Company Stockholder that such person is either an “accredited investor” or not a “U.S. Person” as such terms are defined in Regulation D and Regulation S, respectively, under the Securities Act;

(f) the Company shall have delivered to the Parent and the Acquisition Subsidiary a certificate to the effect that each of the conditions specified in clauses (a) through (d) (insofar as clause (d) relates to Legal Proceedings involving the Company) of this Section 5.2 has been satisfied in all respects;

(g) the Company shall have delivered to the Parent and the Acquisition Subsidiary a certificate, validly executed by an executive officer of the Company, certifying as to (i) true, correct and complete copies of the certificate of incorporation and bylaws of the Company; (ii) the valid adoption of resolutions (or the written consent) of the board of directors and the written consent of stockholders of the Company (whereby this Agreement, the Merger and the transactions contemplated hereunder were approved by the board of directors and the requisite vote of the stockholders of the Company); (iii) a good standing certificate from the Secretary of State of the State of Delaware dated no more than (5) Business Days before the Closing Date; and (iv) incumbency and signatures of the officers of the Company executing this Agreement or any other agreement contemplated by this Agreement;

(h) the Company shall have delivered to the Parent audited and interim unaudited financial statements of the Company pro forma in respect of the Merger, compliant with applicable SEC regulations for inclusion under Item 2.01 (f) and/or 5.01(a)(8) of Form 8-K in substantially final form;

(i) the Company shall have obtained and purchased the D&O Tail Policy and the D&O Insurance; and

(j) the Company shall have delivered the Pre-Merger Indemnity Agreements to the Parent, duly executed by the Company.

5.3 Conditions to Obligations of the Company. The obligation of the Company to consummate the Merger is subject to the satisfaction (or waiver by the Company) of the following additional conditions:

(a) the Parent shall have obtained (and shall have provided copies thereof to the Company) the written consents of (i) all of the members of its Board of Directors, (ii) all of the members of the Board of Directors of Acquisition Subsidiary, and (iii) the sole stockholder of Acquisition Subsidiary, in each case to the execution, delivery and performance by each such entity of this Agreement and/or the other Transaction Documentation to which each such entity is a party, in form and substance reasonably satisfactory to the Company;

(b) the Parent shall have obtained (and shall have provided copies thereof to the Company) all of the other waivers, permits, consents, approvals or other authorizations, and effected all of the registrations, filings and notices, referred to in Section 4.2(a) which are required on the part of the Parent or any of its Subsidiaries, except for waivers, permits, consents, approvals or other authorizations the failure of which to obtain or effect does not, individually or in the aggregate, have a Parent Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(c) the representations and warranties of the Parent set forth in this Agreement (when read without regard to any qualification as to materiality or Parent Material Adverse Effect contained therein) shall be true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time as though made as of the Effective Time (provided, however, that to the extent such representation and warranty expressly relates to an earlier date, such representation and warranty shall be true and correct as of such earlier date), except for any untrue or incorrect representations and warranties that, individually or in the aggregate, do not have a Parent Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(d) each of the Parent and the Acquisition Subsidiary shall have performed or complied with its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Effective Time, except for such non-performance or non-compliance as does not have a Parent Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(e) no Legal Proceeding shall be pending against the Parent or the Acquisition Subsidiary wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of any of the transactions contemplated by this Agreement or (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, and no such judgment, order, decree, stipulation or injunction shall be in effect;

(f) the Board of Directors of the Parent and the stockholders of the Parent shall each have adopted the 2020 Plan (such stockholder approval subject to effectiveness in accordance with Regulation 14C of the Exchange Act), and the Board of Directors of the Parent shall have approved the assumption of the 2020 Plan and the Company Options;

(g) the Parent shall have delivered to the Company a certificate, validly executed by an executive officer of the Parent, to the effect that each of the conditions specified in clauses (a) through (e) of this Section 5.3 has been satisfied in all respects;

(h) each of the Parent and Acquisition Subsidiary shall have delivered to the Company a certificate, validly executed by the Secretary of the Parent and the Secretary of the Acquisition Subsidiary, certifying as to (i) true, correct and complete copies of its respective certificate of incorporation and bylaws; (ii) the valid adoption of resolutions of (A) the board of directors of the Parent and the Acquisition Subsidiary, as applicable, and the Parent as sole stockholder of the Acquisition Subsidiary (whereby this Agreement, the Merger and the transactions contemplated hereunder were unanimously approved by the board of directors of the Parent and the Acquisition Subsidiary and by the Parent as the sole stockholder of the Acquisition Subsidiary) and (B) the stockholders of the Parent approving the matters described in Sections 4.8, 4.9 and 4.10; (iii) a good standing certificate from the Secretary of State of the State of Delaware dated no more than five (5) Business Days before the Closing Date; (iv) incumbency and signatures of the officers of the Parent or the Acquisition Subsidiary, as applicable, executing this Agreement or any other agreement contemplated by this Agreement; and (v) a true, correct and complete list of all stockholders of Parent as of immediately prior to the Effective Time and the shares of Parent Common Stock held by each such stockholder that are then-outstanding, which shares shall equal, in the aggregate, 1,650,000 shares of Parent Common Stock;

(i) the Forfeiture Letters executed by certain stockholders of the Parent concurrently with this Agreement shall be in full force and effect and shall not have been revoked, rescinded or otherwise repudiated by such stockholders of the Parent;

(j) the Company shall have received a list from Parent setting forth the stockholders of the Parent as of immediately prior to the Effective Time and the number of shares of Parent Common Stock held by each such Stockholder as of immediately prior to the Effective Time, which shares shall equal, in the aggregate, 1,650,000 shares of Parent Common Stock (after taking into account the forfeiture of the Forfeited Shares);

(k) the Parent shall have delivered to the Company (i) evidence that the Parent's Board of Directors is, as of the Effective Time, authorized to consist of five (5) individuals, (ii) evidence of the resignations of all directors and/or officers of the Parent as of

immediately prior to the Effective Time, which resignations shall be effective as of the Effective Time, (iii) evidence of the appointment of the following five (5) persons to serve as directors immediately following the Effective Time: Brittney Bagley, David Kerko, Umesh Mishra, Mario Rivas and Eiji Yatagawa, (iv) evidence of the appointment of such executive officers of the Parent to serve immediately following the Effective Time as shall have been designated by the Company, including Mario Rivas, Umesh Mishra, Primit Parikh, Cameron McAulay;

(l) the Auditor Letter shall have been furnished to the Parent and the Parent shall have delivered a copy of such Auditor Letter to the Company, and the Parent Auditor shall have consented to the filing of the Auditor Letter in the Super 8-K;

(m) the Parent shall be in compliance in all material respects with all requirements of applicable securities laws, including, without limitation, the filing of reports required by the Exchange Act, and shall have taken all actions with respect thereto as shall be required or reasonably requested by the Company in connection therewith;

(n) the Parent shall have delivered to the Company the MSK Termination Agreement duly executed by all parties thereto;

(o) the Parent shall have delivered to the Company the Payoff Letter duly executed by the Parent and the Debt Holder;

(p) the Parent shall have delivered the Pre-Merger Indemnity Agreements to the Company, duly executed by the Parent and the Parent Indemnified Executives.

(q) the Parent shall have delivered to the Company the Auditor Termination Agreement duly executed by all parties thereto; and

(r) the Parent shall have delivered to the Company the Accountant Termination Agreement duly executed by all parties thereto.

ARTICLE 6
DEFINITIONS

For purposes of this Agreement, each of the following defined terms is defined in the Section of this Agreement indicated below.

Defined Term	Section
2020 Plan	4.10
Accountant Agreement	4.15(c)
Accountant Terminated Agreement	4.15(c)
Acquisition Subsidiary	Introduction
Affiliate	3.27
Affiliated Person(s)	8.16
Agreement	Introduction
Auditor Agreement	4.15(b)

Auditor Letter	4.12
Auditor Terminated Agreement	4.15(b)
Business Day	1.2
Certificate of Merger	1.1
Closing	1.2
Closing Date	1.2
Code	Recitals
Company	Introduction
Company Balance Sheet	2.7
Company Balance Sheet Date	2.7
Company Common Stock	1.5(a)
Company Consents	2.3
Company Disclosure Schedule	ARTICLE 2
Company Equity Plan(s)	2.2
Company Financial Statements	2.7
Company Interim Statements	2.7
Company Material Adverse Effect	2.1
Company Options	2.2
Company Preferred Stock	1.5(a)
Company Stock	1.5(a)
Company Stockholders	1.5(a)
Company Stock Certificate(s)	1.5(b)
Company Subsidiary	2.5
Company Warrants	2.2
Convertible Note	2.2
Conversion Ratio	1.5(a)
D&O Insurance	4.6(f)
D&O Tail Policy	4.6(c)
Debt Holder	4.16
Defaulting Party	8.13
Delaware Act	1.1
Dissenting Shares	1.6(a)
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ARTICLE 7
TERMINATION

7.1 Termination. Except as provided in Section 7.2, this Agreement may be terminated and the Merger abandoned at any time prior to the Closing only:

(a) by the mutual agreement of the Company and the Parent:

(b) by the Company or the Parent if the Closing Date shall not have occurred by the earlier of (i) five (5) business days after the date hereof or (ii) February 28, 2020 (the "**End Date**"); provided, however, that the right to terminate this Agreement under this Section 7.1(b) shall not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the Merger to occur on or before such date and such action or failure to act constitutes a breach of this Agreement;

(c) by the Company if (i) any law shall be in effect which has the effect of making the Merger illegal or otherwise prohibits or prevents the consummation of the Merger or (ii) if the consummation of the Merger would violate any final and non-appealable order;

(d) by the Company if it is not in material breach of its obligations under this Agreement and there has been a breach of or inaccuracy in any representation, warranty, covenant or agreement of the Parent contained in this Agreement such that the conditions set forth in Sections 5.3(c) and 5.3(d) would not be satisfied as of the time of such breach or inaccuracy and such breach or inaccuracy has not been cured within ten (10) calendar days after written notice thereof to the Parent; provided, however, that no cure period shall be required (i) for a breach or inaccuracy which by its nature cannot be cured or (ii) if any of the conditions

to Closing in Section 5.3 for the benefit of the Company are incapable of being satisfied on or before the End Date; or

(e) by the Parent if it is not in material breach of its obligations under this Agreement and there has been a breach of or inaccuracy in any representation, warranty, covenant or agreement of the Company contained in this Agreement such that the conditions set forth in Sections 5.2(b) and 5.2(c) would not be satisfied as of the time of such breach or inaccuracy and such breach or inaccuracy has not been cured within ten (10) calendar days after written notice thereof to the Company; provided, however, that no cure period shall be required (i) for a breach or inaccuracy which by its nature cannot be cured or (ii) if any of the conditions to Closing in Section 5.2 for the benefit of the Parent are incapable of being satisfied on or before the End Date;.

7.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 7.1, this Agreement shall forthwith become void and there shall be no liability or obligation hereunder on the part of the Parent, the Acquisition Subsidiary or the Company, or their respective representatives, as applicable; *provided*, *however*, that each party hereto shall remain liable for any willful breaches of this Agreement, or any certificate or other instruments delivered pursuant to this Agreement prior to its termination; and *provided further*, *however*, that, the provisions of Article 8 (Miscellaneous) and this Section 7.2 shall remain in full force and effect and survive any termination of this Agreement pursuant to the terms of this Article 7.

ARTICLE 8
MISCELLANEOUS

8.1 Press Releases and Announcements. No Party shall issue any press release or public announcement relating to the subject matter of this Agreement without the prior written approval of the other Parties; provided, however, that the Parties may publish a press release upon Closing, the contents of which will be subject to the prior approval of both parties, not to be unreasonably withheld or delayed and provided, further, that any Party may make any public disclosure it believes in good faith is required by applicable Law or stock market rules (in which case the disclosing Party shall use reasonable efforts to advise the other Parties and provide them with a copy of the proposed disclosure prior to making the disclosure).

8.2 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns; provided, however, that (a) the provisions in ARTICLE 1 concerning issuance of the Merger Shares is intended for the benefit of the Company Stockholders and (b) the provisions in Section 4.6 (including Section 4.6(d)) concerning indemnification are intended for the benefit of the Indemnified Executives and the Parent Indemnified Executives, respectively, and their respective successors and assigns.

8.3 Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior or (other than as set forth in the Transaction Documentation) contemporaneous understandings, agreements or representations by or among the Parties, written or oral, with respect to the subject matter hereof.

8.4 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other Parties.

8.5 Counterparts and Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Signatures delivered by e-mail/.pdf transmission shall be sufficient and binding as if they were originals and such delivery shall constitute valid delivery of this Agreement.

8.6 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

8.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly delivered and received hereunder (a) one business day after being sent for next business day delivery, fees prepaid, via a reputable international overnight courier service, (b) upon delivery in the case of delivery by hand, or (c) on the date delivered in the place of delivery if sent by email (with a written or electronic confirmation of delivery) prior

to 6:00 p.m. Pacific time, otherwise on the next succeeding Business Day, in each case to the intended recipient as set forth below:

If to the Company or the Company Stockholders:	Copy to (which copy shall not constitute notice hereunder):
Transphorm, Inc.	Wilson Sonsini Goodrich & Rosati P.C.
115 Castilian Drive Goleta, CA 93117	650 Page Mill Road Palo Alto, CA 94304-1050
Attn: Mario Rivas, CEO	Attn: Mark Bertelsen, Erika Muhl and Douglas K. Schnell
Email: mrivas@transphormusa.com	Email: mbertelsen@wsgr.com; emuhl@.wsgr.com; dschnell@wsgr.com
If to the Parent or the Acquisition Subsidiary (prior to the Closing):	Copy to (which copy shall not constitute notice hereunder):
Peninsula Acquisition Corporation	Mitchell Silberberg & Knupp, LLP
2255 Glades Road, Suite 324A	2049 Century Park East, 18th Floor
Boca Raton, Florida	Los Angeles, CA 90067
Attn: Ian Jacobs, CEO	Attn: Nimish Patel, Esq.
Email: ian@montrosecapital.com	Email: nxp@msk.com

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

8.8 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.

8.9 Amendments and Waivers. The Parties may mutually amend any provision of this Agreement at any time prior to the Effective Time. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No

waiver of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the Party giving such waiver. No waiver by any Party with respect to any default, misrepresentation or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

8.11 Submission to Jurisdiction. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware) in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of Delaware for such persons and irrevocably waives, to the fullest extent permitted by applicable Law, and covenants not to assert or plead any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Any Party may make service on another Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 8.7. Nothing in this Section 8.11, however, shall affect the right of any Party to serve legal process in any other manner permitted by law.

8.12 WAIVER OF JURY TRIAL. EACH OF THE PARTIES IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BETWEEN THE PARTIES ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

8.13 Remedies; Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof, and agree that in the event that any Party shall fail or refuse to consummate the transactions contemplated by this Agreement or if any default under or breach of any representation, warranty, covenant or condition of this Agreement on the part of any Party (the "**Defaulting Party**") shall have occurred that results in the failure to consummate the transactions contemplated by this Agreement, then in addition to the other remedies provided herein, the other Party or Parties (the "**Non-Defaulting Party**") shall be entitled to seek and

obtain money damages from the Defaulting Party, and shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to an order of specific performance thereof against the Defaulting Party from a court of competent jurisdiction, in each case without the requirement of posting any other bond or other type of security. In addition, the Non-Defaulting Party shall be entitled to obtain from the Defaulting Party court costs and reasonable attorneys' fees incurred in connection with or in pursuit of enforcing the rights and remedies provided hereunder. Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance or other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity.

8.14 Survival. The representations or warranties in this Agreement and in any certificate delivered pursuant to this Agreement shall survive the Effective Time.

8.15 Construction.

(a) The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(b) Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

8.16 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, any document or instrument delivered in connection herewith, or any other document or agreement, each Party covenants, agrees and acknowledges, that no person or entity other than the Parties have any liabilities, obligations, or commitments (whether known or unknown or whether contingent or otherwise) hereunder, and that each Party has no right of recovery under this Agreement, or any claim based on such liabilities, obligations, or commitments against, and that no personal liability shall attach to, the former, current, or future (i) directors, officers, employees, managers, partners, agents, Affiliates, investors, consultants, advisors, or beneficial owners of any other Party ("**Affiliated Persons**"), or (ii) directors, officers, employees, managers, partners, agents, Affiliates, investors, consultants, advisors, or beneficial owners of any Affiliated Persons (collectively, but not including the Parties, each a "**Non-Recourse Party**"), through a Party or otherwise, whether by or through attempted piercing of the corporate veil, or through a claim by or on behalf of any of the Parties against any Non-Recourse Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute, regulation, Law, or otherwise. Without limiting the foregoing, no claim will be brought or maintained by any Party, any of a Party's Affiliates, or any of their respective successors or permitted assigns against any Non-Recourse Party that is not otherwise expressly identified as a Party to this Agreement, and no recourse will be brought or granted against any of them, by virtue of, or based upon, any alleged misrepresentation or inaccuracy in, or breach or nonperformance of, any of the representations, warranties, covenants or agreements of any Party set forth or contained in this Agreement, including any Exhibit or Schedule hereto, any other document contemplated hereby, or any certificate, instrument, opinion, agreement, or other

document delivered hereunder. Notwithstanding the foregoing and for the avoidance of doubt, this Section 8.16 shall not be deemed to waive, bar, diminish or otherwise limit, in any manner, any right, power, remedy, claim, request, demand or cause of action (whether at law or equity) that a Party, with respect to itself and any of its Affiliates, may have against any person or entity (a) arising out of or relating to an act of intentional fraud, or (b) with respect to any injunction or other equitable remedies available, with respect to a breach of this Agreement (including specific performance).

[***SIGNATURE PAGE FOLLOWS***]

IN WITNESS WHEREOF, the Parties have executed this Agreement and Plan of Merger and Reorganization as of the date first above written.

PARENT:
PENINSULA ACQUISITION CORPORATION

By: /s/ Ian Jacobs
Name: Ian Jacobs
Title: President, Secretary, Chief Executive Officer and Chief Financial Officer

ACQUISITION SUBSIDIARY:
PENINSULA ACQUISITION SUB, INC.

By: /s/ Ian Jacobs
Name: Ian Jacobs
Title: President

COMPANY:
TRANSPHORM, INC.

By: /s/ Mario Rivas
Name: Mario Rivas
Title: Chief Executive Officer

STATE *of* DELAWARE

CERTIFICATE OF MERGER

OF

PENINSULA ACQUISITION SUB, INC.

WITH AND INTO

TRANSPHORM, INC.

Pursuant to Section 251 of the
General Corporation Law of the State of Delaware

Transphorm, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify to the following facts relating to the merger (the "Merger") of Peninsula Acquisition Sub, Inc. ("Merger Sub"), a corporation organized and existing under the DGCL, with and into the Corporation, with the Corporation remaining as the surviving corporation ("Surviving Corporation"):

FIRST: That the name and state of incorporation of each of the constituent corporations of the Merger is as follows:

Name	State of Incorporation
Transphorm, Inc.	Delaware
Peninsula Acquisition Sub, Inc.	Delaware

SECOND: The Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), dated as of February 12, 2020, by and among the Corporation, Merger Sub and Peninsula Acquisition Corporation, has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 251 of the General Corporation Law of the State of Delaware and the requisite stockholders of the constituent corporations have given their written consent thereto in accordance with Section 228 of the DGCL.

THIRD: That the name of the Surviving Corporation of the Merger shall be changed to Transphorm Technology, Inc.

FOURTH: Upon the effectiveness of the filing of this Certificate of Merger, the Certificate of Incorporation of the Surviving Corporation shall be amended and restated to read in its entirety as set forth in Exhibit A hereto.

FIFTH: That the executed Merger Agreement is on file at an office of the Surviving Corporation located at 115 Castilian Drive, Goleta, CA 93117.

SIXTH: That a copy of the Merger Agreement will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of any constituent corporation.

SEVENTH: That the Merger shall be effective at 6:00 p.m. Pacific Time on February 12, 2020.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

This Certificate of Merger has been executed on this 12th day of February, 2020.

TRANSPHORM, INC.

By:	/s/ Mario Rivas
Name:	Mario Rivas
Title:	Chief Executive Officer

EXHIBIT A

Amended and Restated Certificate of Incorporation of Surviving Corporation

AMENDED & RESTATED

CERTIFICATE OF INCORPORATION

OF

TRANSPHORM TECHNOLOGY, INC.

ARTICLE ONE

The name of the Corporation is Transphorm Technology, Inc.

ARTICLE TWO

The address of the registered office of the Corporation in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, and the name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

The total number of shares of stock which the Corporation has authority to issue is fifty million (50,000,000) shares of Common Stock, with a par value of $.0001 per share and five million (5,000,000) shares of Preferred Stock, with a par value of $.0001 per share.

ARTICLE FIVE

The Corporation is to have perpetual existence.

ARTICLE SIX

In furtherance and not in limitation of the powers conferred by statute, the board of directors of the Corporation is expressly authorized to make, alter or repeal the by-laws of the corporation.

ARTICLE SEVEN

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the Corporation. Election of directors need not be by written ballot unless the by-laws of the corporation so provide.

ARTICLE EIGHT

To the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director. Any repeal or modification of this ARTICLE EIGHT shall not adversely affect any right or protection of a director of the corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions occurring prior to, such repeal or modification.

ARTICLE NINE

The Corporation shall, to the maximum extent permitted from time to time under the law of the State of Delaware, indemnify and upon request shall advance expenses to any person who is or was a party or is threatened to be made a party any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was or has agreed to be a director or officer of the Corporation or while a director or officers is or was serving at the request of the Corporation as a director, officer, partner, member, trustee, employee or agent of any corporation, partnership, joint venture, trust or other enterprise, including, without limitation, service with respect to employee benefit plans, against expenses (including, without limitation, attorney's fees and expenses), judgments, fines, penalties and amounts paid in settlement incurred in connection with the investigation, preparation to defend or defense of such action, suit, proceeding or claim; provided, however, that the foregoing shall not require the Corporation to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person. Such indemnification and advancement of expenses shall not be exclusive of other indemnification rights arising as a matter of law, under any By-law, agreement, vote of directors or stockholders or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such officer, and shall inure to the benefit of the heirs and legal representatives of such person. Any person seeking indemnification under this ARTICLE NINE shall be deemed to have met the standard of conduct required for such indemnification unless the contrary shall be established. Any repeal or modification of the foregoing provisions of this ARTICLE NINE shall not adversely affect any right or protection of a director or officer of the Corporation with respect to any acts or omissions of such director or officer occurring prior to such repeal or modification.

The Corporation shall have the power to purchase and maintain, at its expense, insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any expense, liability or loss asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law or terms of this certificate of incorporation.

ARTICLE TEN

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation in the manner now or hereafter prescribed herein and by the laws of the State of Delaware, and all rights conferred upon stockholders herein are granted subject to this reservation.

Exhibit 3.2

CERTIFICATE OF AMENDMENT

TO THE

CERTIFICATE OF INCORPORATION

OF

PENINSULA ACQUISITION CORPORATION

February 12, 2020

Peninsula Acquisition Corporation (the "***Corporation***"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, as amended (the "***DGCL***"), hereby certifies as follows:

A. The name of the Corporation is Peninsula Acquisition Corporation. The date of filing of the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware was May 31, 2017.

B. This Certificate of Amendment to the Certificate of Incorporation (the "***Certificate of Amendment***") amends the Corporation's Certificate of Incorporation filed with the Secretary of State of the State of Delaware on May 31, 2017 (the "***Prior Certificate***"), and has been duly adopted by the Corporation's Board of Directors and stockholders in accordance with the provisions of Section 242 of the DGCL.

C. Section 1 of the Prior Certificate is hereby amended and restated to read in its entirety as follows:

"1. The name of the corporation is Transphorm, Inc. (the "**Corporation**")."

D. The Certificate of Amendment of the Prior Certificate so adopted reads in full as set forth above and is hereby incorporated by reference. All other provisions of the Prior Certificate remain in full force and effect.

IN WITNESS WHEREOF, Peninsula Acquisition Corporation has caused this Certificate of Amendment to be signed by Mario Rivas, a duly authorized officer of the Corporation, as of the first date set forth above.

PENINSULA ACQUISITION CORPORATION

By: /s/ Mario Rivas
Name: Mario Rivas
Title: Chief Executive Officer

[Signature Page to Amendment to Certificate of Incorporation]

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

TRANSPHORM, INC.

Transphorm, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), does hereby certify as follows:

A. The name of the Company is Transphorm, Inc. The Company was originally incorporated pursuant to the General Corporation Law of the State of Delaware ("DGCL") on May 31, 2017 under the name Peninsula Acquisition Corporation. The name of the Company was changed on February 12, 2020 to Transphorm, Inc.

B. This Amended and Restated Certificate of Incorporation (this "Amended and Restated Certificate of Incorporation") was duly adopted by the Board of Directors of the Company (the "Board of Directors") in accordance with Sections 242 and 245 of the DGCL, and has been duly approved by the written consent of the stockholders of the Company in accordance with Section 228 of the DGCL.

C. The text of the Amended and Restated Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of the Company is Transphorm, Inc.

ARTICLE II

The address of the Company's registered office in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

Section 1. This Company is authorized to issue two classes of stock, to be designated, respectively, Common Stock and Preferred Stock. The total number of shares of stock that the Company shall have authority to issue is seven hundred fifty five million (755,000,000) shares, of which seven hundred fifty million (750,000,000) shares are Common Stock, $0.0001 par value per share, and five million (5,000,000) shares are Preferred Stock, $0.0001 par value per share.

Section 2. Each share of Common Stock outstanding as of the applicable record date shall entitle the holder thereof to one (1) vote on any matter submitted to a vote at a meeting of stockholders.

Section 3. The Preferred Stock may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors (authority to do so being hereby expressly vested in the Board of Directors). The Board of Directors is further authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of any series of Preferred Stock, including, without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in this Amended and Restated Certificate of Incorporation or the resolution of the Board of Directors originally fixing the number of shares of such series. Except as may be otherwise specified by the terms of any series of Preferred Stock, if the number of shares of any series of Preferred Stock is so decreased, then the Company shall take all such steps as are necessary to cause the shares constituting such decrease to resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

Section 4. Except as otherwise required by law or provided in this Amended and Restated Certificate of Incorporation, holders of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon by law or pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock).

Section 5. The number of authorized shares of Preferred Stock or Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of the Company entitled to vote thereon, without a separate vote of the holders of the class or classes the number of authorized shares of which are being increased or decreased, unless a vote of any holders of one or more series of Preferred Stock is required pursuant to the terms of any certificate of designation relating to any series of Preferred Stock, irrespective of the provisions of Section 242(b)(2) of the DGCL.

ARTICLE V

Section 1. Subject to the rights of holders of Preferred Stock, the number of directors that constitutes the entire Board of Directors of the Company shall be fixed only by resolution of the Board of Directors. At each annual meeting of stockholders, directors of the Company shall be elected to hold

office until the expiration of the term for which they are elected and until their successors have been duly elected and qualified or until their earlier resignation or removal; except that if any such meeting shall not be so held, such election shall take place at a stockholders' meeting called and held in accordance with the DGCL.

Section 2. From and after the effectiveness of this Amended and Restated Certificate of Incorporation, the directors of the Company (other than any who may be elected by holders of Preferred Stock under specified circumstances) shall be divided into three classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III. Directors already in office shall be assigned to each class at the time such classification becomes effective in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following the date hereof, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the date hereof, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the date hereof, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting. If the number of directors is changed, any newly created directorships or decrease in directorships shall be so apportioned hereafter among the classes as to make all classes as nearly equal in number as is practicable, *provided that* no decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ARTICLE VI

Section 1. From and after the effectiveness of this Amended and Restated Certificate of Incorporation, only for so long as the Board of Directors is classified and subject to the rights of holders of Preferred Stock, any director or the entire Board of Directors may be removed from office at any time, but only for cause, and only by the affirmative vote of the holders of at least a majority of the voting power of the issued and outstanding capital stock of the Company entitled to vote in the election of directors.

Section 2. Except as otherwise provided for or fixed by or pursuant to the provisions of Article IV hereof in relation to the rights of the holders of Preferred Stock to elect directors under specified circumstances or except as otherwise provided by resolution of the Board of Directors, newly created directorships resulting from any increase in the number of directors, created in accordance with the Bylaws of the Company, and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, and not by the stockholders. A person so elected by the Board of Directors to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen until his or her successor shall have been duly elected and qualified, or until such director's earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ARTICLE VII

Section 1. The Company is to have perpetual existence.

Section 2. The business and affairs of the Company shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Amended and Restated Certificate of Incorporation or the Bylaws of the Company, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Company.

Section 3. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, alter, amend or repeal the Bylaws of the Company. The affirmative vote of at least a majority of the Board of Directors then in office shall be required in order for the Board of Directors to adopt, amend, alter or repeal the Company's Bylaws. The Company's Bylaws may also be adopted, amended, altered or repealed by the stockholders of the Company; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Company required by law or by this Certificate of Incorporation, after the Trigger Date (defined in Article VIII below), the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the total voting power of the outstanding shares of all classes of capital stock entitled to vote thereon, voting as a single class, shall be required to amend, repeal or adopt any provision of the Bylaws of the Company. No Bylaw hereafter legally adopted, amended, altered or repealed shall invalidate any prior act of the directors or officers of the Company that would have been valid if such Bylaw had not been adopted, amended, altered or repealed.

Section 4. The election of directors need not be by written ballot unless the Bylaws of the Company shall so provide.

Section 5. No stockholder will be permitted to cumulate votes at any election of directors.

ARTICLE VIII

Section 1. Subject to the terms of any series of Preferred Stock, until the first date on which KKR Phorm Investors L.P. (together with its Affiliates (as defined below in Article XI) and its and their successors and assigns (other than the Company and its subsidiaries, and other than through an open market transaction or registered offering), collectively, "KKR") ceases to beneficially own, in the aggregate, a majority of the voting power of the then-outstanding shares of stock of the Company entitled to vote generally in the election of directors (the "Trigger Date"), any action required or permitted to be taken at any annual or special meeting of stockholders of the Company may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of the then-outstanding shares of stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Company in the manner provided by applicable law. At any time after the Trigger Date, any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders in

lieu thereof; provided, however, that any action required or permitted to be taken by the holders of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable certificate filed pursuant to the applicable law of the State of Delaware setting forth the rights relating to such series of Preferred Stock.

Section 2. Subject to the terms of any series of Preferred Stock, special meetings of stockholders of the Company may be called only by the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or the Board of Directors acting pursuant to a resolution adopted by a majority of the Board of Directors, and any power of stockholders to call a special meeting of stockholders is specifically denied. Only such business shall be considered at a special meeting of stockholders as shall have been stated in the notice for such meeting.

Section 3. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Company shall be given in the manner and to the extent provided in the Bylaws of the Company.

ARTICLE IX

Section 1. To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended from time to time, a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Section 2. Subject to any provisions in the Bylaws of the Company related to indemnification of directors of the Company, the Company shall indemnify, to the fullest extent permitted by applicable law, any director of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that he or she is or was a director of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. The Company shall be required to indemnify a person in connection with a Proceeding (or part thereof) initiated by such person only if the Proceeding (or part thereof) was authorized by the Board of Directors.

Section 3. The Company shall have the power to indemnify, to the extent permitted by applicable law, any officer, employee or agent of the Company who was or is a party or is threatened to be made a party to any Proceeding by reason of the fact that he or she is or was a director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees),

judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding.

Section 4. Neither any amendment nor repeal of any Section of this Article IX, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation or the Bylaws of the Company inconsistent with this Article IX, shall eliminate or reduce the effect of this Article IX in respect of any matter occurring, or any Proceeding accruing or arising or that, but for this Article IX, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE X

Meetings of stockholders may be held within or outside of the State of Delaware, as the Bylaws may provide. The books of the Company may be kept (subject to any provision of applicable law) outside of the State of Delaware at such place or places or in such manner or manners as may be designated from time to time by the Board of Directors or in the Bylaws of the Company.

ARTICLE XI

Section 1. In recognition and anticipation that (i) certain directors, principals, officers, employees and/or other representatives or designees of KKR Phorm Investors L.P. (the "Original Stockholder") and/or its Affiliates (as defined below) may serve as directors, officers or agents of the Company, (ii) the Original Stockholder and its Affiliates, directly or indirectly (including through companies in which the Original Stockholder or any of its Affiliates is an equityholder, officer, director or affiliate), may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Company, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Company, directly or indirectly, may engage, and (iii) members of the Board of Directors who are not employees of the Company ("Non-Employee Directors") and their respective Affiliates may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Company, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Company, directly or indirectly, may engage, the provisions of this Article XI are set forth to regulate and define the conduct of certain affairs of the Company with respect to certain classes or categories of business opportunities as they may involve any of the Original Stockholder, the Non-Employee Directors or their respective Affiliates and the powers, rights, duties and liabilities of the Company and its directors, officers and stockholders in connection therewith.

Section 2. None of (i) the Original Stockholder or any of its Affiliates or (ii) any Non-Employee Director (including any Non-Employee Director who serves as an officer of the Company in both his or her director and officer capacities) or his or her Affiliates (the Persons (as defined below) identified in (i) and (ii) above being referred to, collectively, as "Identified Persons" and, each individually, as an "Identified Person") shall, to the fullest extent permitted by law, have any duty to refrain from directly or indirectly (1) engaging in the same or similar business activities or lines of business in which the Company or any of its Affiliates now engages or proposes to engage in or (2) otherwise competing with the Company or any of its Affiliates, and, to the fullest extent permitted by law, no Identified Person shall be liable to the Company or its stockholders or to any Affiliate of the

Company for breach of any fiduciary duty solely by reason of the fact that such Identified Person engages in any such activities. To the fullest extent permitted by law and in accordance with Section 122(17) of the DGCL, the Company hereby renounces any interest or expectancy in, or right to be offered an opportunity to participate in, any business opportunity which may be a corporate opportunity for an Identified Person and the Company or any of its Affiliates, except as provided in Section 3 of this Article XI. Subject to said Section 3 of this Article XI, in the event that any Identified Person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself, herself or himself and the Company or any of its Affiliates, such Identified Person shall, to the fullest extent permitted by law, have no duty to communicate or offer such transaction or other business opportunity to the Company or any of its Affiliates and, to the fullest extent permitted by law, shall not be liable to the Company or its stockholders or to any Affiliate of the Company for breach of any fiduciary duty or other duty (contractual or otherwise) as a stockholder, director or officer of the Company solely by reason of the fact that such Identified Person pursues or acquires such corporate opportunity for itself, herself or himself, or offers or directs such corporate opportunity to another Person, or does not present such corporate opportunity to the Company or any of its Affiliates.

Section 3. The Company does not renounce its interest in any corporate opportunity offered to any Non-Employee Director (including any Non-Employee Director who serves as an officer of this Company) if such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of the Company, and the provisions of Section 2 of this Article XI shall not apply to any such corporate opportunity.

Section 4. In addition to and notwithstanding the foregoing provisions of this Article XI, a corporate opportunity shall not be deemed to be a potential corporate opportunity for the Company if it is a business opportunity that (i) the Company is neither financially or legally able, nor contractually permitted to undertake, (ii) from its nature, is not in the line of the Company's business or is of no practical advantage to the Company, or (iii) is one in which the Company has no interest or reasonable expectancy.

Section 5. For purposes of this Article XI and Article VIII above, (i) "Affiliate" shall mean (a) in respect of the Original Stockholder, any Person that, directly or indirectly, is controlled by the Original Stockholder, controls the Original Stockholder, or is under common control with the Original Stockholder, and shall include any principal, member, director, partner, stockholder, officer, employee or other representative of any of the foregoing (other than the Company and any entity that is controlled by the Company), (b) in respect of a Non-Employee Director, any Person that, directly or indirectly, is controlled by such Non-Employee Director (other than the Company and any entity that is controlled by the Company) and (c) in respect of the Company, any Person that, directly or indirectly, is controlled by the Company; and (ii) "Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, trust, association or any other entity.

Section 6. To the fullest extent permitted by law, any Person purchasing or otherwise acquiring any interest in any shares of capital stock of the Company shall be deemed to have notice of and to have consented to the provisions of this Article XI.

ARTICLE XII

Section 1. The Company hereby expressly elects not to be governed by Section 203 of the DGCL.

Section 2. Notwithstanding the foregoing, the Company shall not engage in any business combination (as defined below), at any point in time at which the Common Stock is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with any interested stockholder (as defined below) for a period of three (3) years following the time that such stockholder became an interested stockholder, unless:

1. prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, or

2. upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock (as defined below) of the Company outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or

3. at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least sixty-six and two thirds percent (66 2/3%) of the outstanding voting stock of the Company which is not owned by the interested stockholder.

Section 3. For purposes of this Article XII, references to:

1. "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

2. "associate," when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

3. "business combination," when used in reference to the Company and any interested stockholder of the Company, means:

i. any merger or consolidation of the Company or any direct or indirect majority-owned subsidiary of the Company (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger

or consolidation is caused by the interested stockholder and as a result of such merger or consolidation Section (B) of this Article XII is not applicable to the surviving entity;

ii. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Company, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-owned subsidiary of the Company which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Company;

iii. any transaction which results in the issuance or transfer by the Company or by any direct or indirect majority-owned subsidiary of the Company of any stock of the Company or of such subsidiary to the interested stockholder, except: (a) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Company or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (b) pursuant to a merger under Section 251(g) of the DGCL; (c) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Company or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Company subsequent to the time the interested stockholder became such; (d) pursuant to an exchange offer by the Company to purchase stock made on the same terms to all holders of said stock; or (e) any issuance or transfer of stock by the Company; provided, however, that in no case under items (c)-(e) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Company or of the voting stock of the Company (except as a result of immaterial changes due to fractional share adjustments);

iv. any transaction involving the Company or any direct or indirect majority-owned subsidiary of the Company which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Company or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or

v. any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Company), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Company or any direct or indirect majority-owned subsidiary.

4. "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Section, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

5. "KKR Group Direct Transferee" means any person that acquires (other than in a registered offering or open market transaction) directly from KKR Phorm Investors L.P. or any of its affiliates or successors or any "group," or any member of any such group, of which such persons are a party under Rule 13d-5 of the Exchange Act beneficial ownership of 15% or more of the then-outstanding shares of voting stock of the Company.

6. "KKR Group Indirect Transferee" means any person that acquires (other than in a registered offering or open market transaction) directly from any KKR Group Direct Transferee or any other KKR Group Indirect Transferee beneficial ownership of 15% or more of the then-outstanding shares of voting stock of the Company.

7. "interested stockholder" means any person (other than the Company or any direct or indirect majority-owned subsidiary of the Company) that (i) is the owner of 15% or more of the then-outstanding shares of voting stock of the Company, or (ii) is an affiliate or associate of the Company and was the owner of 15% or more of the then-outstanding shares of voting stock of the Company at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder; and the affiliates and associates of such person; provided, however, that "interested stockholder" shall not include (a) KKR Phorm Investors L.P., any KKR Group Direct Transferee, any KKR Group Indirect Transferee or any of their respective affiliates or successors (other than a successor who acquires shares in a registered offering or open market transaction) or any "group," or any member of any such group, to which such persons are a party under Rule 13d-5 of the Exchange Act, or (b) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Company, provided, further, that in the case of clause (b) such person shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Company, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Company deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of "owner" below but shall not include any other unissued stock of the Company which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

8. "owner," including the terms "own" and "owned," when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:

i. beneficially owns such stock, directly or indirectly; or

ii. has (a) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered stock is accepted for purchase or exchange; or (b) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person's right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten (10) or more persons; or

iii. has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (b) of subsection (ii) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

9. "person" means any individual, corporation, partnership, unincorporated association or other entity.

10. "stock" means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

11. "voting stock" means stock of any class or series entitled to vote generally in the election of directors.

ARTICLE XIII

The Company reserves the right to amend or repeal any provision contained in this Amended and Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; *provided*, *however*, that notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote, the Board of Directors acting pursuant to (i) a resolution adopted by a majority of the Board of Directors and (ii) (a) prior to the Trigger Date, the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of all classes of capital stock of the Company entitled to vote thereon, voting together as a single class, or (b) after the Trigger Date, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the total voting power of the outstanding shares of all classes of capital stock of the Company entitled to vote thereon, voting together as a single class, shall be required for the amendment, repeal or modification of the provisions of Section 3 of Article IV, Section 2 of Article V,

Article VI, Section 5 of Article VII, Article VIII, Article XI, Article XII or Article XIII of this Amended and Restated Certificate of Incorporation.

IN WITNESS WHEREOF, Transphorm, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by Mario Rivas, a duly authorized officer of the Company, on this ___ day of _____, 2020.

Mario Rivas
Chief Executive Officer

AMENDED AND RESTATED BYLAWS OF

TRANSPHORM, INC.

(effective as of February 12, 2020)

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BYLAWS OF TRANSPHORM, INC.

ARTICLE I - CORPORATE OFFICES

1.1 REGISTERED OFFICE

The registered office of Transphorm, Inc. (the "**Company**") shall be fixed in the Company's certificate of incorporation, as the same may be amended from time to time.

1.2 OTHER OFFICES

The Company's board of directors may at any time establish other offices at any place or places where the Company is qualified to do business.

ARTICLE II - MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS

Meetings of stockholders shall be held at a place, if any, within or outside the State of Delaware, determined by the board of directors. The board of directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the "**DGCL**"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Company's principal executive office.

2.2 ANNUAL MEETING

The annual meeting of stockholders shall be held each year. The board of directors shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and any other proper business, brought in accordance with Section 2.4 of these bylaws, may be transacted. The board of directors acting pursuant to a resolution adopted by a majority of the Whole Board may cancel, postpone or reschedule any previously scheduled annual meeting at any time, before or after the notice for such meeting has been sent to the stockholders. For the purposes of these bylaws, the term "**Whole Board**" shall mean the total number of authorized directorships whether or not there exist any vacancies or other unfilled seats in previously authorized directorships.

2.3 SPECIAL MEETING

(i) A special meeting of the stockholders, other than those required by statute, may be called at any time by (A) the board of directors acting pursuant to a resolution adopted by a majority of the Whole Board, (B) the chairperson of the board of directors, (C) the chief executive officer, or (D) the president (in the absence of a chief executive officer), but a special meeting may not be called

by any other person or persons and any power of stockholders to call a special meeting of stockholders is specifically denied. The board of directors may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders.

(ii) The notice of a special meeting shall include the purpose for which the meeting is called. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the board of directors, chairperson of the board of directors, chief executive officer, or president (in the absence of a chief executive officer). Nothing contained in this Section 2.3(ii) shall be construed as limiting, fixing or affecting the time when a meeting of stockholders called by action of the board of directors may be held.

2.4 ADVANCE NOTICE PROCEDURES

(i) *Advance Notice of Stockholder Business.* At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be brought (A) pursuant to the Company's proxy materials with respect to such meeting, (B) by or at the direction of a majority of the Whole Board, or (C) by a stockholder of the Company who (1) is a stockholder of record at the time of the giving of the notice required by this Section 2.4(i) and on the record date for the determination of stockholders entitled to vote at the annual meeting and (2) has timely complied in proper written form with the notice procedures set forth in this Section 2.4(i). In addition, for business to be properly brought before an annual meeting by a stockholder, such business must be a proper matter for stockholder action pursuant to these bylaws and applicable law. Except for proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "**1934 Act**") and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations), and included in the notice of meeting given by or at the direction of the board of directors, for the avoidance of doubt, clause (C) above shall be the exclusive means for a stockholder to bring business before an annual meeting of stockholders.

(a) To comply with clause (C) of Section 2.4(i) above, a stockholder's notice must set forth all information required under this Section 2.4(i) and must be timely received by the secretary of the Company. To be timely, a stockholder's notice must be received by the secretary at the principal executive offices of the Company not later than the 45th day nor earlier than the 75th day before the one-year anniversary of the date on which the Company first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the preceding year's annual meeting; *provided, however*, that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the one-year anniversary of the date of the previous year's annual meeting, then, for notice by the stockholder to be timely, it must be so received by the secretary not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (i) the 90th day prior to such annual meeting, or (ii) the tenth day following the day on which Public Announcement (as defined below) of the date of such annual meeting is first made. In no event shall

any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described in this Section 2.4(i)(a). "**Public Announcement**" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

(b) To be in proper written form, a stockholder's notice to the secretary must set forth as to each matter of business the stockholder intends to bring before the annual meeting: (1) a brief description of the business intended to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (2) the name and address, as they appear on the Company's books, of the stockholder proposing such business and any Stockholder Associated Person (as defined below), (3) the class and number of shares of the Company that are held of record or are beneficially owned by the stockholder or any Stockholder Associated Person and any derivative positions held or beneficially held by the stockholder or any Stockholder Associated Person, (4) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of such stockholder or any Stockholder Associated Person with respect to any securities of the Company, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit from share price changes for, or to increase or decrease the voting power of, such stockholder or any Stockholder Associated Person with respect to any securities of the Company, (5) any material interest of the stockholder or a Stockholder Associated Person in such business, and (6) a statement whether either such stockholder or any Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of at least the percentage of the Company's voting shares required under applicable law to carry the proposal (such information provided and statements made as required by clauses (1) through (6), a "**Business Solicitation Statement**"). In addition, to be in proper written form, a stockholder's notice to the secretary must be supplemented not later than ten days following the record date for notice of the meeting to disclose the information contained in clauses (3) and (4) above as of the record date for notice of the meeting. For purposes of this Section 2.4, a "**Stockholder Associated Person**" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Company owned of record or beneficially by such stockholder and on whose behalf the proposal or nomination, as the case may be, is being made, or (iii) any person controlling, controlled by or under common control with such person referred to in the preceding clauses (i) and (ii).

(c) Without exception, no business shall be conducted at any annual meeting except in accordance with the provisions set forth in this Section 2.4(i) and, if applicable, Section 2.4(ii). In addition, business proposed to be brought by a stockholder may not be brought before the annual meeting if such stockholder or a Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Business Solicitation Statement applicable to such business or if the Business Solicitation Statement applicable to such business contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting

that business was not properly brought before the annual meeting and in accordance with the provisions of this Section 2.4(i), and, if the chairperson should so determine, he or she shall so declare at the annual meeting that any such business not properly brought before the annual meeting shall not be conducted.

(ii) *Advance Notice of Director Nominations at Annual Meetings.* Notwithstanding anything in these bylaws to the contrary, only persons who are nominated in accordance with the procedures set forth in this Section 2.4(ii) shall be eligible for election or re-election as directors at an annual meeting of stockholders. Nominations of persons for election to the board of directors of the Company shall be made at an annual meeting of stockholders only (A) by or at the direction of the board of directors (and subject to the rights granted pursuant to the Stockholders Agreement by and between the Company and KKR Phorm Investors L.P.), or (B) by a stockholder of the Company who (1) was a stockholder of record at the time of the giving of the notice required by this Section 2.4(ii), on the record date for the determination of stockholders entitled to notice of the annual meeting and on the record date for the determination of stockholders entitled to vote at the annual meeting and (2) has complied with the notice procedures set forth in this Section 2.4(ii). In addition to any other applicable requirements, for a nomination to be made by a stockholder, the stockholder must have given timely notice thereof in proper written form to the secretary of the Company.

(a) To comply with clause (B) of Section 2.4(ii) above, a nomination to be made by a stockholder must set forth all information required under this Section 2.4(ii) and must be received by the secretary of the Company at the principal executive offices of the Company at the time set forth in, and in accordance with, the final three sentences of Section 2.4(i)(a) above.

(b) To be in proper written form, such stockholder's notice to the secretary must set forth:

(1) as to each person (a "**nominee**") whom the stockholder proposes to nominate for election or re-election as a director: (A) the name, age, business address and residence address of the nominee, (B) the principal occupation or employment of the nominee, (C) the class and number of shares of the Company that are held of record or are beneficially owned by the nominee and any derivative positions held or beneficially held by the nominee, (D) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the Company, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of the nominee, (E) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, (F) a written statement executed by the nominee acknowledging that as a director of the Company, the nominee will owe a fiduciary duty under Delaware law with respect to the Company and its stockholders, and (G) any other information relating to the nominee that would be required to be disclosed about such nominee if proxies were being solicited for the election of the nominee as a director, or that is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation the

nominee's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and

(2) as to such stockholder giving notice, (A) the information required to be provided pursuant to clauses (2) through (5) of Section 2.4(i)(b) above, and the supplement referenced in the second sentence of Section 2.4(i)(b) above (except that the references to "business" in such clauses shall instead refer to nominations of directors for purposes of this paragraph), and (B) a statement whether either such stockholder or Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of a number of the Company's voting shares reasonably believed by such stockholder or Stockholder Associated Person to be necessary to elect such nominee(s) (such information provided and statements made as required by clauses (A) and (B) above, a "**Nominee Solicitation Statement**").

(c) At the request of the board of directors, any person nominated by a stockholder for election as a director must furnish to the secretary of the Company (1) that information required to be set forth in the stockholder's notice of nomination of such person as a director as of a date subsequent to the date on which the notice of such person's nomination was given and (2) such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee; in the absence of the furnishing of such information if requested, such stockholder's nomination shall not be considered in proper form pursuant to this Section 2.4(ii).

(d) Without exception, no person shall be eligible for election or re-election as a director of the Company at an annual meeting of stockholders unless nominated in accordance with the provisions set forth in this Section 2.4(ii). In addition, a nominee shall not be eligible for election or re-election if a stockholder or Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or if the Nominee Solicitation Statement applicable to such nominee contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting that a nomination was not made in accordance with the provisions prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the annual meeting, and the defective nomination shall be disregarded.

(iii) *Advance Notice of Director Nominations for Special Meetings.*

(a) For a special meeting of stockholders at which directors are to be elected pursuant to Section 2.3, nominations of persons for election to the board of directors shall be made only (1) by or at the direction of the board of directors (and subject to the rights granted pursuant to the Stockholders Agreement by and between the Company and KKR Phorm Investors L.P.) or (2) by any stockholder of the Company who (A) is a stockholder of record at the time of the giving of the notice required by this Section 2.4(iii), on the record date for the determination of stockholders entitled to notice of the special meeting and on the record date for the determination of stockholders entitled to

vote at the special meeting, and (B) delivers a timely written notice of the nomination to the secretary of the Company that includes the information set forth in Sections 2.4(ii)(b) and (ii)(c) above. To be timely, such notice must be received by the secretary at the principal executive offices of the Company not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting. A person shall not be eligible for election or re-election as a director at a special meeting unless the person is nominated (i) by or at the direction of the board of directors or (ii) by a stockholder in accordance with the notice procedures set forth in this Section 2.4(iii). In addition, a nominee shall not be eligible for election or re-election if a stockholder or Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or if the Nominee Solicitation Statement applicable to such nominee contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading.

(b) The chairperson of the special meeting shall, if the facts warrant, determine and declare at the meeting that a nomination or business was not made in accordance with the procedures prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the meeting, and the defective nomination or business shall be disregarded.

(iv) *Other Requirements and Rights.* In addition to the foregoing provisions of this Section 2.4, a stockholder must also comply with all applicable requirements of state law and of the 1934 Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.4, including, with respect to business such stockholder intends to bring before the annual meeting that involves a proposal that such stockholder requests to be included in the Company's proxy statement, the requirements of Rule 14a-8 (or any successor provision) under the 1934 Act. Nothing in this Section 2.4 shall be deemed to affect any right of the Company to omit a proposal from the Company's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the 1934 Act.

2.5 NOTICE OF STOCKHOLDERS' MEETINGS

Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

2.6 QUORUM

The holders of a majority of the voting power of the capital stock of the Company issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. Where a separate vote by a class or series or classes or series is required, a majority of the voting power of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the certificate of incorporation or these bylaws.

If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.7 ADJOURNED MEETING; NOTICE

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the board of directors shall fix a new record date for notice of such adjourned meeting in accordance with Section 213(a) of the DGCL and Section 2.11 of these bylaws, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

2.8 CONDUCT OF BUSINESS

The chairperson of any meeting of stockholders shall determine the order of business and the procedure at such meeting, including such regulation of the manner of voting and the conduct of business and discussion as seem to the chairperson in order. The chairperson of any meeting of stockholders shall be designated by the board of directors; in the absence of such designation, the chairperson of the board of directors, if any, the chief executive officer (in the absence of the chairperson) or the president (in the absence of the chairperson of the board of directors and the chief executive officer), or in their absence any other executive officer of the Company, shall serve as chairperson of the stockholder meeting. The chairperson of any meeting of stockholders shall have the power to adjourn the meeting to another place, date or time, whether or not a quorum is present.

2.9 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation or these bylaws, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

Except as otherwise required by law, the certificate of incorporation, these bylaws or the rules of any applicable stock exchange, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the certificate of incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series, except as otherwise provided by law, the certificate of incorporation, these bylaws or the rules of any applicable stock exchange.

2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise provided in the certificate of incorporation, any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing by such stockholders.

2.11 RECORD DATES

In order that the Company may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the board of directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the board of directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the board of directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the provisions of Section 213 of the DGCL and this Section 2.11 at the adjourned meeting.

In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

2.12 PROXIES

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by a document or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The Company shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; *provided*, *however*, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Company shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Company's principal place of business. In the event that the Company determines to make the list

available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to stockholders of the Company. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

2.14 INSPECTORS OF ELECTION

Before any meeting of stockholders, the Company shall appoint an inspector or inspectors of election to act at the meeting or its adjournment. The Company may designate one or more persons as alternate inspectors to replace any inspector who fails to act.

Such inspectors shall:

(i) ascertain the number of shares outstanding and the voting power of each;

(ii) determine the shares represented at the meeting and the validity of proxies and ballots;

(iii) count all votes and ballots;

(iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and

(v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are multiple inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is *prima facie* evidence of the facts stated therein.

ARTICLE III - DIRECTORS

3.1 POWERS

The business and affairs of the Company shall be managed by or under the direction of the board of directors, except as may be otherwise provided in the DGCL or the certificate of incorporation.

3.2 NUMBER OF DIRECTORS

The board of directors shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of the board of directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS

Except as provided in Section 3.4 of these bylaws, each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors.

If so provided in the certificate of incorporation, the directors of the Company shall be divided into three classes.

3.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon notice given in writing or by electronic transmission to the Company. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the board of directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws, or permitted in the specific case by resolution of the board of directors, and subject to the rights of holders of preferred stock, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and not by stockholders. If the directors are divided into classes, a person so chosen to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall have been duly elected and qualified.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The board of directors may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the board of directors, may participate in a meeting of the board of directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS

Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board of directors.

3.7 SPECIAL MEETINGS; NOTICE

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairperson of the board of directors, the chief executive officer, the president, the secretary, or a majority of the Whole Board.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile;

(iv) sent by electronic mail; or

(v) otherwise given by electronic transmission (as defined in Section 232 of the DGCL), directed to each director at such director's address, telephone number, facsimile number, electronic mail address or other contact for notice by electronic transmission, as the case may be, as shown on the Company's records.

If such notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile, (iii) sent by electronic mail, or (iv) otherwise given by electronic transmission, it shall be delivered, sent or otherwise directed to each director, as applicable, at least 24 hours before the time of the holding of the meeting. If such notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Company's principal executive office) nor the purpose of the meeting, unless required by statute.

3.8 QUORUM; VOTING

At all meetings of the board of directors, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the board of directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

The affirmative vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws.

If the certificate of incorporation provides that one or more directors shall have more or less than one vote per director on any matter, except as may otherwise be expressly provided herein or therein and denoted with the phrase "notwithstanding the final paragraph of Section 3.8 of the bylaws" or language to similar effect, every reference in these bylaws to a majority or other proportion of the directors shall refer to a majority or other proportion of the votes of the directors.

3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board of directors or committee, as the case may be, consent thereto in writing or by electronic transmission. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action will be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this Section 3.9 at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

3.10 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the certificate of incorporation or these bylaws, the board of directors shall have the authority to fix the compensation of directors.

3.11 REMOVAL OF DIRECTORS

Any director or the entire Board of Directors may be removed from office by stockholders of the Company in the manner specified in the certificate of incorporation and applicable law. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE IV - COMMITTEES

4.1 COMMITTEES OF DIRECTORS

The board of directors may, by resolution passed by a majority of the Whole Board, designate one or more committees (each committee to consist of one or more of the directors of the Company). The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors or in these bylaws, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Company, and may authorize the seal of the Company to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Company.

4.2 COMMITTEE MINUTES

Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

4.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.5 (place of meetings and meetings by telephone);

(ii) Section 3.6 (regular meetings);

(iii) Section 3.7 (special meetings and notice);

(iv) Section 3.8 (quorum; voting);

(v) Section 3.9 (action without a meeting); and

(vi) Section 7.4 (waiver of notice).

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members. *However*:

(i) the time and place of regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the board of directors or the committee; and

(iii) notice of special meetings of committees shall also be given to all alternate members who shall have the right to attend all meetings of the committee. The board of directors, or, in the absence of any such action by the board of directors, the committee, may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

Any provision in the certificate of incorporation providing that one or more directors shall have more or less than one vote per director on any matter shall apply to voting in any committee, unless otherwise provided in the certificate of incorporation or these bylaws.

4.4 SUBCOMMITTEES

Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the board of directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

ARTICLE V - OFFICERS

5.1 OFFICERS

The officers of the Company shall be a president and a secretary. The Company may also have, at the discretion of the board of directors, a chairperson of the board of directors, a vice chairperson of the board of directors, a chief executive officer, a chief financial officer or treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS

The board of directors shall appoint the officers of the Company, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS

The board of directors may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers as the business of the Company may require. Each of such officers shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the board of directors may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the board of directors, or, for the avoidance of doubt, any duly authorized committee or subcommittee thereof, or by any officer who has been conferred such power of removal.

Any officer may resign at any time by giving written notice to the Company. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES

Any vacancy occurring in any office of the Company shall be filled by the board of directors or as provided in Section 5.3.

5.6 REPRESENTATION OF SECURITIES OF OTHER ENTITIES

The chairperson of the board of directors, the chief executive officer, the president, any vice president, the treasurer, the secretary or assistant secretary of this Company, or any other person authorized by the board of directors or the chief executive officer, the president or a vice president, is authorized to vote, represent, and exercise on behalf of this Company all rights incident to any and all shares or other securities of any other entity or entities, and all rights incident to any management authority conferred on the Company in accordance with the governing documents of any entity or entities, standing in the name of this Company, including the right to act by written consent. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS

All officers of the Company shall respectively have such authority and perform such duties in the management of the business of the Company as may be designated from time to time by the board of directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the board of directors.

ARTICLE VI - STOCK

6.1 STOCK CERTIFICATES; PARTLY PAID SHARES

The shares of the Company shall be represented by certificates, provided that the board of directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Unless otherwise provided by resolution of the board of directors, every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of, the Company by any two authorized officers of the Company representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Company shall not have power to issue a certificate in bearer form.

The Company may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Company in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Company shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

6.2 SPECIAL DESIGNATION ON CERTIFICATES

If the Company is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Company shall issue to represent such class or series of stock; *provided*, *however*, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the Company shall issue to represent such class or series of stock, a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the registered owner thereof shall be given a notice, in writing or by electronic transmission, containing the information required to be set forth or stated on certificates pursuant to this Section 6.2 or Sections 156, 202(a), 218(a) or 364 of the DGCL or with respect to this Section 6.2 a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/

or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

6.3 LOST CERTIFICATES

Except as provided in this Section 6.3, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Company and cancelled at the same time. The Company may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Company may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

6.4 DIVIDENDS

The board of directors, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the Company's capital stock. Dividends may be paid in cash, in property, or in shares of the Company's capital stock, subject to the provisions of the certificate of incorporation.

The board of directors may set apart out of any of the funds of the Company available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Company, and meeting contingencies.

6.5 TRANSFER OF STOCK

Transfers of record of shares of stock of the Company shall be made only upon its books by the holders thereof, in person or by an attorney duly authorized, and, if such stock is certificated, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer.

6.6 STOCK TRANSFER AGREEMENTS

The Company shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Company to restrict the transfer of shares of stock of the Company of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

6.7 REGISTERED STOCKHOLDERS

The Company:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and notices and to vote as such owner; and

(ii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII - MANNER OF GIVING NOTICE AND WAIVER

7.1 NOTICE OF STOCKHOLDERS' MEETINGS

Notice of any meeting of stockholders shall be given in the manner set forth in the DGCL.

7.2 NOTICE TO STOCKHOLDERS SHARING AN ADDRESS

Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Company under the provisions of the DGCL, the certificate of incorporation, or these bylaws, shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any stockholder who fails to object in writing to the Company, within 60 days of having been given written notice by the Company of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice. This Section 7.2 shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.3 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL

Whenever notice is required to be given, under the DGCL, the certificate of incorporation, or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Company is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

7.4 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII - INDEMNIFICATION

8.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN THIRD PARTY PROCEEDINGS

Subject to the other provisions of this Article VIII, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") (other than an action by or in the right of the Company) by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

8.2 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN ACTIONS BY OR IN THE RIGHT OF THE COMPANY

Subject to the other provisions of this Article VIII, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed Proceeding, by or in the right of the Company to procure a judgment in its favor against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such Proceeding

if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

8.3 SUCCESSFUL DEFENSE

To the extent that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 8.1 or Section 8.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

8.4 INDEMNIFICATION OF OTHERS

Subject to the other provisions of this Article VIII, the Company shall have power to indemnify its employees and agents to the extent not prohibited by the DGCL or other applicable law. The board of directors shall have the power to delegate to any person or persons identified in subsections (1) through (4) of Section 145(d) of the DGCL the determination of whether employees or agents shall be indemnified.

8.5 ADVANCED PAYMENT OF EXPENSES

Expenses (including attorneys' fees) actually and reasonably incurred by an officer or director of the Company in defending any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this Article VIII or the DGCL. Such expenses (including attorneys' fees) actually and reasonably incurred by former directors and officers or other employees and agents of the Company or by persons serving at the request of the Company as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the Company deems appropriate. The right to advancement of expenses shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is excluded pursuant to these bylaws, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 8.6(ii) or 8.6(iii) prior to a determination that the person is not entitled to be indemnified by the Company.

Notwithstanding the foregoing, unless otherwise determined pursuant to Section 8.8, no advance shall be made by the Company to an officer of the Company (except by reason of the fact that such officer is or was a director of the Company, in which event this paragraph shall not apply) in any Proceeding if a determination is reasonably and promptly made (a) by a vote of the directors who are

not parties to such Proceeding, even though less than a quorum, or (b) by a committee of such directors designated by the vote of the majority of such directors, even though less than a quorum, or (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, that facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Company

8.6 LIMITATION ON INDEMNIFICATION

Subject to the requirements in Section 8.3 and the DGCL, the Company shall not be obligated to indemnify any person pursuant to this Article VIII in connection with any Proceeding (or any part of any Proceeding):

(i) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(ii) for an accounting or disgorgement of profits pursuant to Section 16(b) of the 1934 Act, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);

(iii) for any reimbursement of the Company by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Company, as required in each case under the 1934 Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Company of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(iv) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the Company or its directors, officers, employees, agents or other indemnitees, unless (a) the board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (b) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (c) otherwise required to be made under Section 8.7, or (d) otherwise required by applicable law; or

(v) if prohibited by applicable law.

8.7 DETERMINATION; CLAIM

If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within 90 days after receipt by the Company of the written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. The Company shall indemnify such person against any and all expenses that are actually and reasonably incurred by such person in connection with any action for indemnification or advancement of expenses from the Company under this Article VIII, to the extent such person is successful in such action, and to the extent not prohibited by law. In any such suit, the Company shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

8.8 NON-EXCLUSIVITY OF RIGHTS

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

8.9 INSURANCE

The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of the DGCL.

8.10 SURVIVAL

The rights to indemnification and advancement of expenses conferred by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

8.11 EFFECT OF REPEAL OR MODIFICATION

A right to indemnification or to advancement of expenses arising under a provision of the certificate of incorporation or a bylaw shall not be eliminated or impaired by an amendment to the certificate of incorporation or these bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification

or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

8.12 CERTAIN DEFINITIONS

For purposes of this Article VIII, references to the "**Company**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "**other enterprises**" shall include employee benefit plans; references to "**fines**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**serving at the request of the Company**" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the Company**" as referred to in this Article VIII.

ARTICLE IX - GENERAL MATTERS

9.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

Except as otherwise provided by law, the certificate of incorporation or these bylaws, the board of directors may authorize any officer or officers, or agent or agents, to enter into any contract or execute any document or instrument in the name of and on behalf of the Company; such authority may be general or confined to specific instances. Unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Company by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

9.2 FISCAL YEAR

The fiscal year of the Company shall be fixed by resolution of the board of directors and may be changed by the board of directors.

9.3 SEAL

The Company may adopt a corporate seal, which shall be adopted and which may be altered by the board of directors. The Company may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

9.4 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "**person**" includes a company (including, but not limited to, a limited liability company), corporation, partnership, joint venture, trust or other enterprise, and a natural person. Any reference in these bylaws to a section of the DGCL shall be deemed to refer to such section as amended from time to time and any successor provisions thereto.

9.5 FORUM SELECTION

Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, stockholder officer or other employee of the Company to the Company or the Company's stockholders, (iii) any action arising pursuant to any provision of the DGCL or the Company's certificate of incorporation or these bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within ten (10) days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than such court, or for which such court does not have subject matter jurisdiction.

Any person or entity purchasing or otherwise acquiring or holding any interest in any security of the Company shall be deemed to have notice of and consented to the provisions of this Section 9.5. For the avoidance of doubt, this Section 9.5 shall not apply to any action brought to enforce a duty or liability created by the Securities Act of 1933 or the 1934 Act.

ARTICLE X - AMENDMENTS

These bylaws may be altered, amended or repealed, in whole or in part, or new bylaws may be adopted by the board of directors or by the stockholders as expressly provided in the Company's certificate of incorporation.

FORM OF
REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "**Agreement**") is made and entered into effective as of February 12, 2020, among Peninsula Acquisition Corporation (to be renamed "Transphorm, Inc." upon consummation of the Merger, as defined in the Subscription Agreement (as defined below), a Delaware corporation (the "**Company**"), the persons who have purchased the Offering Shares (as defined below) and have executed omnibus or counterpart signature page(s) hereto (each, a "**Purchaser**" and collectively, the "**Purchasers**"), the persons or entities identified on Schedule 1 hereto holding Merger Shares (as defined below), and the persons or entities identified on Schedule 2 hereto holding Registrable Pre-Merger Shares (as defined below). Capitalized terms used herein shall have the meanings ascribed to them in Section 1 below or in the Subscription Agreement (as defined below).

RECITALS:

WHEREAS, the Company has offered and sold in compliance with Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated under the Securities Act to accredited investors in a private placement offering (the "**Offering**") shares of the common stock of the Company, par value $0.0001 per share, pursuant to that certain Subscription Agreement entered into by and between the Company and each of the subscribers for the Offering Shares set forth on the signature pages affixed thereto (the "**Subscription Agreement**"); and

WHEREAS, the Company has agreed to enter into a registration rights agreement with each of the Purchasers in the Offering who purchased the Offering Shares and those holders of Merger Shares or Registrable Pre-Merger Shares; and

WHEREAS, prior to the initial closing of the Offering, a wholly owned subsidiary of the Company has merged with and into Transphorm, Inc., a Delaware corporation ("**Transphorm**").

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants, and conditions set forth herein, the parties mutually agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"**Approved Market**" means the OTC Markets Group, the Nasdaq Stock Market, the New York Stock Exchange or the NYSE American.

"**Blackout Period**" means, with respect to a distribution or registration, a period during which the Company, in the good faith judgment of its board of directors, determines (because of the existence of, or in anticipation of, any acquisition, financing activity, material corporate development or other material transaction involving the Company, or the unavailability for reasons beyond the Company's control of any required financial statements, disclosure of material information which is in its best interest not to publicly disclose, or any other event or condition of similar material significance to the Company) that the registration and/or distribution of the

Registrable Securities to be covered by such registration statement, if any, or the filing of an amendment to such registration statement in the circumstances described in Section 4(h) below, would be detrimental to the Company and its stockholders, in each case commencing on the day the Company notifies the Holders (such notice shall be made to such Holder's email address set forth on the signature page hereto) that they are required, because of the determination described above, to suspend offers and sales of Registrable Securities and ending on the earlier of (1) the date upon which the material non-public information resulting in the Blackout Period is disclosed to the public or, in the good faith discretion of the Company, ceases to be material and (2) such time as the Company notifies the selling Holders that sales pursuant to such Registration Statement or a new or amended Registration Statement may resume; provided, however, that no Blackout Period shall extend for a period of more than thirty (30) consecutive Trading Days and aggregate Blackout Periods shall not exceed sixty (60) Trading Days in any twelve (12) month period.

"**Business Day**" means any day of the year, other than a Saturday, Sunday, or other day on which banks in the State of New York are required or authorized to close.

"**Commission**" means the U.S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"**Common Stock**" means the common stock, par value $0.0001 per share, of the Company and any and all shares of capital stock or other equity securities of: (i) the Company which are added to or exchanged or substituted for the Common Stock by reason of the declaration of any stock dividend or stock split, the issuance of any distribution or the reclassification, readjustment, recapitalization or other such modification of the capital structure of the Company; and (ii) any other corporation, now or hereafter organized under the laws of any state or other governmental authority, with which the Company is merged, which results from any consolidation or reorganization to which the Company is a party, or to which is sold all or substantially all of the shares or assets of the Company, if immediately after such merger, consolidation, reorganization or sale, the Company or the stockholders of the Company own equity securities having in the aggregate more than 50% of the total voting power of such other corporation.

"**Effective Date**" means the date of the final closing of the Offering.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Family Member**" means (a) with respect to any individual, such individual's spouse, any descendants (whether natural or adopted), any trust all of the beneficial interests of which are owned by any of such individuals or by any of such individuals together with any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, the estate of any such individual, and any corporation, association, partnership or limited liability company all of the equity interests of which are owned by those above described individuals, trusts or organizations and (b) with respect to any trust, the owners of the beneficial interests of such trust.

"**Holder**" means (i) each Purchaser or any of such Purchaser's respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any

Registrable Securities directly or indirectly from a Purchaser or from any Permitted Assignee; (ii) each holder of Registrable Pre-Merger Shares or its respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any Registrable Securities directly or indirectly from such holder or from any Permitted Assignee thereof; and (iii) each holder of the Merger Shares or its respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any Registrable Securities directly or indirectly from such holder or from any Permitted Assignee thereof.

"**Majority Holders**" means, at any time, Holders of a majority of the Registrable Securities then outstanding.

"**Merger Shares**" means the shares of Common Stock issued or issuable in exchange for all of the outstanding shares of Transphorm's capital stock that are outstanding immediately prior to the closing of the Merger ((x) inclusive of the shares of Common Stock issuable or issued upon (i) exercise of the warrants to purchase shares of capital stock of Transphorm that are being assumed by the Company in connection with the Merger and (ii) conversion of the convertible notes of Transphorm that are being assumed by the Company in connection with the Merger, and (y) exclusive of shares of Transphorm's capital stock that are outstanding immediately prior to the closing of the Merger and held by Unaccredited Investors).

"**Permitted Assignee**" means (a) with respect to a partnership, its partners, former partners or any affiliate, including employees of such partnership or affiliate, (b) with respect to a corporation, its stockholders in accordance with their interest in the corporation, (c) with respect to a limited liability company, its members or former members in accordance with their interest in the limited liability company, (d) with respect to an individual party, any Family Member of such party, (e) an entity or trust that is controlled by, controls, or is under common control with a transferor, (f) an employee, officer, agent or advisor of KKR Phorm Investors L.P. or its Affiliates or (g) a party to this Agreement.

"**Offering Shares**" means the shares of Common Stock issued to the Purchasers pursuant to the Subscription Agreement and any shares of Common Stock issued or issuable with respect to such shares upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

The terms "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"**Registrable Pre-Merger Shares**" means 1,650,000 shares of Common Stock of the Company issued and outstanding prior to the consummation of the Merger.

"**Registrable Securities**" means (a) the Offering Shares, (b) the Merger Shares, and (c) the Registrable Pre-Merger Shares; but, in each case, excluding any otherwise Registrable Securities that (i) have been sold or otherwise transferred other than to a Permitted Assignee, or (ii) may be sold at the time under the Securities Act without restriction, including manner of sale, current

information requirements or volume limitations either pursuant to Rule 144 of the Securities Act or otherwise during any ninety (90) day period.

"**Registration Default Period**" means the period during which any Registration Event occurs and is continuing.

"**Registration Effectiveness Date**" means the date that is one hundred and eighty (180) calendar days after the Effective Date.

"**Registration Event**" means the occurrence of any of the following events:

(a) the Company fails to file with the Commission the Registration Statement on or before the Registration Filing Date;

(b) the Registration Statement is not declared effective by the Commission on or before the Registration Effectiveness Date;

(c) after the SEC Effective Date, the Registration Statement ceases for any reason to remain continuously effective or the Holders are otherwise not permitted to utilize the prospectus therein to resell the Registrable Securities for a period of more than fifteen (15) consecutive Trading Days, except for Blackout Periods permitted herein and except for suspension of the use of the Registration Statement in connection with its post-effective amendment in connection with the filing of the Company's Annual Report on Form 10-K for the time reasonably required to respond to any comments from the staff of the Commission (the "**Staff**") on the Company's Annual Report on Form 10-K, and as excused pursuant to Section 3(a) below; or

(d) on or before the Registration Effective Date, the Registrable Securities, if issued and outstanding, are not listed or included for quotation on an Approved Market, or, following the listing or inclusion on an Approved Market, trading of the Common Stock is suspended or halted on the Approved Market, which at the time constitutes the principal market for the Common Stock, for more than three (3) full, consecutive Trading Days; provided, however, a Registration Event shall not be deemed to occur if all or substantially all trading in equity securities of all companies (including the Common Stock) is suspended or halted on the Approved Market for any length of time.

"**Registration Filing Date**" means the date that is ninety (90) calendar days after the Effective Date.

"**Registration Statement**" means the registration statement that the Company is required to file pursuant to Section 3(a) of this Agreement to register the Registrable Securities.

"**Rule 144**" means Rule 144 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"**Rule 145**" means Rule 145 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"**Rule 415**" means Rule 415 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"**Securities Act**" means the Securities Act of 1933, as amended, or any similar federal statute promulgated in replacement thereof, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"**SEC Effective Date**" means the date the Registration Statement is declared effective by the Commission.

"**Trading Day**" means any day on which each Approved Market is open for general trading of securities.

"**Unaccredited Investor**" means a stockholder of Transphorm who did not complete and deliver to Transphorm and the Company prior to the date that is five (5) calendar days after the date hereof an investor questionnaire reasonably acceptable to Transphorm and the Company certifying that such stockholder was an "accredited investor" or not a "U.S. Person" as such terms are defined in Regulation D and Regulation S, respectively, under the Securities Act; provided that Transphorm and the Company may deem a stockholder to be an "accredited investor" without having received such an investor questionnaire if they reasonably believed that a stockholder qualifies as an "accredited investor."

2. Term. This Agreement shall terminate with respect to each Holder on the earlier of: (i) the date that is three (3) years from the SEC Effective Date and (ii) the date on which all Registrable Securities held by such Holder have been transferred other than to a Permitted Assignee (the "**Term**"). Notwithstanding the foregoing, Section 3(b), Section 6, Section 8, Section 9 and Section 10 shall survive the termination of this Agreement.

3. Registration.

(a) Registration on Form S-1. The Company shall file with the Commission a Registration Statement on Form S-1, or any other form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the resale by the Holders of all of the Registrable Securities, and the Company shall (i) make the initial filing of the Registration Statement with the Commission no later than the Registration Filing Date; provided, however, that the Company shall not be required to file the Registration Statement during a Blackout Period, (ii) use its commercially reasonable efforts to cause such Registration Statement to be declared effective no later than the Registration Effectiveness Date and (iii) use its commercially reasonable efforts to keep such Registration Statement effective for a period of three (3) years after the SEC Effective Date or for such shorter period ending on the date on which all Registrable Securities have been transferred other than to a Permitted Assignee (the "**Effectiveness**

Period"); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 3(a), or keep such registration effective pursuant to the terms hereunder, in any particular jurisdiction in which the Company would be required to qualify to do business as a foreign corporation or as a dealer in securities under the securities laws of such jurisdiction or to execute a general consent to service of process in effecting such registration, qualification or compliance, in each case where it has not already done so. The Company shall be entitled to suspend the effectiveness of the Registration Statement at any time prior to the expiration of the Effectiveness Period during a Blackout Period for the reasons and time periods set forth in the definition thereof. Notwithstanding the foregoing, in the event that the Staff should limit the number of Registrable Securities that may be sold pursuant to the Registration Statement, the Company may remove from the Registration Statement such number of Registrable Securities as specified by the Commission on behalf of all of the holders of Registrable Securities from the Registrable Securities on a pro rata basis among the holders thereof (such Registrable Securities, the "**Reduction Securities**"). In such event, the Company shall give the applicable holders of Registrable Securities prompt notice of the number of Registrable Securities excluded from the Registration Statement. The Company shall, at the first opportunity that is permitted by the Commission, register for resale the Reduction Securities (pro rata among the Holders of such Reduction Securities) using one or more registration statements that it is then entitled to use; provided, however, that the Company shall not be required to register such Reduction Securities during a Blackout Period. The Company shall use its commercially reasonable efforts to cause each such registration statement to be declared effective under the Securities Act as soon as possible, and shall use its commercially reasonable efforts to keep such registration statement continuously effective under the Securities Act during the entire Effectiveness Period. No liquidated damages shall accrue or be payable to any Holder pursuant to Section 3(b) below with respect to any Registrable Securities that are excluded by reason of (i) the Staff limiting the number of Registrable Securities that may be sold pursuant to a registration statement (provided that the Company continues to use commercially reasonable efforts to register such Reduction Securities for resale by other available means) or (ii) such Holder failing to provide to the Company information concerning the Holder and the manner of distribution of the Holder's Registrable Securities that is required by SEC Rules to be disclosed in a registration statement utilized in connection with the registration of registrable securities. Notwithstanding anything herein to the contrary, if the Commission limits the Company's ability to file, or prohibits or delays the filing of a new registration statement, the Company's compliance with such limitation, prohibition or delay solely to the extent of such limitation, prohibition or delay shall not be deemed a failure by the Company to use commercially reasonable efforts as set forth above or elsewhere in this Agreement and shall not require the payment of any liquidated damages by the Company under this Agreement.

(b) Liquidated Damages. If a Registration Event occurs, then the Company will make payments to each Holder of Registrable Securities, as liquidated damages to such Holder by reason of the Registration Event, a cash sum calculated at a rate of twelve percent (12%) per annum of the total of the following, to the extent applicable to such Holder: (i) if the Holder purchased Registrable Securities pursuant to the Subscription Agreement, the aggregate purchase price paid by such Holder pursuant to the Subscription Agreement, or (ii) if the Holder is a Holder of Merger Shares or Registrable Pre-Merger Shares, the product of $4.00 (as adjusted for stock splits, stock dividends, combinations, recapitalizations or similar events) multiplied by the number of Merger

Shares or Registrable Pre-Merger Shares held by such Holder, but in the case of each of clauses (i)-(ii) above, only with respect to such Holder's Registrable Securities that are affected by such Registration Event and only for the period during which such Registration Event continues to affect such Registrable Securities. Notwithstanding the foregoing, the maximum amount of liquidated damages that may be paid by the Company pursuant to this Section 3(b) shall be an amount equal to five percent (5%) of the applicable foregoing amounts described in clauses (i) and (ii) in the preceding sentence with respect to such Holder's Registrable Securities that are affected by all Registration Events in the aggregate. For clarity, and by way of example, if the sum of clauses (i) and (ii) for a specified Holder in the first sentence of this Section 3(b) is $10,000,000, liquidated damages payable by the Company to such Holder by reason of a Registration Event affecting all Registrable Securities of such Holder would accrue at a rate of twelve percent (12%) per annum until such time that the liquidated damages payable to such Holder reached a cap of $500,000. Each payment of liquidated damages pursuant to this Section 3(b) shall be due and payable in cash in arrears within five (5) days after the end of each full 30-day period of the Registration Default Period until the termination of the Registration Default Period and within five (5) days after such termination. Such payments shall constitute the Holder's exclusive remedy for any Registration Event. The Registration Default Period shall terminate upon the earlier of such time as the Registrable Securities that are affected by the Registration Event cease to be Registrable Securities or (i) the filing of the Registration Statement in the case of clause (a) of the definition of Registration Event, (ii) the SEC Effective Date in the case of clause (b) of the definition of Registration Event, (iii) the ability of the Holders to effect sales pursuant to the Registration Statement in the case of clause (c) of the definition of Registration Event, and (iv) the listing or inclusion and/or trading of the Common Stock on an Approved Market, as the case may be, in the case of clause (d) of the definition of Registration Event; provided, that in the event of a cure of one or more of the Registration Events described in clauses (i)-(iv) above when a separate Registration Event shall be continuing, the Registration Default Period shall continue until all such Registration Events have ceased. The amounts payable as liquidated damages pursuant to this Section 3(b) shall be payable in lawful money of the United States.

(c) Other Limitations. Notwithstanding the provisions of Section 3(b) above, if the Commission does not declare the Registration Statement effective on or before the Registration Effectiveness Date, and the reason for the Commission's determination is that (i) the offering of any of the Registrable Securities constitutes a primary offering of securities by the Company, (ii) Rule 415 may not be relied upon for the registration of the resale of any or all of the Registrable Securities, and/or (iii) a Holder of any Registrable Securities must be named as an underwriter and such Holder does not consent to be so named in the Registration Statement, the Holders shall not be entitled to liquidated damages with respect to the Registrable Securities not registered; provided that the Company continues to use its commercially reasonable efforts at the first opportunity that is permitted by the Commission to register for resale all such Registrable Securities, using one or more registration statements that it is then entitled to use. The Company shall use its commercially reasonable efforts to cause each such registration statement to be declared effective under the Securities Act as soon as reasonably possible, and shall use its commercially reasonable efforts to keep such registration statement continuously effective under the Securities Act during the entire Effectiveness Period.

(d) If the Company receives a written notice from the Holders of at least 20% of the Registrable Securities then outstanding that they desire to distribute the Registrable Securities held by them (or a portion thereof) by means of an underwritten offering or a block trade, the Company shall use commercially reasonable efforts to promptly engage one or more underwriter(s) or investment bank(s) to conduct such an offering of the Registrable Securities (a "**Secondary Offering**"). The underwriter(s) or investment bank(s) will be selected by the Holders of a majority of the Registrable Securities held by all Holders providing such notice and reasonably acceptable to the Company. All Holders proposing to distribute their securities through such Secondary Offering shall enter into an underwriting agreement or other agreement(s), including any lock-up or market standoff agreements, in customary form with the underwriter(s) or investment bank(s) selected for such Secondary Offering as may be mutually agreed upon among the Company, the underwriter(s) or investment bank(s) and Holders of a majority of the Registrable Securities to be offered in such Secondary Offering. In connection with a Secondary Offering, the Company shall enter into and perform its obligations under an underwriting agreement or other agreement(s), in usual and customary form as may be mutually agreed upon among the Company, the underwriter(s) or investment bank(s) and the Holders of a majority of the Registrable Securities to be included in such Secondary Offering. Notwithstanding any other provision of this Section 3(d), if the underwriter(s) or investment bank(s) advise(s) such Holders that marketing factors require a limitation on the number of shares to be offered in the Secondary Offering, then the number of shares, including the Registrable Securities, that may be included in such Secondary Offering shall be allocated among such Holders of Registrable Securities, and any other holders of shares, as follows: (i) first to such Holders of Registrable Securities in proportion (as nearly as practicable) to the number of Registrable Securities owned by each such Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; and (ii) second to all other holders of securities included in the Secondary Offering.

4. Registration Procedures. The Company will keep each Holder reasonably advised as to the filing and effectiveness of the Registration Statement. At its expense with respect to the Registration Statement, the Company will use its commercially reasonable efforts to:

(a) prepare and file with the Commission with respect to the Registrable Securities, a Registration Statement in accordance with Section 3(a) hereof, and use its commercially reasonable efforts to cause such Registration Statement to become effective and to remain effective for the Effectiveness Period;

(b) not name any Holder in the Registration Statement as an underwriter without that Holder's prior written consent;

(c) if the Registration Statement is subject to review by the Commission, promptly respond to all comments, diligently pursue resolution of any comments to the satisfaction of the Commission and file all amendments and supplements to such Registration Statement as may be required to respond to comments from the Commission and otherwise to enable such Registration Statement to be declared effective;

(d) prepare and file with the Commission such amendments and supplements to such Registration Statement and prospectus used in connection with such Registration

Statement as may be necessary to effect a Secondary Offering, comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement and keep such Registration Statement effective during the Effectiveness Period;

(e) not less than four (4) Trading Days prior to filing a Registration Statement or any related prospectus or any amendment or supplement thereto, the Company shall furnish to the Holders that hold at least 1,500,000 shares of Registrable Securities (appropriately adjusted for any stock split, dividend, combination or other recapitalization) copies of, or a link to, all such documents proposed to be filed (other than those incorporated by reference) and duly consider any comments received by the Holders;

(f) furnish, without charge, to each Holder of Registrable Securities covered by such Registration Statement (i) a reasonable number of copies of such Registration Statement (including any exhibits thereto other than exhibits incorporated by reference), each amendment and supplement thereto as such Holder may reasonably request, (ii) such number of copies of the prospectus included in such Registration Statement (including each preliminary prospectus and any other prospectus filed under Rule 424 of the Securities Act) as such Holders may reasonably request, in conformity with the requirements of the Securities Act, and (iii) such other documents as such Holder may reasonably require to consummate the disposition of the Registrable Securities owned by such Holder, but only during the Effectiveness Period; provided that the Company shall have no obligation to furnish any document pursuant to this clause that is available on the Electronic Data Gathering, Analysis, and Retrieval ("**EDGAR**") system;

(g) use its reasonable best efforts to register or qualify the securities covered by such Registration Statement under such other applicable securities laws of such jurisdictions within the United States, including Blue Sky laws, as any Holder of Registrable Securities covered by such Registration Statement reasonably requests and as may be reasonably necessary for the marketability of the Registrable Securities (such request to be made by the time the applicable Registration Statement is deemed effective by the Commission) and do any and all other acts and things reasonably necessary to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder; provided, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph or (ii) consent to general service of process in any such jurisdiction where it has not already done so;

(h) promptly as practicable after becoming aware of any event, notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event that will, after the occurrence of such event, cause the prospectus included in such Registration Statement, if not amended or supplemented, to contain an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and the Company shall promptly thereafter prepare and furnish to such Holder a supplement or amendment to such prospectus (or prepare and file appropriate reports under the Exchange Act) so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue

statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless suspension of the use of such prospectus otherwise is authorized herein or in the event of a Blackout Period, in which case no supplement or amendment need be furnished (or Exchange Act filing made) until the termination of such suspension or Blackout Period; provided that any and all information provided to the Holder pursuant to such notification shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law;

(i) comply, and continue to comply during the Effectiveness Period, in all material respects with the Securities Act and the Exchange Act and with all applicable rules and regulations of the Commission with respect to the disposition of all securities covered by such Registration Statement;

(j) as promptly as practicable after becoming aware of such event, notify each Holder of Registrable Securities being offered or sold pursuant to the Registration Statement of the issuance by the Commission or any other federal or state governmental authority of any stop order or other suspension of effectiveness of the Registration Statement or the initiation of any proceedings for that purpose;

(k) use its commercially reasonable efforts to furnish, or cause to be furnished, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwriters in an underwritten public offering, addressed to the underwriters and (ii) a "comfort" letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters;

(l) use its commercially reasonable efforts to cause the shares of Common Stock to be quoted or listed on an Approved Market;

(m) file a Form 15c2-11 with the Financial Industry Regulatory Authority ("**FINRA**") no later than the Registration Filing Date;

(n) provide a transfer agent and registrar, which may be a single entity, for the shares of Common Stock at all times and cooperate with the Holders to facilitate the timely preparation and delivery of the Registrable Securities to be delivered to a transferee pursuant to the Registration Statement (whether electronically or in certificated form) which Registrable Securities shall be free, to the extent permitted by (and solely to the extent the Holders comply with the requirements of) the Subscription Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request;

(o) cooperate with the Holders of Registrable Securities being offered pursuant to the Registration Statement to issue and deliver, or cause its transfer agent to issue and deliver, certificates representing Registrable Securities to be offered pursuant to the Registration Statement within a reasonable time after the delivery of certificates representing the Registrable Securities to the transfer agent or the Company, as applicable, and enable such certificates to be in such denominations or amounts as the Holders may reasonably request and registered in such names as the Holders may request;

(p) notify the Holders and their counsel as promptly as reasonably possible and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day: (i)(A) when a prospectus or any prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "no review," "review" or a "completion of a review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (in which case the Company shall provide true and complete copies thereof and all written responses thereto to each of the Holders that pertain to the Holders as a selling stockholder, but not information which the Company believes would constitute material and non-public information); and (C) with respect to each Registration Statement or any post-effective amendment, when the same has been declared effective, provided, however, that such notice under this clause (C) shall be delivered to each Holder; (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or prospectus or for additional information that pertains to the Holders as selling stockholders; and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose;

(q) during the Effectiveness Period, refrain from bidding for or purchasing any Common Stock or any right to purchase Common Stock or attempting to induce any person to purchase any such security or right if such bid, purchase or attempt would in any way limit the right of the Holders to sell Registrable Securities by reason of the limitations set forth in Regulation M of the Exchange Act;

(r) use its commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment;

(s) cooperate with any broker-dealer through which a Holder proposes to resell its Registrable Securities in effecting a filing with the FINRA Corporate Financing Department pursuant to FINRA Rule 5110, as requested by any such Holder, and the Company shall pay the filing fee required by such filing within two (2) Trading Days of the request therefor; and

(t) take all other commercially reasonable actions necessary to enable, expedite or facilitate the Holders to dispose of the Registrable Securities by means of the Registration Statement during the Term.

5. Obligations of the Holders.

(a) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(h) hereof or of the commencement of a Blackout Period, such Holder shall discontinue the disposition of Registrable Securities included in the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 4(h) hereof or notice of the end of the Blackout Period.

(b) The Holders of the Registrable Securities shall provide such information as may reasonably be requested by the Company in connection with the preparation of any registration statement, including amendments and supplements thereto, in order to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 3(a) of this Agreement and in connection with the Company's obligation to comply with federal and applicable state securities laws, including a completed questionnaire in the form attached to the Subscription Agreement as Annex A (a "**Selling Securityholder Notice and Questionnaire**") or any update thereto not later than three (3) Business Days following a request therefore from the Company.

(c) Each Holder, by its acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Holder has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

(d) Each Holder of 5% or more of the Registrable Securities, regardless of its participation in a Secondary Offering, agrees to execute a lock-up or market standoff agreement on the terms and for the same period (both pre- and post-effectiveness) as is approved by the Holders of a majority of the Registrable Securities to be included in such Secondary Offering entered into in connection with such Secondary Offering, in customary form with the underwriter(s) or investment bank(s) selected for such Secondary Offering.

6. Registration Expenses. The Company shall pay all expenses in connection with any registration obligation provided herein, including, without limitation, all registration, filing, stock exchange fees, printing expenses, any FINRA filing fees, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of counsel for the Company and of the Company's independent accountants, and reasonable fees and disbursements of a single counsel of the Holders selected by the Holders of at least a majority of the Registrable Securities and reasonably acceptable to the Company, in an amount not to exceed $15,000; provided, however, that in connection with any and all Secondary Offerings and Piggy-Back Registrations contemplated herein, the Company shall also pay for the reasonable fees and disbursements of a single counsel of the Holders selected by the Holders of at least a

majority of the Registrable Securities and reasonably acceptable to the Company, in an aggregate amount not to exceed $100,000; provided, further, that, in any underwritten registration, the Company shall have no obligation to pay any underwriting discounts, selling commissions or transfer taxes attributable to the Registrable Securities being sold by the Holders thereof, which underwriting discounts, selling commissions and transfer taxes shall be borne by such Holders. Except as provided in Section 6 and Section 8 of this Agreement or otherwise agreed to by the Company, the Company shall not be responsible for the expenses of any attorney or other advisor employed by a Holder or for any other fees, disbursements and expenses incurred by Holders not specifically agreed to in this Agreement.

7. Assignment of Rights. No Holder may assign its rights under this Agreement to any party without the prior written consent of the Company; provided, however, that any Holder may assign its rights under this Agreement without such consent (a) to a Permitted Assignee as long as (i) such transfer or assignment is effected in accordance with applicable securities laws; (ii) such transferee or assignee agrees in writing to become bound by and subject to the terms of this Agreement; and (iii) such Holder notifies the Company in writing of such transfer or assignment, stating the name and address of the transferee or assignee and identifying the Registrable Securities with respect to which such rights are being transferred or assigned; or (b) as otherwise permitted under the Subscription Agreement. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Holders of a majority of the Registrable Securities (other than by merger or consolidation or to an entity which acquires the Company including by way of acquiring all or substantially all of the Company's assets, which shall not require such consent).

8. Indemnification.

(a) In the event of the offer and sale of Registrable Securities under the Securities Act, the Company shall, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Holder, its directors, officers, stockholders, members, partners, employees and agents and each other person, if any, who controls or is under common control with such Holder within the meaning of Section 15 of the Securities Act (collectively, the "**Holder Indemnified Parties**"), against any losses, claims, damages or liabilities, joint or several, and expenses to which the Holder Indemnified Parties may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement prepared and filed by the Company under which Registrable Securities were registered under the Securities Act, any preliminary prospectus, free writing prospectus as defined under Rule 433(d) of the Securities Act ("**Free Writing Prospectus**"), any "testing-the-water" communication that is a written communication within the meaning of Rule 405 under the Securities Act ("**Testing the Water Communication**"), any road show communication as defined in Rule 433(h) under the Securities Act ("**Road Show Communication**"), final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated or necessary to make the statements therein in light of the circumstances in

which they were made not misleading, and the Company shall reimburse the Holder Indemnified Parties for any legal or any other expenses reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, damage, liability, action or proceeding; provided, however, that the Company shall not be liable in any such case (i) to the extent, but only to the extent, that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (x) an untrue statement in or omission from such registration statement, any such preliminary prospectus, Free Writing Prospectus, Testing the Water Communication, Road Show Communication, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished by a Holder or its representative (acting on such Holder's behalf) to the Company expressly for use in the preparation thereof or (y) the failure of a Holder to comply with the covenants and agreements contained in Section 5 hereof respecting the sale of Registrable Securities. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Holder Indemnified Parties and shall survive the transfer of such shares by the Holder.

(b) As a condition to including Registrable Securities in any registration statement filed pursuant to this Agreement, each Holder agrees, severally and not jointly, to be bound by the terms of this Section 8 and to indemnify and hold harmless, to the fullest extent permitted by law, the Company, each of its directors, officers, partners, and each underwriter, if any, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement of a material fact contained in any registration statement, any preliminary prospectus, Free Writing prospectus, Testing the Water Communication, Road Show Communication, final prospectus, summary prospectus, amendment or supplement thereto, or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is included or omitted in reliance upon and in conformity with written information furnished by the Holder or its representative (acting on such Holder's behalf) to the Company expressly for use in the preparation thereof, and such Holder shall reimburse the Company, and its directors, officers, partners, and any such controlling persons for any legal or other expenses reasonably incurred by them in connection with investigating, defending, or settling any such loss, claim, damage, liability, action, or proceeding; provided, however, that the indemnity obligation contained in this Section 8(b) shall in no event exceed the amount of the net proceeds received by such Holder as a result of the sale of such Holder's Registrable Securities pursuant to such registration statement. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling person and shall survive the transfer by any Holder of such shares.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in this Section 8

(including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section 8, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice in any material respect. In case any such action is brought against an indemnified party, unless in the reasonable judgment of counsel to such indemnified party a conflict of interest between such indemnified party and indemnifying parties may exist or the indemnified party may have defenses not available to the indemnifying party in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim or the indemnified party may have defenses not available to the indemnifying party in respect of such claim after the assumption of the defenses thereof or the indemnifying party fails to defend such claim in a diligent manner, other than reasonable costs of investigation. Neither an indemnified party nor an indemnifying party shall be liable for any settlement of any action or proceeding effected without its consent (which shall not be unreasonably withheld or delayed). No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement, which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party shall have the right to retain, at its own expense, counsel with respect to the defense of a claim. Each indemnified party shall furnish such information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) If an indemnifying party does not or is not permitted to assume the defense of an action pursuant to Section 8(c) or in the case of the expense reimbursement obligation set forth in Sections 8(a) and 8(b), the indemnification required by Sections 8(a) and 8(b) shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expenses, losses, damages, or liabilities are incurred.

(e) If the indemnification provided for in Sections 8(a) and 8(b) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense (i) in such proportion as is appropriate to reflect the proportionate relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other

things, whether the untrue or alleged untrue statement of a material fact or omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission), or (ii) if the allocation provided by clause (i) above is not permitted by applicable law or provides a lesser sum to the indemnified party than the amount hereinafter calculated, then in such proportion as is appropriate to reflect not only the proportionate relative fault of the indemnifying party and the indemnified party, but also the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other, as well as any other relevant equitable considerations. Notwithstanding any other provision of this Section 8(e), no Holder shall be required to contribute any amount in excess of the amount by which the net proceeds received by such Holder from the sale of the Registrable Securities pursuant to the Registration Statement exceeds the amount of damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement of a material fact or omission, except in the case of fraud or willful misconduct. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

(f) The indemnity and contribution agreements contained in this Section 8 are in addition to any liability that the indemnifying parties may have to the indemnified parties and are not in diminution or limitation of the indemnification provisions under the Subscription Agreement.

9. Rule 144. The Company shall file with the Commission "Form 10 information" (as defined in Rule 144(i)(3) under the Securities Act) reflecting its status as an entity that is no longer an issuer described in Rule 144(i)(1)(i) promptly following the closing of the Merger. Following the Effective Date, the Company will use its commercially reasonable efforts to timely file all reports required to be filed by the Company after the date hereof under the Exchange Act and the rules and regulations adopted by the Commission thereunder, and if the Company is not required to file reports pursuant to such sections, it will prepare and furnish to the Purchasers and make publicly available in accordance with Rule 144(c) such information as is required for the Purchasers to sell shares of Common Stock under Rule 144.

10. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the United States of America and the State of Delaware, both substantive and remedial, without regard to Delaware conflicts of law principles. Any judicial proceeding brought against either of the parties to this Agreement or any dispute arising out of this Agreement or any matter related hereto shall be brought in the state or federal courts located in the State of Delaware and, by its execution and delivery of this Agreement, each party to this Agreement accepts the jurisdiction of such courts. The foregoing consent to jurisdiction shall not be deemed to confer rights on any person other than the parties to this Agreement. Remedies. Except as otherwise specifically set forth herein with respect to a Registration Event, in the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder

or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Except as otherwise specifically set forth herein with respect to a Registration Event, the Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) No Piggyback on Registrations; Prohibition on Filing Other Registration Statements. Neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in any Registration Statements other than the Registrable Securities. The Company shall not file any other registration statements, other than on Forms S-4 or S-8 or their then equivalents, until all Registrable Securities are registered pursuant to a Registration Statement that is declared effective by the Commission, provided that this Section 10(c) shall not prohibit the Company from filing amendments to registration statements filed prior to the date of this Agreement.

(c) Piggy-Back Registrations. If, at any time during the Effectiveness Period, there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's stock option or other employee benefit plans (any such registration, a "**Piggy-Back Registration**"), then the Company shall deliver to each Holder a written notice of such determination and, if within fifteen days after the date of the delivery of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered (the "**Piggy-Back Securities**"); provided, however, that the Company shall not be required to register any Registrable Securities pursuant to this Section 10(d) after the Term or that are eligible for resale pursuant to Rule 144 (without volume restrictions or current public information requirements) promulgated by the Commission pursuant to the Securities Act or that are the subject of a then effective Registration Statement that is available for resales or other dispositions by such Holder or otherwise cease to be deemed "Registrable Securities." If the Piggy-Back Registration relates to an underwritten public offering and the managing underwriter of such proposed public offering advises the Company and the Holders in writing that, in its reasonable opinion, the number of Registrable Securities requested to be included in the Piggy-Back Registration in addition to the securities being registered by the Company or any other security holder would be greater than the total number of securities which can reasonably be sold in the offering without having a material adverse effect on the distribution of such securities or otherwise having a material adverse effect on the marketability thereof (the "**Maximum Number of Securities**"), then (i) in the event the Company initiated the Piggy-Back Registration, the Company shall include in such Piggy-Back Registration first, the securities the Company proposes to register, second, the Piggy-Back Securities, in an amount that together with the securities the Company

proposes to register, shall not exceed the Maximum Number of Securities, such amount to be allocated among the Holders of the Piggy-Back Securities on a pro rata basis (based on the number of securities of the Company held by each such Holder), and third, the securities of all other selling security holders, in an amount that together with the securities the Company proposes to register and the Piggy-Back Securities, shall not exceed the Maximum Number of Securities, such amount to be allocated among such other selling security holders on a pro rata basis (based on the number of securities of the Company held by each such selling security holder); and (ii) in the event any holder of securities of the Company initiated the Piggy-Back Registration, the Company shall include in such Piggy-Back Registration first, the Piggy-Back Securities in an amount that shall not exceed the Maximum Number of Securities (with such amount to be allocated among the Holders of the Piggy-Back Securities on a pro rata basis (based on the number of securities of the Company held by each such Holder), second, the securities such initiating security holder proposes to register, in an amount that together with the Piggy-Back Securities, shall not exceed the Maximum Number of Securities, third, the securities of any other selling security holders, in an amount that together with the Piggy-Back Securities and the securities the initiating security holder proposes to register, shall not exceed the Maximum Number of Securities, such amount to be allocated among such other selling security holders on a pro rata basis (based on the number of securities of the Company held by each such selling security holder), and fourth, any securities the Company proposes to register, in an amount that together with Piggy-Back Securities, the securities the initiating security holder and the other selling security holders propose to register, shall not exceed the Maximum Number of Securities.

(d) Subsequent Registration Rights. Until the Registration Statement required hereunder is declared effective by the Commission, the Company shall not enter into any agreement granting any registration rights with respect to any of its securities to any Person without the written consent of Holders representing at least a majority of the outstanding Registrable Securities.

(e) Successors and Assigns. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, Permitted Assignees, executors and administrators of the parties hereto.

(f) No Inconsistent Agreements. The Company has not entered, as of the date hereof, and shall not enter, on or after the date of this Agreement, into any agreement with respect to its securities that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(g) Entire Agreement. This Agreement and the documents, instruments and other agreements specifically referred to herein or delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof.

(h) Notices, etc. All notices, consents, waivers, and other communications which are required or permitted under this Agreement shall be in writing will be deemed given to a party (a) upon receipt, when personally delivered; (b) one (1) Business Day after deposit with a nationally recognized overnight courier service with next day delivery specified, costs prepaid on the date of delivery, if delivered to the appropriate address by hand or by nationally recognized

overnight courier service (costs prepaid); (c) the date of transmission if sent by e-mail with confirmation of transmission by the transmitting equipment if such notice or communication is delivered prior to 5:00 P.M., New York City time, on a Trading Day, or the next Trading Day after the date of transmission, if such notice or communication is delivered on a day that is not a Trading Day or later than 5:00 P.M., New York City time, on any Trading Day, provided confirmation of email is kept on file, whether electronically or otherwise, by the sending party and the sending party does not receive an automatically generated message from the recipients email server that such e-mail could not be delivered to such recipient; (d) the date received or rejected by the addressee, if sent by certified mail, return receipt requested, postage prepaid; or (e) seven (7) days after the placement of the notice into the mails (first class postage prepaid), to the party at the address or e-mail address furnished by the such party,

If to the Company, to:

Peninsula Acquisition Corporation (to be renamed Transphorm, Inc.)
75 Castilian Drive
Goleta, CA 93117
Attn: Primit Parikh and Cameron McAulay
Email: pparikh@transphormusa.com and cmcaulay@transphormusa.com

with copy to:

Wilson Sonsini Goodrich and Rosati P.C.
650 Page Mill Road
Palo Alto, CA 94304
Attn: Mark Bertelsen and Douglas Schnell
Email: mbertelsen@wsgr.com, dschnell@wsgr.com

if to a Holder, to:

such Holder at the address set forth on the signature page hereto or in the Company's records;

or at such other address as any party shall have furnished to the other parties in writing in accordance with this Section 10(i).

(i) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Holder, upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy of such Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereunder occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Holder of any breach or default under this Agreement, or any waiver on the part of any Holder of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

(j) Counterparts. This Agreement may be executed in any number of counterparts, and with respect to any Purchaser, by execution of an Omnibus Signature Page to this Agreement and the Subscription Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument. In the event that any signature is delivered by an e-mail, which contains a copy of an executed signature page such as a portable document format (.pdf) file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such e-mail of an executed signature page such as a .pdf signature page were an original thereof.

(k) Severability. In the case any provision of this Agreement shall be invalid, illegal or unenforceable, such provision shall be replaced with a valid, legal and enforceable provision that as closely as possible reflects the parties' intent with respect thereto, and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(l) Amendments. Except as otherwise provided herein, the provisions of this Agreement may be amended at any time and from time to time, and particular provisions of this Agreement may be waived, with and only with an agreement or consent in writing signed by the Company and the Majority Holders; provided that this Agreement may not be amended and the observance of any term hereof may not be waived with respect to any Holder without the written consent of such Holder if such amendment or waiver on its face materially and adversely affects the rights of such Holder under this Agreement in a manner that is different than the other Holders and provided, further, that with respect to any Secondary Offering the provisions of this Agreement may be amended or waived with an agreement or consent in writing signed by the Company and the Holders of a majority of the Registrable Securities to be offered in such Secondary Offering. The Purchasers acknowledge that by the operation of this Section 10(m), the Majority Holders may have the right and power to diminish or eliminate all rights of the Purchasers under this Agreement.

(m) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by this Agreement or any other matters and the Company acknowledges that the Holders are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or transactions. Except as expressly provided herein, each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained herein was solely in the control of the Company, not the action or

decision of any Holder, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Holder. Except as expressly provided herein, it is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Holder, solely, and not between the Company and the Holders collectively and not between and among Holders.

[*COMPANY SIGNATURE PAGE FOLLOWS*]

This Registration Rights Agreement is hereby executed as of the date first above written.

The Company:

PENINSULA ACQUISITION CORPORATION
(TO BE RENAMED TRANSPHORM, INC.)

By: _____
Name:
Title:

Purchasers:

See Omnibus Signature Pages to Subscription Agreement (Purchasers do not sign here)

Holder of Merger Shares (INDIVIDUAL):

_____
Print Name

_____
Signature

Holder of Merger Shares (ENTITY):

_____
Print Name of Entity

By: _____
Name:
Title:

Holder of Registrable Pre-Merger Shares (INDIVIDUALS):

_____
Print Name

_____
Signature

Holder of Registrable Pre-Merger Shares (ENTITY):

_____
Print Name of Entitiy

By: _____
Name:
Title:

All Holders: Mailing Address

_____
_____
_____

Email Address:

STOCKHOLDERS AGREEMENT

DATED AS OF FEBRUARY 12, 2020

AMONG

TRANSPHORM, INC.

AND

KKR PHORM INVESTORS L.P.

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STOCKHOLDERS AGREEMENT

This Stockholders Agreement is entered into as of February 12, 2020 by and among Transphorm, Inc. (f/k/a Peninsula Acquisition Corporation), a Delaware corporation (the "Company"), and KKR Phorm Investors L.P. ("KKR Phorm").

BACKGROUND:

WHEREAS, on June 8, 2015, Transphorm, Inc. and KKR Phorm, among other parties, entered into a Series 1 Preferred Stock Purchase Agreement, whereby KKR Phorm acquired shares of Series 1 Preferred Stock of Transphorm, Inc., a privately-held Delaware corporation, and KKR Phorm subsequently purchased shares of Series 2 Preferred Stock in Transphorm, Inc.;

WHEREAS, Peninsula Acquisition Corporation, Peninsula Acquisition Sub, Inc. ("Acquisition Sub") and Transphorm, Inc. entered into an Agreement and Plan of Merger and Reorganization, dated as of February 12, 2020, pursuant to which Acquisition Sub merged with and into Transphorm, Inc., with Transphorm, Inc. continuing as the surviving corporation and a wholly-owned subsidiary of the Company (the "Merger");

WHEREAS, following the consummation of the Merger, Peninsula Acquisition Corporation changed its name to "Transphorm, Inc." and Transphorm, Inc. changed its name to "Transphorm Technology, Inc.";

WHEREAS, following the consummation of the Merger, on February 12, 2020 the Company sold shares of its common stock to KKR Phorm and certain other third parties pursuant to an initial closing of a private placement offering (the "Private Placement" and, together with the Merger, the "Transactions");

WHEREAS, as a result of the Transactions, KKR Phorm now owns more than 50% of the outstanding shares of the Company's common stock; and

WHEREAS, the Company and KKR Phorm wish to set forth certain understandings between them, including with respect to certain governance matters.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I

INTRODUCTORY MATTERS

1.1 Defined Terms. In addition to the terms defined elsewhere herein, the following terms have the following meanings when used herein:

"Affiliate" has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act, as in effect on the date hereof.

"Agreement" means this Stockholders Agreement, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof.

"beneficially own" has the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

"Board" means the board of directors of the Company.

"Company" has the meaning set forth in the Preamble.

"Common Stock" means the shares of common stock, par value $0.0001 per share, of the Company, and any other capital stock of the Company into which such stock is reclassified or reconstituted and any other common stock of the Company.

"Control" (including its correlative meanings, "Controlled by" and "under common Control with") means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of a Person.

"Director" means any member of the Board.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"KKR Designee" has the meaning set forth in Section 2.1(b).

"KKR Entities" means KKR Phorm, its Affiliates and their respective successors and Permitted Assigns.

"Law" means any statute, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

"Necessary Action" means, with respect to any party and a specified result, all actions (to the fullest extent such actions are permitted by applicable Law (including with respect to any fiduciary duties under Delaware Law) and within such party's control) necessary to cause such result (and at such party's expense), including, without limitation, (a) preparing and distributing stockholder's resolutions and amendments to the organizational documents of the Company, if necessary or appropriate, and taking all other actions as are necessary or appropriate, to effect the provisions of this Agreement, (b) causing the adoption of Board resolutions by written consent or at a meeting duly called and convened necessary or appropriate to effect the provisions of this Agreement, and, as applicable, the preparation, approval, filing and obtaining effectiveness with the Securities and Exchange Commission and distribution (including via proxy access, as applicable) to stockholders in accordance with applicable Laws, rules and regulations, of proxy materials or consents in lieu thereof, and such other actions as are necessary or appropriate to effect the provisions of this Agreement, (c) executing agreements and instruments, and (d) making, or causing to be

made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result.

"Permitted Assigns" means, with respect to a KKR Entity, a Transferee of shares of Common Stock that agrees to become party to, and to be bound to the same extent as its Transferor by the terms of, this Agreement.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or other form of business organization, whether or not regarded as a legal entity under applicable Law, or any Governmental Authority or any department, agency or political subdivision thereof.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which: (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, representatives or trustees thereof is at the time owned or Controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; or (ii) if a limited liability company, partnership, association or other business entity, a majority of the total voting power of stock or units or interests (or equivalent ownership interest) of the limited liability company, partnership, association or other business entity is at the time owned or Controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or Control the managing member, managing director or other governing body or general partner of such limited liability company, partnership, association or other business entity.

"Total Number of Directors" means the total number of Directors comprising the Board.

"Transfer" (including its correlative meanings, "Transferor", "Transferee" and "Transferred") shall mean, with respect to any security, directly or indirectly, to sell, contract to sell, give, assign, hypothecate, pledge, encumber, grant a security interest in, offer, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any economic, voting or other rights in or to such security. When used as a noun, "Transfer" shall have such correlative meaning as the context may require.

1.2 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party. Unless the context otherwise requires: (a) "or" is disjunctive but not exclusive, (b) words in the singular include the plural and in the plural include the singular, and (c) the words "hereof", "herein", and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified.

ARTICLE II

CORPORATE GOVERNANCE MATTERS

2.1 Election of Directors.

(a) KKR Phorm shall have the right, but not the obligation, to nominate to the Board a number of designees equal to at least: (i) a majority of the Total Number of Directors, so long as the KKR Entities collectively beneficially own 40% or more of the outstanding shares of Common Stock; (ii) 33% of the Total Number of Directors, so long as the KKR Entities collectively beneficially own 20% or more, but less than 40%, of the outstanding shares of Common Stock; and (iii) 10% of the Total Number of Directors, so long as the KKR Entities collectively beneficially own 10% or more, but less than 20%, of the outstanding shares of Common Stock. For purposes of calculating the number of Directors that KKR Phorm is entitled to designate pursuant to the immediately preceding sentence, any fractional amounts shall automatically be rounded up to the nearest whole number (e.g., one and one quarter (1¼) Directors shall equate to two (2) Directors), and any such calculations shall be made after taking into account any increase in the Total Number of Directors.

(b) In the event that KKR Phorm has nominated (or has then-serving as its designees) less than the total number of designees KKR Phorm shall be entitled to nominate pursuant to Section 2.1(a), KKR Phorm shall have the right, at any time, to nominate such additional designees to which it is entitled, in which case the Company and the Directors shall take all Necessary Action to (x) enable KKR Phorm to nominate and effect the election or appointment of such additional individuals, whether by increasing the size of the Board or otherwise and (y) designate such additional individuals nominated by KKR Phorm to fill such newly created vacancies or to fill any other existing vacancies. Each such individual whom KKR Phorm actually nominates pursuant to this Section 2.1 and who is thereafter elected or appointed to the Board to serve as a Director shall be referred to herein as a "KKR Designee".

(c) In the event that a vacancy is created at any time by the death, retirement or resignation of any Director designated pursuant to this Section 2.1, the remaining Directors and the Company shall take all Necessary Action to cause the vacancy created thereby to be filled by a new designee of KKR Phorm as soon as possible, and the Company and the Directors hereby agrees to take all Necessary Action to accomplish the same.

(d) The Company and the Directors agree to take all Necessary Action to include the individuals designated pursuant to this Section 2.1 in the slate of nominees recommended by the Board for election at any meeting of stockholders called for the purpose of electing Directors (or written consent in lieu thereof) and to use its and their best efforts to cause the election of each such designee to the Board, including nominating each such individual to be elected as a Director as provided herein, recommending such individual's election and soliciting proxies or consents in favor thereof.

(e) For so long as the KKR Entities collectively beneficially own 20% or more of the outstanding shares of Common Stock, the Company and the Directors agree to take all

Necessary Action to cause a KKR Designee selected by KKR Phorm to serve as chairman of the Board.

(f) For so long as the KKR Entities collectively beneficially own 20% or more of the outstanding shares of Common Stock, the Company and the Directors agree to take all Necessary Action to cause each committee of the Board to include at least one KKR Designee, in each case selected by KKR Phorm.

2.2 Director Expenses. The Company shall reimburse the reasonable expenses of each Director who is not an employee of the Company for the reasonable costs incurred by such person in attending meetings of the Board (and any committee thereof) and other meetings or events attended by such person on behalf of the Company.

ARTICLE III

INFORMATION

3.1 Books and Records; Access. The Company shall, and shall cause its Subsidiaries to, keep proper books, records and accounts, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each of its Subsidiaries in accordance with U.S. generally accepted accounting principles. The Company shall, and shall cause its Subsidiaries to, permit the KKR Entities and their respective designated representatives, at reasonable times and upon reasonable prior notice to the Company, to review the books and records of the Company or any of such Subsidiaries and to discuss the affairs, finances and condition of the Company or any of such Subsidiaries with the officers of the Company or any such Subsidiary; *provided*, *however*, that the Company shall not be required to disclose any privileged information of the Company so long as the Company has used its best efforts to provide such information to the KKR Entities without the loss of any such privilege (and taking into account whether or not a KKR Director is then serving on the Board) and notified the KKR Entities that such information has not been provided.

ARTICLE IV

GENERAL PROVISIONS

4.1 Termination. This Agreement shall terminate on the earlier to occur of (a) such time as KKR Phorms is no longer entitled to nominate a Director pursuant to Section 2.1(a) and (b) upon the delivery of a written notice by KKR Phorm to the Company requesting that this Agreement terminate.

4.2 Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, mailed first class mail (postage prepaid), sent by reputable overnight courier service (charges prepaid) or sent by electronic mail or facsimile, to the Company at the address, electronic mail address or facsimile number set forth below and to any other recipient at the address, electronic mail address or facsimile number set forth below, or at such address, electronic mail address or facsimile number or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when, the day delivered personally, five (5) days after deposit in the U.S. mail, one (1)

day after deposit with a reputable overnight courier service, or the day sent by electronic mail or facsimile (receipt confirmed).

The Company's address is:

Transphorm, Inc.
75 Castilian Drive
Goleta, California 93317
Attention: Mario Rivas
Email: mrivas@transphormusa.com
Facsimile: (805) 961-9528

with a copy (not constituting notice) to:

Wilson Sonsini Goodrich & Rosati, Professional Corporation
650 Page Mill Road
Palo Alto, California 94303
Attention: Mark Bertelsen
Email: mbertelsen@wsgr.com
Facsimile: (650) 493-6811

KKR Phorm's address is:

KKR Phorm Investors L.P.
c/o Kohlberg Kravis Roberts & Co. L.P.
9 West 57th Street, Suite 4200
New York, New York 10019
Attention: General Counsel
Email: general.counsel@kkr.com
Facsimile: (212) 750-0003

with a copy (not constituting notice) to:

Jones Day
1755 Embarcadero Road
Palo Alto, California
Attention: Timothy R. Curry
Email: tcurry@jonesday.com
Facsimile: (650) 739-3900

4.3 Amendment; Waiver. This Agreement may be amended, supplemented or otherwise modified only by a written instrument executed by the Company and KKR Phorm. Neither the failure nor delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege

with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

4.4 Further Assurances. The parties hereto will sign such further documents, cause such meetings to be held and resolutions passed, exercise their votes and do and perform and cause to be done such further acts and things necessary, proper or advisable in order to give full effect to this Agreement and every provision hereof. To the fullest extent permitted by Law, the Company shall not directly or indirectly take any action that is intended to, or would reasonably be expected to result in, any KKR Entity being deprived of the rights contemplated by this Agreement.

4.5 Assignment. This Agreement will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned without the express prior written consent of the other parties hereto, and any attempted assignment, without such consents, will be null and void; *provided*, *however*, that, notwithstanding the above, each KKR Entity shall be entitled to assign, in whole or in part, to any of its Permitted Assigns any of its rights hereunder, without such prior written consent.

4.6 Third Parties. This Agreement does not create any rights, claims or benefits inuring to any Person that is not a party hereto or create or establish any third-party beneficiary hereto.

4.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof.

4.8 Jurisdiction; Waiver of Jury Trial. In any judicial proceeding involving any dispute, controversy or claim arising out of or relating to this Agreement, each of the parties unconditionally accepts the exclusive jurisdiction and venue of the Delaware Court of Chancery or, if the Delaware Court of Chancery does not have subject matter jurisdiction over this matter, the Superior Court of the State of Delaware (Complex Commercial Division) or, if jurisdiction over the matter is vested exclusively in federal courts, the United States District Court for the District of Delaware, and the appellate courts to which orders and judgments thereof may be appealed, and each of the parties hereto irrevocably waives the defense of an inconvenient forum or lack of jurisdiction to the maintenance of any such judicial proceeding. In any such judicial proceeding, the parties agree that in addition to any method for the service of process permitted or required by such courts, to the fullest extent permitted by Law, service of process may be made by delivery provided pursuant to the directions in Section 4.2. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY DISPUTE, CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

4.9 Specific Performance. Each party hereto acknowledges and agrees that in the event of any breach of this Agreement by any of them, the other parties hereto would be irreparably harmed and could not be made whole by monetary damages. Each party accordingly agrees to waive the defense in any action for specific performance that a remedy at law would be adequate and that the parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to specific performance of this Agreement without the posting of bond.

4.10 Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. There are no agreements, representations, warranties, covenants or understandings with respect to the subject matter hereof other than those expressly set forth herein. This Agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter.

4.11 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance or in any jurisdiction, shall be held to be invalid or unenforceable to any extent, (a) the remainder of this Agreement shall not be affected thereby, and each other provision hereof shall be valid and enforceable to the fullest extent permitted by Law, (b) as to such Person or circumstance or in such jurisdiction, such provision shall be reformed to be valid and enforceable to the fullest extent permitted by Law and (c) the application of such provision to other Persons or circumstances or in other jurisdictions shall not be affected thereby.

4.12 Table of Contents, Headings and Captions. The table of contents, headings, subheadings and captions contained in this Agreement are included for convenience of reference only and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

4.13 Counterparts. This Agreement and any amendment hereto may be signed in any number of separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one Agreement (or amendment, as applicable).

4.14 No Recourse. This Agreement may only be enforced against, and any claims or cause of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement, may only be made against the entities that are expressly identified as parties hereto, and no past, present or future Affiliate, director, officer, employee, incorporator, member, manager, partner, stockholder, agent, attorney or representative of any party hereto shall have any liability for any obligations or liabilities of the parties to this Agreement or for any claim based on, in respect of, or by reason of the transactions contemplated hereby.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Stockholders Agreement on the day and year first above written.

COMPANY

TRANSPHORM, INC.

By: /s/ Mario Rivas

Name: Mario Rivas

Title: Chief Executive Officer

KKR PHORM INVESTORS L.P.

By: its General Partner
KKR Phorm Investors GP LLC

By: /s/ Terence Gallagher

Name: Terence Gallagher
Title: Vice President, Finance

[Signature Page to Stockholders Agreement]

Exhibit 10.2

[Craig-Hallum Capital Group LLC Letterhead]

November 14, 2019

Transphorm, Inc.
75 Castilian Drive
Goleta, CA 93117
Attention: Mario Rivas, CEO

Dear Mr. Rivas:

We understand that Transphorm, Inc., a Delaware corporation ("Transphorm"), plans to undertake a transaction (the "Merger Transaction") whereby a subsidiary ("MergerSub") of a public shell corporation ("PubCo") will merge with and into Transphorm, with Transphorm as the surviving entity, thereby becoming a wholly-owned subsidiary of PubCo. References herein to the "Company" shall mean Transphorm, MergerSub and/or PubCo as the context requires.

Following the Merger Transaction, the Company, with PubCo as the anticipated issuing entity, wishes to issue and sell equity securities (the "Securities") in a transaction (the "Placement") exempt from the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"), commonly referred to as a PIPE transaction. In connection with the Placement, the Company has appointed B. Riley FBR, Inc. ("B. Riley") to act as its lead placement agent, pursuant to that certain letter agreement between the Company and B. Riley dated as of October 22, 2019, as amended by that certain Amendment No. 1 and Consent dated on or about the date hereof (the "B. Riley Engagement Letter"). This letter agreement (the "Agreement") confirms the understanding and agreement between Craig-Hallum Capital Group LLC ("C-H") and the Company to retain C-H as an additional, non-exclusive, placement agent of the Company in connection with the Placement on the terms and conditions set forth below. References herein to the "Placement Agents" shall mean B. Riley and C-H together.

1. ***Non-Exclusive Appointment.*** The Company hereby appoints C-H to act as an additional, non-exclusive, placement agent, on a best efforts basis, during the Placement Engagement Period (defined below) to assist B. Riley in connection with the Placement and authorizes C-H to arrange the Placement in a transaction that is exempt from the registration requirements of the Securities Act. The Securities will be offered on a limited basis to certain "accredited investors" (as defined in Rule 501 of Regulation D under the Securities Act) mutually agreed upon by B. Riley and the Company. The Placement is to be made directly by the Company to the purchasers pursuant to agreements (each, a "Purchase Agreement") entered into by the purchasers and the Company and such other documentation or agreements as may be necessary and appropriate to consummate the Placement, including, without limitation, a registration rights agreement requiring the Company to register the resale of the Securities with the Securities and Exchange Commission.

2. ***Manner and Terms of Placement.***

(a) C-H will have no authority under this agreement to bind the Company in any way to any party, including potential purchasers of the Securities. In addition, nothing contained herein will require the Company to accept the terms of any proposal from a potential purchaser of the Securities. The sale of the Securities to any investor will be evidenced by a Purchase Agreement in a form reasonably satisfactory to the Company. Prior to the signing of any Purchase Agreement, and subject to all applicable federal and state securities laws, officers of the Company with responsibility for financial affairs will be reasonably available to answer inquiries from potential purchasers of the Securities.

(b) C-H will not have any rights or obligations in connection with the Placement contemplated by this Agreement except as expressly provided herein. The Company agrees that C-H's involvement in the contemplated transaction will be subject to C-H's satisfaction, in its reasonable discretion and judgment, with prevailing market conditions and the results of its due diligence investigation of the Company and its business.

(c) The Company understands that C-H is not undertaking to provide any legal, accounting, tax, regulatory, insurance, executive compensation, environmental or other professional advice or services in connection with this engagement.

(d) Nothing in this Agreement shall be construed to limit the ability of C-H or its affiliates to pursue, investigate, analyze, invest in, or engage in investment banking, financial advisory or any other business relationships with entities other than the Company, notwithstanding that such entities may be engaged in a business which is similar to or competitive with the business of the Company, and notwithstanding that such entities may have actual or potential operations, products, services, plans, ideas, customers or supplies similar or identical to the Company's, or may have been identified by the Company as potential merger or acquisition targets or potential candidates for some other business combination, cooperation or relationship.

(e) The Company acknowledges that all advice (written or oral) given by C-H to the Company is intended solely for the benefit and use of the Company. Other than to the extent required to be reflected in Board of Directors and committee meeting minutes, no advice (written or oral) of C-H hereunder shall be used, reproduced, disseminated, quoted or referred to at any time, in any manner, or for any purpose, nor shall any public references to C-H be made by the Company (or such persons), without the prior consent of C-H. For the avoidance of doubt, the Company is authorized to share all advice given by C-H with the Company's legal counsel and accounting firm.

(f) If the Placement is oversubscribed, the portion of the Placement allocated to Insider Investors on the one hand and any other investors on the other hand shall be reduced on a pro rata basis between the two groups; *provided*, *however*, that in no event shall the portion of the Placement allocated to investors who are not Insider Investors be reduced below Fifteen Million Dollars ($15,000,000).

3. ***Fees; Expenses.***

(a) As compensation for C-H's services hereunder, the Company agrees to pay to C-H fees in the form of cash a placement fee equal to 30% of 7.0% of the gross proceeds raised from the sale of any Securities in the Placement to any investors who are not investors listed on Appendix A (the "Insider Investors"), subject to and payable at closing of the Placement.

(b) If more than one closing is required in connection with the sale of the Securities, only that portion of the fees payable to C-H applicable to the Securities sold at the respective closing will be payable at such closing.

(c) The Company acknowledges and agrees that it will be responsible for and shall pay all costs and expenses of the Company incident to the purchase, sale and delivery of Securities in the Placement, including, without limitation, all fees and expenses of filing with the SEC and FINRA; all Blue Sky fees and expenses; all fees and disbursements of counsel and accountants for the Company; all printing costs; all costs of background investigations; all "roadshow" costs (regardless of the form in which the roadshow is conducted) and all costs incident to the travel and accommodation of the Company's personnel, including, without limitation, any roadshow, in connection with the Placement, including, but not limited to, commercial or charter air travel and local hotel accommodations and transportation.

(d) In addition to any fees payable to C-H pursuant to this Agreement and regardless of whether the Placement is consummated, the Company agrees to reimburse C-H promptly upon written request (which request may be by email) for (i) all reasonable and documented out-of-pocket fees and disbursements of legal counsel and any other professional advisor retained by C-H in connection with the Placement (it being understood that the retention of any such advisor, other than legal counsel, shall not be made without the prior approval of the Company, which approval shall not be unreasonably withheld); (ii) C-H's reasonable and documented travel and related expenses arising out of this engagement); and (iii) other reasonable and documented out-of-pocket expenses incurred by C-H in connection with the performance of its services hereunder, including, without limitation, any roadshow. The amounts reimbursed pursuant to this Section 3(d) will not exceed $15,000 in the aggregate without the prior written consent of the Company (which may be given by email).

4. ***Representations and Warranties.*** Transphorm represents and warrants to C-H as follows:

(a) Except for the offers and sale of securities, the result of which would not cause the offer and sale of the Securities contemplated by this Agreement to fail to (i) qualify for the exemption from registration afforded by Section 4(a)(2) of the Securities Act and Regulation D thereunder or other applicable exemptions from registration that may be available; (ii) comply with applicable state securities and Blue Sky laws; or (iii) otherwise comply with federal and state securities laws, it has not, directly or indirectly, made any offers or sales of any type of securities

during the six month period preceding the date of this letter, and has no intention of making an offer or sale of securities for a period of six months after completion of the Placement contemplated by this Agreement. As used herein, the terms “offer” and “sale” have the meanings specified in Section 2(a)(3) of the Securities Act.

(b) Transphorm is duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to enter into and carry out the terms and provisions of this Agreement.

(c) None of Transphorm, any of its predecessors, any affiliated issuer, any director, general partner, managing member, executive officer, other officer of Transphorm in each case participating in the Placement, any beneficial owner of 20% or more of Transphorm’s outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with Transphorm in any capacity at the time of sale (each, a “Transphorm Covered Person” and, together, “Transphorm Covered Persons”) is subject to any of the “Bad Actor” disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). Transphorm has exercised reasonable care to determine whether any Transphorm Covered Person is subject to a Disqualification Event. Transphorm has complied, to the extent applicable, with its disclosure obligations under Rule 506(e), and has furnished C-H a copy of any disclosures provided thereunder. Transphorm will notify C-H in writing, prior to the completion of the Placement of any Disqualification Event relating to any Transphorm Covered Person not previously disclosed to C-H in accordance with this Section 4(c).

(d) Nothing contained in Transphorm’s charter documents, by-laws, shareholders’ agreements, or any other document, agreement, contract or instrument to which Transphorm is a party, to which Transphorm is subject, or in any order, judgment or settlement of any court or governmental agency to which Transphorm is bound conflicts with or in any way restricts or otherwise limits or conditions Transphorm’s ability to enter into, and perform under, this Agreement and consummate the transactions contemplated herein. The Company is not required to obtain any consent, waiver, authorization or order of, or make any filing or registration with, any governmental agency to which the Company is subject in order to enter into or consummate the transactions contemplated herein and no payment by the Company to a third party in connection with the entering into of this Agreement or the consummation of the transactions contemplated herein (including, but not limited to, any “tail” payments), other than (i) pursuant to the B. Riley Engagement Letter, (ii) securities laws filings required under the Securities Act, the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and any other applicable state or federal securities, takeover and “blue sky” Laws, (iii) any filings and approvals required by Delaware law, (iv) any filings and approvals required by any over-the-counter market or national securities exchange on which the Securities will be listed, or (v) any other consents, approvals, orders, authorizations, registrations, declarations, filings or notices the failure of which to be obtained or made, individually or in the aggregate, would not have a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and its subsidiaries, taken as a whole.

5. ***Further Obligations of the Company.*** The Company undertakes to and agrees with C-H that:

(a) It will not, directly or indirectly, make any offer or sale of any of the Securities or any securities of the same or similar class as the Securities, the result of which would cause the offer and sale of the Securities contemplated by this Agreement to fail to (i) qualify for the exemption from registration afforded by Section 4(a)(2) of the Securities Act and Regulation D thereunder or other applicable exemptions from registration that may be available; (ii) comply with applicable state securities and Blue Sky laws; and (iii) otherwise comply with federal and state securities laws.

(b) The Company will be solely responsible for the contents of the marketing materials, any amendments or supplements thereto, any information incorporated by reference therein and any and all other written or oral communications (collectively, the “Marketing Materials”) that have been provided to any actual or potential purchaser of the Securities with the Company’s approval. The Company represents and warrants that the Marketing Materials will not, as of the date of the offer or sale of the Securities or the closing date of any such sale, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If at any time prior to the completion of the offer and sale of the Securities an event occurs as a result of which the Marketing Materials (as then amended or supplemented) would or might include any untrue statement of a material fact or omit to state any material fact necessary in order to make the

statements therein, in light of the circumstances under which they were made, not misleading, the Company will notify C-H promptly of such event and C-H will have the right to suspend solicitations of potential investors until such time as the Company shall prepare (and if requested to do so by C-H, the Company agrees to prepare promptly) a supplement or amendment to the Marketing Materials which corrects such statement or omission. The Company authorizes C-H to provide the approved Marketing Materials to potential investors as contemplated herein.

(c) The Company will comply with all requirements of Section 4(a)(2) of the Securities Act and Regulation D thereunder and the rules promulgated thereunder pursuant to the Securities Act (or with all requirements of any other applicable exemption from registration that the Company chooses to use). The Company agrees to limit offers to sell, and solicitations of offers to buy, the Securities to persons reasonably believed by it to be "accredited investors" (as defined in Rule 501 of Regulation D under the Securities Act). The Company further agrees that it will not engage in any form of general solicitation or general advertising in connection with the contemplated transactions within the meaning of Rule 502 under the Securities Act. If applicable, the Company will make a timely filing of Form D pursuant to the requirements of Rule 503 under Regulation D.

(d) The Company agrees to take such action (if any) as C-H may reasonably request to qualify the Securities for offer and sale under the securities laws of such states as C-H may specify; provided that in connection therewith the Company will not be required to qualify as a foreign corporation or file a general consent to service of process. The Company agrees that it will make all filings or take all other action required under applicable state securities laws to permit the sale of the Securities.

(e) In order to allow proper coordination of the proposed financing, the Company will promptly notify C-H of any potential purchasers of the Securities known to it to be interested in purchasing any Securities. In addition, the Company will keep C-H reasonably informed of the status of any discussions or negotiations between the Company and any potential purchaser of Securities.

(f) The Company shall be deemed to make to C-H all representations and warranties which it makes to purchasers of the Securities in any Purchase Agreement or other document, and agrees to deliver a letter to C-H at each closing date as set forth in a Purchase Agreement, to the extent that the representations and warranties are made as of each closing date pursuant to the applicable Purchase Agreement, addressed to C-H and in form and substance satisfactory to C-H, stating that C-H is entitled to rely on all representations and warranties of the Company as set forth in such Purchase Agreement.

(g) The Company will cause to be delivered to C-H, addressed to C-H, the same opinions of legal counsel, accountants' comfort letters and certificates and other documents that it provides to purchasers of the Securities pursuant to any Purchase Agreement.

6. ***Indemnification.*** The Company agrees to indemnify C-H and its controlling persons, representatives and agents in accordance with the indemnification provisions set forth in Appendix II hereto, which is incorporated herein by reference, and agrees to the other provisions of Appendix II hereto, regardless of whether the proposed Placement is consummated. The obligations of the Company pursuant to this paragraph and Appendix II hereto shall survive any expiration or termination of this agreement or C-H's engagement hereunder.

7. ***Information to be Provided; Confidentiality.***

(a) C-H and its agents and counsel will be accorded access to and may examine documents, records and other materials and information of the Company and its subsidiaries (all information so furnished being the "Information") as C-H reasonably requests and deems necessary to perform its assignment hereunder. All such Information provided by the Company shall to the best of the Company's knowledge be complete and accurate and not misleading. The Company will provide C-H with reasonably access to officers, directors, employees, accountants, counsel and other representatives of the Company (collectively, the "Representatives") as necessary to perform its assignment hereunder. C-H will maintain the confidentiality of the Information for a period of two (2) years from the date of this Agreement and shall disclose the Information only as authorized in writing in advance by the Company or as required by law, rule or regulation, including, but not limited to, FINRA Rules 2210 and 2241, or by order of a governmental authority or court of competent jurisdiction. The Company recognizes and confirms that C-H: (i) will use and rely primarily on the Information

and information supplied to C-H by or on behalf of the Company or any Representative of the Company in performing the services contemplated by this Agreement without having independently verified the same; (ii) does not assume responsibility for the accuracy or completeness of the Information and such other information; and (iii) will not make an appraisal of any assets or liabilities of the Company or any of their market competitors.

(b) The confidentiality restrictions of Section 7(a) hereof shall not apply to information that:

(i) at the time of disclosure by the Company to C-H is, or thereafter becomes, generally available to the public, other than as a result of a breach by C-H of its obligations under this Agreement;

(ii) prior to or at the time of disclosure by the Company to C-H, was already in the possession of C-H or any of its affiliates;

(iii) at the time of disclosure by the Company to C-H or thereafter, is obtained by C-H or any of its affiliates from a third party whom C-H reasonably believes to be in possession of the information not in violation of any contractual, legal or fiduciary obligation to the Company with respect to that information; or

(iv) is or was independently developed by C-H or its affiliates (for the avoidance of doubt, such information shall not include any confidential information provided to C-H by the Company or the Representatives).

(c) The Company acknowledges and agrees that C-H's role in reviewing any information (including, but not limited to, the Information) is limited solely to performing such reviews as C-H deems necessary for purposes of its own analysis, and shall not be on behalf or for the benefit of the Company or any other person.

The obligations of C-H pursuant to this Section 7 hereto shall survive any expiration or termination of this agreement or C-H's engagement hereunder, regardless of whether the proposed Placement is consummated.

8. ***Term of Placement Engagement Period; Survival of Provisions.***

(a) The term of C-H's engagement with respect to the Placement (the "Placement Engagement Period") shall be from the date of execution of this Agreement until March 14, 2020, unless extended by mutual agreement of the parties; provided, however, that either party may terminate the Placement Engagement Period at any time upon 10 days written notice to the other party.

(b) Certain provisions of this Agreement shall survive any termination of the Placement Engagement Period as set forth herein. With respect to the expenses payable by the Company pursuant to Section 3, upon termination of the Placement Engagement Period, C-H shall be entitled to collect all such actual expenses accrued through the date of termination in accordance with the terms of Section 3. If during a period of 9 months following the termination of the Placement Engagement Period, the Company sells any Securities to investors who are not Insider Investors and who are introduced to the Company by the Placement Agents as confirmed between the Company and B. Riley in writing (including by email), with the Company's confirmation not to be unreasonably withheld, delayed or conditioned ("Placement Agent Introductions"), then it will pay to C-H upon the completion of such a sale a cash fee equal to the fees that would have been payable to C-H pursuant to Section 3 if such sale occurred during the term of C-H's appointment and authorization hereunder (such fee, the "Fee Tail"); provided, however, that any such Fee Tail shall not apply if the Placement, at least $15,000,000 of which is affirmatively committed to be raised from Placement Agent Introductions, is not closed during the Placement Engagement Period, primarily due to the failure of C-H to perform the services contemplated by this Agreement.

9. ***Independent Contractor; No Fiduciary Duty.*** The Company acknowledges and agrees that it is a sophisticated business enterprise and that C-H has been retained pursuant to this Agreement to act as a non-exclusive placement agent in connection with the Placement. In such capacity, C-H shall act as an independent contractor and not as an agent or fiduciary to the Company or its shareholders, and any duties of C-H arising out of its engagement pursuant to this Agreement shall be contractual in nature and shall be owed solely to the Company. Each party disclaims any intention to impose any fiduciary duty on the other.

10. ***Announcement of the Placement.*** If the Placement is consummated in which C-H acts as a placement agent, and to the extent consistent with securities laws governing such transactions, C-H may, at its sole option and expense, place an announcement ("Announcement") in such newspapers, periodicals and marketing materials as C-H may choose stating that C-H has so acted, and the capacity in which it has acted. C-H may include the name of the Company and the Company's logo or other identifying mark, in any Announcements without the consent of the Company.

11. ***Amendments; Other Engagements.***

(a) This Agreement may be modified or amended, or its provisions waived, only in a writing signed by each of the parties hereto.

(b) The Company further understands that if C-H is asked to act for the Company in any other formal additional capacity relating to this engagement but not specifically addressed in this letter, then such activities shall constitute separate engagements and the terms and conditions of any such additional engagements will be embodied in one or more separate written agreements, containing provisions and terms to be mutually agreed upon, including without limitation appropriate indemnification and contribution provisions. The provisions of Appendix II hereto shall apply to any such additional engagements, unless superseded by similar provisions set forth in a separate document applicable to any such additional engagements, and shall remain in full force and effect regardless of any completion, modification or termination of C-H's engagement(s).

12. ***No Commitment.*** This Agreement does not and will not constitute any agreement, commitment or undertaking, express or implied on the part of C-H or any of its affiliates to purchase or to sell any securities (including, but not limited to, the Securities) or to provide any financing and does not ensure the successful arrangement or completion of the Placement.

13. ***Non-Circumvention***. The Company hereby covenants and agrees that it shall not, by amendment of its charter documents or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other action, avoid or seek to avoid the observance or performance of any of the terms of this Agreement, and the Company will at all times in good faith carry out all of the provisions of this Agreement and take all action as may be reasonably required to protect the rights of the other party herein. Additionally, if the Company is not the party issuing securities pursuant to the Purchase Agreement, the defined term "Company" as used in this Agreement shall also include such issuing party and the Company shall cause such issuing party to acknowledge and agree to the foregoing by causing such issuing party to become a signatory to this Agreement prior to the completion of the Placement. Without limiting the foregoing, Transphorm shall cause MergerSub and PubCo to become signatories to this Agreement promptly following the closing of the Merger Transaction, and shall cause MergerSub and Pubco to make the representations and warranties made by Transphorm in Section 4 hereof as to themselves as of such date.

14. ***Entire Agreement.*** This Agreement constitutes the entire Agreement between the parties and supersedes and cancels any and all prior or contemporaneous arrangements, understandings and agreements, written or oral, between them relating to the subject matter hereof.

15. ***Severability.*** If any portion of this Agreement shall be held or made unenforceable or invalid by a statute, rule, regulation, decision of a tribunal or otherwise, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect, and, to the fullest extent, the provisions of the Agreement shall be severable.

16. ***Beneficiaries.*** This Agreement shall inure to the sole and exclusive benefit of C-H and the Company and the persons referred to in Appendix II hereto and their respective successors and representatives. The obligations and liabilities under this Agreement shall be binding upon C-H and the Company.

17. ***Headings.*** The descriptive headings of the paragraphs, subparagraphs, and Appendixes of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretations of this Agreement.

18. ***Failure or Delay No Waiver.*** It is understood and agreed that failure or delay by either the Company or C-H in exercising any right, power or privilege hereunder shall not operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege hereunder.

19. ***Governing Law; Waiver of Trial by Jury.*** This Agreement, all aspects of the relationship created by this engagement and any other agreements relating to the engagement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed therein and, in connection therewith, the parties hereto consent to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County or the United States District Court for the Southern District of New York and agrees to venue in such courts. Notwithstanding the foregoing, solely for purposes of enforcing the Company's obligations under Appendix II hereto, the Company consents to personal jurisdiction, service and venue in any court proceeding in which any claim relating to or arising out of this engagement is brought by or against any Indemnified Person. C-H AND THE COMPANY EACH HEREBY AGREES TO WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR RELATING TO THIS ENGAGEMENT.

20. ***Limitation of Liability.*** Neither party (nor any of its affiliates) shall be liable for any incidental, indirect, special or consequential damages (i.e., lost profits) arising out of, or in connection with, this Agreement, whether or not such party was advised of the possibility of such damage, except gross negligence, bad faith, willful breach or intentional misconduct. The Company further agrees that the liability limit of C-H and its affiliates, agents, or contractors shall in no event be greater than the aggregate dollar amount which the Company paid during the term of this Agreement to C-H, including any reasonable attorneys' fees and court costs.

21. ***Interpretation.*** No provision of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof.

22. ***Counterparts.*** This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall be considered a single instrument. Facsimile and .pdf signatures to this Agreement shall be acceptable and binding.

23. ***Prevailing Party.*** The prevailing party in any dispute relating to or arising from this Agreement shall have the right to collect from the other party its reasonable costs and attorneys' fees.

If the foregoing terms correctly set forth our agreement, please sign and return to us a duplicate copy of this Agreement. We look forward to working with you toward the successful conclusion of this engagement.

Very truly yours,

By: /s/ Rick Hartfiel

Rick Hartfiel
Managing Partner

Confirmed and accepted as of this 14th day of November, 2019:

Transphorm, Inc.

By: /s/ Primit Parikh

Name: Primit Parikh

Title: Co-founder and COO

APPENDIX I

Insider Investors

APPENDIX II

The Company agrees to indemnify and hold harmless C-H and its affiliates (as defined in Rule 405 under the Securities Act of 1933, as amended) and their respective directors, officers, members, managers, employees, agents and controlling persons (C-H and each such person being an "Indemnified Party") from and against all losses, claims, damages and liabilities (or actions, including shareholder actions, in respect thereof), joint or several, to which such Indemnified Party may become subject under any applicable federal or state law, or otherwise, which are related to or result from the performance by C-H of the services contemplated by or the engagement of C-H pursuant to this Agreement, and will promptly reimburse any Indemnified Party for all reasonable and documented out-of-pocket expenses (including reasonable counsel fees and expenses) as they are incurred in connection with the investigation of, preparation for or defense arising from any threatened or pending claim, whether or not such Indemnified Party is a party and whether or not such claim, action or proceeding is initiated or brought by the Company. The Company will not be liable to any Indemnified Party under the foregoing indemnification and reimbursement provisions (i) for any settlement by an Indemnified Party effected without its prior written consent (not to be unreasonably withheld); or (ii) to the extent that any loss, claim, damage, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted primarily from C-H's gross negligence, bad faith, willful misconduct. (and C-H will promptly repay such portion of any amounts that are attributable to such finding). The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or its security holders or creditors related to or arising out of the engagement of C-H pursuant to, or the performance by C-H of the services contemplated by, this Agreement except to the extent that any loss, claim, damage or liability (or related expense) is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted primarily from C-H's bad faith, willful misconduct or gross negligence.

Promptly after receipt by an Indemnified Party of notice of any intention or threat to commence an action, suit or proceeding or notice of the commencement of any action, suit or proceeding, such Indemnified Party will, if a claim in respect thereof is to be made against the Company pursuant hereto, promptly notify the Company in writing of the same. In case any such action is brought against any Indemnified Party and such Indemnified Party notifies the Company of the commencement thereof, the Company may elect to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party, and an Indemnified Party may employ counsel to participate in the defense of any such action provided, that the employment of such counsel shall be at the Indemnified Party's own expense, unless (i) the employment of such counsel has been authorized in writing by the Company, (ii) the Indemnified Party has reasonably concluded (based upon advice of counsel to the Indemnified Party) that there may be legal defenses available to it or other Indemnified Parties that are different from or in addition to those available to the Company, or that a conflict or potential conflict exists (based upon advice of counsel to the Indemnified Party) between the Indemnified Party and the Company that makes it impossible or inadvisable for counsel to the Indemnifying Party to conduct the defense of both the Company and the Indemnified Party (in which case the Company will not have the right to direct the defense of such action on behalf of the Indemnified Party), or (iii) the Company has not in fact employed counsel reasonably satisfactory to the Indemnified Party to assume the defense of such action within a reasonable time after receiving notice of the action, suit or proceeding, in each of which cases the reasonable and documented out-of-pocket fees, disbursements and other charges of such counsel will be at the expense of the Company; provided, further, that in no event shall the Company be required to pay fees and expenses for more than one firm of attorneys (in addition to local counsel) representing Indemnified Parties unless the defense of one Indemnified Party is unique or separate from that of another Indemnified Party subject to the same claim or action. Any failure or delay by an Indemnified Party to give the notice referred to in this paragraph shall not affect such Indemnified Party's right to be indemnified hereunder, except to the extent that such failure or delay causes actual harm to the Company, or prejudices its ability to defend such action, suit or proceeding on behalf of such Indemnified Party.

If the indemnification provided for in this Agreement is for any reason held unenforceable by or unavailable to an Indemnified Party, the Company agrees to contribute to the losses, claims, damages and liabilities for which such indemnification is held unenforceable or unavailable (i) in such proportion as is appropriate to reflect the relative benefits to the Company, on the one hand, and C-H, on the other hand, of the Placement as contemplated whether or not the Placement is consummated or (ii) if (but only if) the allocation provided for in clause (i) is for any reason unenforceable or unavailable, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and C-H, on the other hand, as well as any other relevant equitable considerations. The Company agrees that for the purposes of this paragraph the relative benefits to the Company and C-H of the Placement as contemplated shall be deemed to be in the same proportion that the total value received or contemplated to be received by the Company or its shareholders, as the case may be, as a result of or in connection with the Placement bear to the fees paid or to be paid to C-H under this Agreement. Notwithstanding the foregoing, the Company expressly agrees that C-H shall not be required to contribute any amount in excess of the

amount by which fees paid C-H hereunder (excluding reimbursable expenses) exceeds the amount of any damages which C-H has otherwise been required to pay.

The Company agrees that without C-H's prior written consent, which shall not be unreasonably withheld, it will not, and will not permit any of its affiliates to, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification or contribution could be sought under the provisions of this Agreement, unless such settlement, compromise or consent includes an unconditional release of each applicable Indemnified Party from all liability arising out of such claim, action or proceeding.

TRANSPHORM, INC.

2020 EQUITY INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide additional incentive to Employees, Directors, and Consultants, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, and Performance Shares.

2. Definitions. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal and regulatory requirements relating to the administration of equity-based awards, including without limitation the related issuance of shares of Common Stock, including without limitation under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any non-U.S. country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, or Performance Shares.

(d) "Award Agreement" means the written or electronic agreement between the Company and Participant setting forth the terms and provisions applicable to an Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) Change in Ownership of the Company. A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock

of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control. Further, if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(ii) Change in Effective Control of the Company. A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (x) its primary purpose is to change the jurisdiction of the Company's incorporation, or (y) its primary purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Closing" means the closing of the transactions contemplated by the Merger Agreement.

(h) "Closing Date" means the date the Closing occurs.

(i) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code or regulation thereunder will include such section or regulation, any valid regulation or other official guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.

(j) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Section 4 hereof.

(k) "Common Stock" means the common stock of the Company.

(l) "Company" means Transphorm, Inc., a Delaware corporation, or any successor thereto.

(m) "Consultant" means any natural person, including an advisor, engaged by the Company or a Parent or Subsidiary of the Company to render bona fide services to such entity, provided the services (i) are not in connection with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly promote or maintain a market for the Company's securities, in each case, within the meaning of Form S-8 promulgated under the Securities Act, and provided, further, that a Consultant will include only those persons to whom the issuance of Shares may be registered under Form S-8 promulgated under the Securities Act.

(n) "Director" means a member of the Board.

(o) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(p) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(r) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash; (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator; and/or (iii) the exercise price of an outstanding Award is increased or reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(s) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or, if no closing sales price was reported on that date, as applicable, on the last Trading Day such closing sales price was reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

The determination of fair market value for purposes of tax withholding may be made in the Administrator's discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(t) "Fiscal Year" means the fiscal year of the Company.

(u) "Incentive Stock Option" means an Option intended to qualify, and actually qualifies, as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(v) "Inside Director" means a Director who is an Employee.

(w) "Merger Agreement" means the Agreement and Plan of Merger and Reorganization by and between Peninsula Acquisition Corporation, Peninsula Acquisition Sub, Inc. and the Company, dated February 12, 2020.

(x) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(y) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(z) "Option" means a stock option granted pursuant to the Plan.

(aa) "Outside Director" means a Director who is not an Employee.

(bb) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(cc) "Participant" means the holder of an outstanding Award.

(dd) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(ee) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares, or other securities or a combination of the foregoing pursuant to Section 10.

(ff) "Period of Restriction" means the period (if any) during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(gg) "Plan" means this Transphorm, Inc. 2020 Equity Incentive Plan.

(hh) "Purchaser" means Peninsula Acquisition Corporation, a Delaware corporation.

(ii) "Restricted Stock" means Shares issued pursuant to a Restricted Stock award under Section 8 of the Plan, or issued pursuant to the early exercise of an Option.

(jj) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 9. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(kk) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(ll) "Section 16(b)" means Section 16(b) of the Exchange Act.

(mm) "Section 409A" means Section 409A of the Code, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time, or any state law equivalent.

(nn) "Securities Act" means the Securities Act of 1933, as amended.

(oo) "Service Provider" means an Employee, Director, or Consultant.

(pp) "Share" means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(qq) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 7 is designated as a Stock Appreciation Right.

(rr) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ss) "Trading Day" means a day that the primary stock exchange, national market system, or other trading platform, as applicable, upon which the Common Stock is listed is open for trading.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan and the automatic increase set forth in Section 3(b), the maximum aggregate number of Shares that may be issued under the Plan is 31,222,455 Shares, plus any Shares subject to stock options or similar awards granted under the Company Equity Plans (as such term is defined in the Merger Agreement) that, on or after the Closing Date, expire or otherwise terminate without having been exercised or issued in full, are tendered to or withheld by the Company for payment of an exercise price or for tax withholding obligations, or are forfeited to or repurchased by the Company due to failure to vest, with the maximum number of Shares to be added to the Plan pursuant to this sentence equal to 29,700,539 Shares. In addition, Shares may become available for issuance under the Plan pursuant to Sections 3(b) and 3(c). The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Automatic Share Reserve Increase. Subject to the provisions of Section 14 of the Plan, the number of Shares available for issuance under the Plan will be increased annually on the first day of each Fiscal Year beginning with the 2022 Fiscal Year and ending on (and including) the 2030 Fiscal Year, in an amount equal to the least of (i) 60,319,797 Shares; (ii) five percent (5%) of the outstanding Shares (or of the outstanding shares of common stock of any successor to the

Company) on the last day of the immediately preceding Fiscal Year; or (iii) such number of Shares determined by the Administrator no later than the last day of the immediately preceding Fiscal Year.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units, or Performance Shares, is forfeited to, or repurchased by, the Company due to failure to vest, then the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights, the forfeited or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that actually have been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares, or Performance Units are repurchased by the Company or are forfeited to the Company due to failure to vest, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, the cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 14, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3(b) and 3(c).

(d) Share Reserve. The Company, at all times during the term of this Plan, will reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iii) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion, to:

(i) determine the Fair Market Value;

(ii) select the Service Providers to whom Awards may be granted hereunder;

(iii) determine the number of Shares to be covered by each Award granted hereunder;

(iv) approve forms of Award Agreement for use under the Plan;

(v) determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. The terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine;

(vi) institute and determine the terms and conditions of an Exchange Program;

(vii) prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable non-U.S. laws or for qualifying for favorable tax treatment under applicable non-U.S. laws;

(viii) construe and interpret the terms of the Plan and Awards granted under the Plan;

(ix) modify or amend each Award (subject to Section 19(c) of the Plan), including without limitation the discretionary authority to extend the post-termination exercisability period of Awards; provided, however, that in no event will the term of an Option or Stock Appreciation Right be extended beyond its original maximum term;

(x) allow Participants to satisfy tax withholding obligations in a manner prescribed in Section 15 of the Plan;

(xi) authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xii) temporarily suspend the exercisability of an Award if the Administrator deems such suspension to be necessary or appropriate for administrative purposes;

(xiii) allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that otherwise would be due to the Participant under an Award; and

(xiv) make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations, and interpretations will be final and binding on all Participants and any other holders of Awards and will be given the maximum deference permitted by Applicable Laws.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, and Performance Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Grant of Options. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Options to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Stock Option Agreement. Each Award of an Option will be evidenced by an Award Agreement that will specify the exercise price, the number of Shares subject to the Option, the exercise restrictions, if any, applicable to the Option, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(c) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(c), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(d) Term of Option. The term of each Option will be stated in the Award Agreement. In the case of an Incentive Stock Option, the term will be ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(e) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws; (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment.

(f) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (1) a notice of exercise (in accordance with the procedures that the Administrator may specify from time to time) from the person entitled to exercise the Option, and (2) full payment for the Shares with respect to which the Option is exercised (together with any applicable tax withholdings). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the cessation of the Participant's Service Provider status as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of cessation of the Participant's Service Provider status (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following cessation of the Participant's Service Provider status. Unless otherwise provided by the Administrator, if on the date of cessation of the Participant's Service Provider status the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If, after cessation of the Participant's Service Provider status, the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of cessation of the Participant's Service Provider status (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months

following cessation of the Participant's Service Provider status. Unless otherwise provided by the Administrator, if on the date of cessation of the Participant's Service Provider status the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If, after cessation of the Participant's Service Provider status, the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the Option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to the Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's death. Unless otherwise provided by the Administrator, if at the time of death, the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(v) Tolling Expiration. A Participant's Award Agreement may also provide that:

(1) if the exercise of the Option following the cessation of the Participant's status as a Service Provider (other than upon the Participant's death or Disability) would result in liability under Section 16(b), then the Option will terminate on the earlier of (A) the expiration of the term of the Option set forth in the Award Agreement, or (B) the tenth (10^{th}) day after the last date on which such exercise would result in liability under Section 16(b); or

(2) if the exercise of the Option following the cessation of the Participant's status as a Service Provider (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (A) the expiration of the term of the Option or (B) the expiration of a period of thirty (30) days after the cessation of the Participant's status as a Service Provider during which the exercise of the Option would not be in violation of such registration requirements.

7. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Service Provider.

(c) Exercise Price and Other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date as determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(d) relating to the term and Section 6(f) relating to exercise also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined as the product of:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; and

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon exercise of a Stock Appreciation Right may be in cash, in Shares of equivalent value, or in some combination of both.

8. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify any Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 8 or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of any applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of any applicable Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During any applicable Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During any applicable Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

9. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the

Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator, in its sole discretion, may settle earned Restricted Stock Units only in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market

Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period), or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. Outside Director Award Limitations. No Outside Director may be paid, issued, or granted, in any Fiscal Year, equity awards (including any Awards issued under this Plan) with an aggregate value (the value of which will be based on their grant date fair value determined in accordance with U.S. generally accepted accounting principles) and any other compensation (including without limitation any cash retainers or fees) that, in the aggregate, exceed $500,000. Any Awards or other compensation paid or provided to an individual for his or her services as an Employee, or for his or her services as a Consultant (other than as an Outside Director), will not count for purposes of the limitation under this Section 11.

12. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company, or (ii) transfers between locations of the Company or between the Company, its Parent, or any of its Subsidiaries. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

13. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

14. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs (other than any ordinary dividends or other ordinary distributions), the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of shares of stock that may be delivered under the Plan and/or the number, class, and price of shares of stock covered by each outstanding Award, and the numerical Share limits in Section 3 of the Plan.

(b) Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the following paragraph) without a Participant's consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part, prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this Section 14(c), the Administrator will not be obligated to treat all Awards, all Awards held by a Participant, all Awards of the same type, or all portions of Awards, similarly.

In the event that the successor corporation does not assume or substitute for the Award (or portions thereof), the Participant will fully vest in and have the right to exercise the Participant's outstanding Option and Stock Appreciation Right (or portions thereof) that is not assumed or substituted for, including Shares as to which such Award would not otherwise be vested or exercisable, all restrictions on Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units (or portions thereof) not assumed or substituted for will lapse, and, with respect to such Awards with performance-based vesting (or portions thereof) not assumed or substituted for, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met, in each case, unless specifically provided otherwise under the applicable Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable. In addition, if an Option or Stock Appreciation Right (or portions thereof) is not assumed or substituted for in the event of a merger or Change in Control, the Administrator will notify the Participant in writing or electronically that such Option or Stock Appreciation Right (or its applicable portion) will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right (or its applicable portion) will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit or Performance Share, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or Change in Control.

Notwithstanding anything in this subsection (c) to the contrary, and unless otherwise provided in an Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Notwithstanding anything in this subsection (c) to the contrary, if a payment under an Award Agreement is subject to Section 409A and if the change in control definition contained in the Award Agreement or other written agreement related to the Award does not comply with the definition of "change in control" for purposes of a distribution under Section 409A, then any payment of an amount that otherwise is accelerated under this Section will be delayed until the earliest time that such payment would be permissible under Section 409A without triggering any penalties applicable under Section 409A.

(d) Outside Director Awards. With respect to Awards granted to an Outside Director, in the event of a Change in Control, the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met, unless specifically provided otherwise under the applicable Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable.

15. Tax.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any tax withholding obligations

are due, the Company (or any of its Subsidiaries, Parents, or affiliates employing or retaining the services of a Participant, as applicable) will have the power and the right to deduct or withhold, or require a Participant to remit to the Company (or any of its Subsidiaries, Parents, or affiliates, as applicable), an amount sufficient to satisfy U.S. federal, state, and local, non-U.S., and other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, check, or other cash equivalents; (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value equal to the minimum statutory amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion; (iii) delivering to the Company already owned Shares having a fair market value equal to the statutory amount required to be withheld or such greater amount as the Administrator may determine, in each case, provided the delivery of such Shares will not result in any adverse accounting consequences, as the Administrator determines in its sole discretion; (iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld; or (v) any combination of the foregoing methods of payment. The withholding amount will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state, or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion. The fair market value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

(c) Compliance With Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A. In no event will the Company or any of its Subsidiaries or Parents have any obligation or liability under the terms of this Plan to reimburse, indemnify, or hold harmless any Participant or any other person in respect of Awards, for any taxes, interest, or penalties imposed, or other costs incurred, as a result of Section 409A.

16. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider, nor interfere in any way with the Participant's right or the right of the Company and its Subsidiaries or Parents, as applicable, to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

17. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

18. Term of Plan. Subject to Section 22 of the Plan, the Plan will become effective upon the later to occur of (i) its adoption by the Board or (ii) the business day immediately prior to the Closing Date. It will continue in effect for a term of ten (10) years from the date adopted by the Board, unless terminated earlier under Section 19 of the Plan.

19. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Administrator, at any time, may amend, alter, suspend, or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension, or termination of the Plan will materially impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

20. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any

registration or other qualification of the Shares under any U.S. state or federal law or non-U.S. law, or under the rules and regulations of the Securities and Exchange Commission, the stock exchange on which Shares of the same class are then listed, or any other governmental or regulatory body, which authority, registration, qualification, or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority, registration, qualification or rule compliance will not have been obtained.

22. Stockholder Approval. The Plan will be subject to approval by the stockholders of Purchaser within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

23. Forfeiture Events. The Administrator may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award will be subject to reduction, cancellation, forfeiture, recoupment, reimbursement, or reacquisition upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Notwithstanding any provisions to the contrary under this Plan, an Award will be subject to the Company's clawback policy as may be established and/or amended from time to time to comply with Applicable Laws (including without limitation pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed, or as may be required by the Dodd-Frank Wall Street Reform and Consumer Protection Act) (the "Clawback Policy"). The Administrator may require a Participant to forfeit, return, or reimburse the Company all or a portion of the Award and any amounts paid thereunder pursuant to the terms of the Clawback Policy or as necessary or appropriate to comply with Applicable Laws. Unless this Section 23 specifically is mentioned and waived in an Award Agreement or other document, no recovery of compensation under a Clawback Policy or otherwise will constitute an event that triggers or contributes to any right of a Participant to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company or any Parent or Subsidiary of the Company.

Exhibit 10.6

Peninsula Acquisition Corporation

(to be renamed "Transphorm, Inc.")

Lock-Up Agreement

_____, 2020

This Lock-Up Agreement (this "***Agreement***") is executed by and between Peninsula Acquisition Corporation ("***Parent***"), and the undersigned signatory in connection with the Subscription Agreement to be entered into by and among Parent (to be renamed "Transphorm, Inc." following the consummation of the Merger (as defined below)) and the purchasers set forth on the signature pages thereto (the "***Purchasers***", and such agreement, the "***Subscription Agreement***") pursuant to which the Purchasers will purchase shares of common stock, par value $0.0001, of Parent (the "***Parent Common Stock***") in a private placement offering in accordance with the terms and conditions of the Subscription Agreement (the "***Offering***").

The initial closing of the Offering (the "***Initial Closing***") is contingent upon the closing of a merger in accordance with the terms of that certain Agreement and Plan of Merger and Reorganization (the "***Merger Agreement***"), dated February 12, 2020, entered into by and among Parent, Peninsula Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("***Merger-Sub***"), and Transphorm, Inc. (to be renamed "Transphorm Technology, Inc.") ("***Transphorm***"), pursuant to which Merger-Sub merged with and into Transphorm, with Transphorm surviving the merger as a wholly owned subsidiary of Parent (the "***Merger***") and pursuant to which all outstanding shares of Transphorm's capital stock were exchanged for shares of the Parent Common Stock in accordance with the terms and conditions of the Merger Agreement.

As an inducement to the parties entering into the Subscription Agreement and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned, by executing this Agreement, agrees that, without the prior written consent of Parent, during the period commencing at the Initial Closing and continuing until the time set forth in the following paragraph, the undersigned will not: (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of or lend, directly or indirectly, any shares of Parent Common Stock or any securities convertible into, exercisable or exchangeable for or that represent the right to receive Parent Common Stock (including without limitation, Parent Common Stock which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant) whether now owned or hereafter acquired (excluding any shares of Parent Common Stock purchased in the Offering) (the "***Securities***"); (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Parent Common Stock or such other securities, in cash or otherwise; (3) make any demand for or exercise any right with respect to, the registration of any Parent Common Stock or any security convertible into or exercisable or exchangeable for Parent Common Stock, other than as provided for in the Registration Rights Agreement to be entered into by and among Parent, the persons who have purchased the Offering Shares (as defined therein) and have executed omnibus or counterpart signature page(s) thereto, the persons or entities identified on Schedule 1 thereto holding Merger Shares (as defined therein), and the persons or entities identified on Schedule 2 thereto holding Registrable Pre-Merger Shares (as defined therein); or (4) publicly disclose the intention to do any of the foregoing (each of the foregoing restrictions, the "***Lock-Up Restrictions***").

Notwithstanding the terms of the foregoing paragraph, the Lock-Up Restrictions shall automatically terminate and cease to be effective with respect to the Securities on the nine (9) month anniversary of the date of the Initial Closing. The period during which the Lock-Up Restrictions apply to any particular portion of the Securities shall be deemed the "***Lock-Up Period***" with respect thereto.

The undersigned agrees that the Lock-Up Restrictions preclude the undersigned from engaging in any hedging or other transaction during the Lock-Up Period with respect to any then-subject Securities which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of such Securities even if such Securities would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) during the Lock-Up Period with respect to such Securities or with respect to any security that includes, relates to, or derives any significant part of its value from such Securities.

Notwithstanding the foregoing, the undersigned may transfer any of the Securities:

(i) as a *bona fide* gift or gifts or charitable contribution(s),

(ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned,

(iii) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity (1) to another corporation, partnership, limited liability company, trust or other business entity that is a direct or indirect affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) or subsidiary of the undersigned or that controls, is controlled by, or under common control with, or beneficially owned by the undersigned, (2) as distributions of Securities to partners, subsidiaries, affiliates, limited liability company members or stockholders of the undersigned, holders of similar equity interests in the undersigned and any investment fund or affiliated entity of the undersigned or (3) as a transfer or distribution to any employee of the undersigned or an entity listed in clause (1) above,

(iv) if the undersigned is a trust, to the beneficiary of such trust,

(v) by testate succession or intestate succession,

(vi) to any immediate family member, any investment fund, family partnership, family limited liability company or other entity controlled or managed by the undersigned,

(vii) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i) through (vi),

(viii) to Parent in a transaction exempt from Section 16(b) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") upon a vesting event of the Securities or upon the exercise of options or warrants to purchase Parent Common Stock on a "cashless" or "net exercise" basis or to cover tax withholding obligations of the undersigned in connection with such vesting or exercise (but for the avoidance of doubt, excluding all manners of exercise that would involve a sale in the open market of any securities relating to such options or warrants, whether to cover the applicable aggregate exercise price, withholding tax obligations or otherwise); *provided* that any filing under Section 16(a) of the Exchange Act in connection

with such transfer shall indicate, to the extent permitted by such Section and the related rules and regulations, the reason for such disposition and that such transfer of Securities was solely to Parent, *and provided, further* that any Securities issued upon such exercise shall be subject to the restrictions set forth in this Agreement,

(ix) to Parent in connection with the termination of employment or other termination of a service provider and pursuant to agreements in effect as of the effective time of the Merger whereby Parent has the option to repurchase such shares or securities,

(x) acquired by the undersigned in open market transactions after the effective time of the Merger, *provided* that no filing under Section 16(a) of the Exchange Act shall be required or shall be made voluntarily in connection with subsequent sales of Securities acquired in such open market transactions,

(xi) pursuant to transfers in response to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to or with all holders of Parent's capital stock involving a "change of control" (as defined below) of Parent that has been approved by the board of directors of Parent, provided that in the event that such tender offer, merger, consolidation or other such transaction is not completed, the Securities shall remain subject to the restrictions contained in this Agreement. For purposes of this clause (xi), "change of control" means the consummation of any bona fide third-party tender offer, merger, consolidation or other similar transaction the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, other than Parent, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of more than 50% of the total voting power of the voting stock of Parent (or surviving entity), or all or substantially all of the assets of Parent,

(xii) by operation of law, including pursuant to a domestic relations order or order of a court or regulatory agency, or

(xiii) pursuant to a pledge of shares as collateral for margin loans, and any transfer upon foreclosure upon such pledged shares;

provided, in the case of clauses (i)-(vii), that (A) such transfer shall not involve a disposition for value and (B) the transferee agrees in writing with Parent to be bound by the terms of this Agreement; and *provided, further*, in the case of clauses (xii) and (xiii) the transferee agrees in writing with Parent to be bound by the terms of this Agreement, and in the case of clauses (i), (ii), (iv)-(vii) and (ix), no filing by any party (donor, donee, transferor or transferee) under Section 16(a) of the Exchange Act shall be required or shall be made voluntarily in connection with such transfer reporting a reduction in beneficial ownership of Securities during the Lock-Up Period. For purposes of this Agreement, "immediate family" shall mean any relationship by blood, marriage, domestic partnership or adoption, not more remote than first cousin, and shall include any former spouse.

In addition, the foregoing restrictions shall not apply to (i) conversion or exercise of (x) warrants or (y) convertible notes into Parent Common Stock or into any other security convertible into or exercisable for Parent Common Stock that are outstanding as of the effective time of the Merger (but for the avoidance of doubt, excluding all manners of conversion or exercise that would involve a sale in the open market of any securities relating to such warrants, whether to cover the applicable aggregate exercise price, withholding tax obligations or otherwise); provided that it shall apply to any of the Securities issued upon such conversion or exercise, or (ii) the establishment of any contract, instruction or plan (a "***Plan***") that satisfies all of the

requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act; *provided* that (a) no sales of the Securities shall be made pursuant to such a Plan prior to the expiration of the Lock-Up Period and (b) to the extent a public announcement or filing under the Exchange Act is required of the undersigned or required or voluntarily made by or on behalf of Parent regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Parent Common Stock may be made under such plan during the Lock-Up Period. The undersigned may not voluntarily make any such announcement or filing with respect to any such plan. In furtherance of the restrictions set forth in this Agreement, Parent and its transfer agent and registrar are hereby authorized to decline to make any transfer of shares of Parent Common Stock if such transfer would constitute a violation or breach of this Agreement.

In the event that a release is granted to any Major Holder (as defined below) relating to the lock-up restrictions set forth above, the same percentage of the undersigned's Securities shall be immediately and fully released from any remaining lock-up restrictions set forth herein on the same terms and conditions as such release granted to any Major Holder. In the event that the undersigned is released from any of its obligations under this letter or, by virtue of this letter, becomes entitled to offer, pledge, sell, contract to sell, or otherwise dispose of any of the Securities prior to the termination of the Lock-up Period, Parent shall use commercially reasonable efforts to provide notification of such to the undersigned within three business days thereof. For purposes of this letter, each of the officers and directors of the Parent is a "Major Holder." For the avoidance of doubt, any offer, pledge, sale, contract or plan to sell, transfer or other disposition that is otherwise allowed by the terms of this letter agreement shall not constitute a release of any Major Holder and the terms of this paragraph shall not apply thereto.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Agreement and that upon request, the undersigned will execute any additional documents reasonably necessary to ensure the validity or enforcement of this Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned understands that the undersigned shall be released from all obligations under this Agreement if the Merger Agreement is terminated pursuant to its terms or if the Merger is not consummated by the earlier of (i) five (5) business days of the date of the Merger Agreement, or (ii) February 28, 2020.

The undersigned understands that the parties to the Subscription Agreement are entering into such agreement in reliance upon this Agreement.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware.

[Signature Page follows]

Very truly yours,

PENINSULA ACQUISITION CORPORATION (to be renamed "Transphorm, Inc.")

By: _____
Signature

Name: _____

Title: _____

Dated: _____

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement and that, upon request, the undersigned will execute any additional documents necessary in connection with the enforcement hereof. Any obligations of the undersigned shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

Very truly yours,

_____

Printed Name of Holder

By: _____

Signature

_____

Printed Name of Person Signing

(and indicate capacity of person signing if signing as custodian, trustee, or on behalf of an entity)

Date: _____

Exhibit 10.7

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "**Agreement**") has been executed by the purchaser set forth on the signature page hereof (the "**Purchaser**") in connection with the private placement offering (the "**Offering**") by Peninsula Acquisition Corporation (to be renamed "Transphorm, Inc." upon consummation of the Merger (as defined below)), a Delaware corporation (the "**Company**").

R E C I T A L S

A. The Company is offering a minimum of 5,000,000 shares of the Company's common stock, par value $0.0001 per share ("**Common Stock**"), at a purchase price of $4.00 per share (the "**Purchase Price**"), for an aggregate Purchase Price of $20,000,000 (the "**Minimum Offering Amount**"), and a maximum of 12,500,000 shares of Common Stock at the Purchase Price for an aggregate Purchase Price of $50,000,000 (the "**Maximum Offering Amount**"). The Company may sell an additional 2,500,000 shares of Common Stock at the Purchase Price for an aggregate Purchase Price of an additional $10,000,000 to cover over-subscriptions (the "**Over-Subscription Option**") in the event the Offering is oversubscribed.

B. The Initial Closing (as defined below) of no less than the Minimum Offering Amount, including the Minimum Insider Investment (as defined below), is contingent upon the substantially concurrent closing of a merger in accordance with the terms of that certain Agreement and Plan of Merger and Reorganization, dated on the date hereof (the "**Merger Agreement**"), among the Company, Peninsula Acquisition Sub, Inc., a Delaware corporation ("**Merger-Sub**") and wholly owned subsidiary of the Company, and Transphorm, Inc., a Delaware corporation ("**Transphorm**"), pursuant to which Merger-Sub will merge with and into Transphorm, with Transphorm surviving the merger as a wholly owned subsidiary of the Company (the "**Merger**") and pursuant to which (i) all of the outstanding shares of Transphorm's capital stock (other than outstanding shares of Transphorm's capital stock held by Unaccredited Investors (as such term is defined in the Registration Rights Agreement)) will be exchanged for a maximum of 31,250,000 shares of the Company's Common Stock (which number of shares of Parent Common Stock shall be reduced by a number equal to the quotient obtained by dividing (1) the aggregate cash payment payable pursuant to prong (ii) below by (2) the Purchase Price (the "**Parent Share Reduction**")), inclusive of (x) 15,461 shares of Common Stock issuable upon the exercise of warrants assumed by the Company in connection with the Merger and (y) 3,076,171 shares of Common Stock issuable upon the conversion of convertible notes assumed by the Company in connection with the Merger (the "**Merger Shares**"), (ii) each outstanding share of Transphorm's capital stock held by Unaccredited Investors will be converted into the right for such holder to receive a cash payment equal to the Purchase Price multiplied by 0.082891525270, (iii) all outstanding options to acquire shares of Transphorm's common stock (whether vested or unvested) will be assumed by the Company and converted into options to acquire shares of Common Stock (such options, the "**Transphorm Options**"), and (iv) the Company will adopt an equity incentive plan which will provide for the issuance of equity awards covering an aggregate of up to an additional 5,050,000 shares of Common Stock (inclusive of any shares of Common Stock issued upon the exercise of Transphorm Options). Upon the consummation of the Merger, Transphorm shall change its name to "Transphorm Technology, Inc." and the Company will change its name to "Transphorm, Inc."

C. The Shares (as defined below) subscribed for pursuant to this Agreement have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"). The Offering is being made on a best efforts basis to "accredited investors," as defined in Regulation D under the Securities Act in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D.

AGREEMENT

The Company and the Purchaser hereby agree as follows:

1. **Subscription**.

1.1 Purchase and Sale of the Shares.

(a) Subject to the terms and conditions of this Agreement, the undersigned Purchaser agrees to purchase, and the Company agrees to sell and issue to such Purchaser, that number of shares set forth on such Purchaser's Omnibus Signature Page attached hereto at the Purchase Price, for a total aggregate Purchase Price as set forth on such Omnibus Signature Page. The minimum subscription amount for each Purchaser in the Offering is $50,000 (or 12,500 shares); provided that the Company may accept subscriptions for less than $50,000 from any Purchaser in its sole discretion. For the purposes of this Agreement, "**Shares**" means the shares of Common Stock issued in the Offering at the Initial Closing (as defined below) or at any Subsequent Closing (as defined below).

(b) This Agreement is one of a series of subscription agreements issued (and to be issued) by the Company to purchasers of Shares in connection with the Offering with the same terms and conditions set forth in this Agreement (each, a "**Subscription Agreement**", and collectively, the "**Subscription Agreements**").

1.2 Subscription Procedure; Closing.

(a) Initial Closing. Subject to the terms and conditions of this Agreement, the initial purchase and sale of the Shares shall take place remotely via the exchange of documents and signatures following the closing of the Merger and receipt of subscriptions equal to or exceeding the Minimum Offering Amount (including subscriptions made by current stockholders or business partners of Transphorm of a minimum of 2,500,000 Shares in the Offering (the "**Minimum Insider Investment**") or at such other time and place as mutually agreed to by the Company and the Placement Agents (as defined in Section 2) (the "**Initial Closing**").

(b) Subsequent Closings. If the Maximum Offering Amount is not sold at the Initial Closing, at any time on or prior to February 12, 2020 or at such later time as the Company and the Placement Agents may mutually agree without notice to or consent from Purchasers (each a "**Subsequent Closing**" and collectively the "**Subsequent Closings**"), the Company may sell additional Shares up to the Maximum Offering Amount, and if there are over-subscriptions, such additional Shares as may be sold in connection with the Over-Subscription Option (the "**Subsequent Closing Shares**") to such persons as may be approved by the Company and who are reasonably acceptable to the Placement Agents (the "**Additional Purchasers**"). All such sales made at any Subsequent Closing, shall be made on the terms and conditions set forth in the Subscription Agreement and (i) the representations and warranties of the Company set forth in Section 3 hereof (and the Disclosure Schedule) shall speak as of each Closing (except to the extent specified otherwise in Section 3) and (ii) the representations and warranties of the Additional Purchasers in Section 4 hereof shall speak as of such Subsequent Closing. Any Subsequent Closing Shares issued and sold pursuant to this Section 1.2(b) shall be deemed to be "**Shares**" for all purposes under this Agreement, and any Additional Purchasers thereof shall be deemed to be "**Purchasers**" for all purposes under this Agreement. The Initial Closing and the Subsequent Closings, if any, shall be known collectively herein as the "**Closings**" or individually as a "**Closing**."

(c) Subscription Procedure. To complete a subscription for the Shares, the Purchaser must fully comply with the subscription procedure provided in paragraphs (i) through (iv) of this Section on or before the applicable Closing:

(i) Notice. Not less than two (2) business days prior to the scheduled Closing date of the Merger, the Company shall provide written notice (email being sufficient) to the Purchasers of the date of the Initial Closing hereunder.

(ii) Subscription Documents. At or before the applicable Closing, the Purchaser shall review, complete and execute the Omnibus Signature Page to this Agreement and the Registration Rights Agreement substantially in the form of Exhibit A hereto (the "**Registration Rights Agreement**"), the Investor Profile, Selling Securityholder Notice and Questionnaire and Accredited Investor Certification, attached hereto following the Omnibus Signature Page (collectively, the "**Subscription Documents**"), and, if applicable, any additional forms and questionnaires distributed to the Purchaser and deliver the Subscription Documents and such additional forms and questionnaires to the party indicated thereon at the address set forth under the caption "*How to subscribe for Shares in the private offering of Peninsula Acquisition Corporation (to be renamed Transphorm, Inc.),*" below. Executed documents may be delivered to such party by facsimile or .pdf (or similar format) sent by electronic mail (e-mail).

(iii) Purchase Price. Simultaneously with the delivery of the Subscription Documents as provided herein, and in any event at or prior to the applicable Closing, the Purchaser shall deliver to the Bank of New York Mellon, in its capacity as escrow agent (the "**Escrow Agent**"), under an escrow agreement among the Company, the Placement Agents and the Escrow Agent (the "**Escrow Agreement**"), the full Purchase Price set forth on the Purchaser's Omnibus Signature Page attached hereto, by wire transfer of immediately available funds, pursuant to the instructions set forth under the caption "*How to subscribe for Shares in the private offering of Peninsula Acquisition Corporation (to be renamed Transphorm, Inc.),*" below. Such funds will be held for the Purchaser's benefit in the escrow account established for the Offering (the "**Escrow Account**") and will be returned promptly, without interest or offset, if this Agreement is not accepted by the Company, the subscription has been revoked by Purchaser in accordance with Section 8, the Minimum Offering Amount has not been sold, any condition is not satisfied or waived, or the Offering is terminated pursuant to its terms prior to the Closing.

(iv) Company Discretion. The Purchaser understands and agrees that the Company reserves the right to accept or reject this or any other subscription for Shares, in whole or in part, notwithstanding prior receipt by the Purchaser of notice of acceptance of this subscription. The Company shall have no obligation hereunder until the Company shall execute and deliver to the Purchaser an executed copy of this Agreement. If this subscription is rejected in whole, or the Offering is terminated, all funds received from the Purchaser will be returned without interest or offset, and this Agreement shall thereafter be of no further force or effect. If this subscription is rejected in part, the funds for the rejected portion of this subscription will be returned without interest or offset, and this Agreement will continue in full force and effect to the extent this subscription was accepted.

2. **Placement Agents**. B. Riley FBR, Inc., a U.S.-registered broker-dealer ("**B. Riley**"), has been engaged by Transphorm as lead placement agent, and Craig-Hallum Capital Group LLC ("**C-H**") is acting as a co-placement agent, on a best efforts basis, for the Offering. Transphorm, subject to its agreement with B. Riley, or B. Riley itself, may engage additional placement agents (B. Riley and C-H, together with any such additional placement agents, the "**Placement Agents**"). The Placement Agents will collectively be paid at each Closing from the Offering proceeds a total cash commission (the "**Cash Fee**") of seven percent (7%) of the gross Purchase Price paid by Purchasers in the Offering excluding Inside Purchasers (as hereinafter

defined). Any funds raised from certain entities with which Transphorm has a substantial pre-existing relationship as agreed between B. Riley and Transphorm ("**Inside Purchasers**") will be subject to a Cash Fee to B. Riley of four percent (4%). In addition, B. Riley will be paid at Closing from the Offering proceeds a structuring fee of one percent (1%) of the gross Purchase Price paid by Purchasers in the Offering. Transphorm will also pay certain expenses of the Placement Agents in connection with the Offering.

3. **Representations and Warranties of the Company**. Except (i) as set forth in the disclosure schedule delivered to the Purchasers concurrently with the execution of this Agreement (the "**Disclosure Schedule**"), or (ii) as disclosed in the substantially complete draft of the Current Report on Form 8-K describing the Merger, the Offering and the related transactions, including "Form 10 information" (as defined in Rule 144(i)(3) under the Securities Act), to be filed by the Company with the Securities and Exchange Commission (the "**SEC**") within four (4) Business Days (as defined below) after the closing of the Merger and the Initial Closing of the Offering (a copy of which is attached to the Disclosure Schedule) (the "**Super 8-K**") (but excluding any disclosures contained under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer or in any other section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature), the Company hereby represents and warrants to the Purchaser, as of the applicable Closing (after giving effect to the Merger), the following:

a. Organization and Qualification. The Company and each of its subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of Delaware, and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company and each of its subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have any material adverse effect on the business, properties, assets, liabilities, operations or financial condition of the Company and its subsidiaries taken as a whole (a "**Material Adverse Effect**"). For purposes of this Agreement, none of the following, either alone or in combination, will constitute, or be considered in determining whether there has been, a Material Adverse Effect: any event, change, circumstance, effect or other matter resulting from or related to (i) any outbreak or escalation of war or major hostilities or any act of terrorism, (ii) changes in Laws, GAAP or enforcement or interpretation thereof, (iii) changes that generally affect the industries and markets in which the Company or Transphorm operates or (iv) changes in financial markets, general economic conditions (including prevailing interest rates, exchange rates, commodity prices and fuel costs) or political conditions. Each subsidiary of the Company is identified on **Schedule 3a** attached hereto.

b. Authorization, Enforcement, Compliance with Other Instruments. (i) The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Registration Rights Agreement and the Escrow Agreement (the "**Transaction Documents**") and to issue the Shares, in accordance with the terms hereof and thereof; (ii) the execution and delivery by the Company of each of the Transaction Documents and the consummation by it of the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Shares, have been, or will be at the time of execution of each such Transaction Document, duly authorized by the Company's Board of Directors, and no further consent or authorization is, or will be at the time of execution of each such Transaction Document, required by the Company, its Board of Directors or its stockholders; (iii) each of the Transaction Documents will be duly executed and delivered by the Company; and (iv) the Transaction Documents, when executed, will constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies and, with respect

to any rights to indemnity or contribution contained in the Transaction Documents, as such rights may be limited by state or federal laws or public policy underlying such laws.

c. Capitalization. The authorized capital stock of the Company consists of 750,000,000 shares of Common Stock and 5,000,000 shares of preferred stock, par value $0.0001 per share (the "**Preferred Stock**"). After giving effect to the issuance of shares reserved for issuance pursuant to the Merger Agreement, but immediately before the Initial Closing, the Company will have a maximum of 32,900,000 shares of Common Stock outstanding (which number will be reduced by the number of shares of Common Stock equal to the Parent Share Reduction) (on a fully-diluted basis, excluding any shares issuable under the Company's equity incentive plan), and no shares of Preferred Stock issued and outstanding. All of the outstanding shares of Common Stock and of the capital stock of each of the Company's subsidiaries have been duly authorized, validly issued and are fully paid and nonassessable. Immediately after giving effect to the Merger and the Closing of the Minimum Offering Amount or the Maximum Offering Amount (in each case, assuming no sales pursuant to the Over-Subscription Option), the pro forma outstanding capitalization of the Company will be as set forth under "**Pro Forma Capitalization**" in **Schedule 3c** attached hereto. After giving effect to the Merger: (i) no shares of capital stock of the Company or any of its subsidiaries will be subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company; (ii) except as set forth on Schedule 3c and as contemplated by the Transaction Documents, there will be no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries; (iii) there will be no outstanding debt securities of the Company or any of its subsidiaries other than indebtedness as set forth in Schedule 3c(iii); (iv) other than pursuant to the Registration Rights Agreement or as set forth in Schedule 3c(iv), there will be no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of their securities under the Securities Act; (v) there will be no outstanding registration statements of the Company or any of its subsidiaries, and there will be no outstanding comment letters from the SEC or any other regulatory agency; (vi) except as provided in this Agreement or as set forth in Schedule 3c(vi), there will be no securities or instruments of the Company or any of its subsidiaries containing anti-dilution or similar provisions, including the right to adjust the exercise, exchange or reset price under such securities, that will be triggered by the issuance of the Shares as described in this Agreement; and (vii) no co-sale right, right of first refusal or other similar right will exist with respect to the Shares or the issuance and sale thereof. Upon request, the Company will make available to the Purchaser true and correct copies of the Company's Certificate of Incorporation, as in effect as of the Initial Closing, and the Company's Bylaws, as in effect as of the Initial Closing, and the terms of all securities exercisable for Common Stock and the material rights of the holders thereof in respect thereto other than stock options issued to officers, directors, employees, and consultants.

d. Issuance of Shares. The Shares that are being issued to the Purchaser hereunder, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be duly and validly issued, fully paid and nonassessable, and free of restrictions on transfer other than restrictions on transfer under the Transaction Documents, applicable state and federal securities laws and liens or encumbrances created by or imposed by the Purchaser.

e. No Conflicts. The execution, delivery and performance of each of the Transaction Documents by the Company, and the consummation by the Company of the transactions contemplated hereby and thereby including issuance and sale of the Shares in accordance with this Agreement will not (i) result in a violation of the Certificate of Incorporation or the Bylaws (or equivalent constitutive document) of the

Company or any of its subsidiaries, (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, credit agreement or instrument to which the Company or any subsidiary is a party, except for those which would not reasonably be expected to have a Material Adverse Effect, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations) applicable to the Company or any subsidiary or by which any property or asset of the Company or any subsidiary is bound or affected, except for those which would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any subsidiary is in violation of or in default under, any provision of its Certificate of Incorporation or Bylaws. Neither the Company nor any subsidiary is in violation of any term of or in default under any contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree or order or any statute, rule or regulation applicable to the Company or any subsidiary, except for any such violation or default that has not had or would not reasonably be expected to have a Material Adverse Effect. Except as specifically contemplated by this Agreement and as required under the Securities Act and any applicable state securities laws, neither the Company nor any of its subsidiaries is required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under or contemplated by this Agreement or the other Transaction Documents in accordance with the terms hereof or thereof other than (i) the filings required pursuant to Section 9(j), (ii) the filing of the registration statement contemplated by the Registration Rights Agreement and (iii) the filing of a Notice of Exempt Offering of Securities on Form D with the SEC under Regulation D. Except as set forth on **Schedule 3e** attached hereto, neither the execution and delivery by the Company of the Transaction Documents, nor the consummation by the Company of the transactions contemplated hereby or thereby, will require any notice, consent or waiver under any contract or instrument to which the Company or any subsidiary is a party or by which the Company or any subsidiary is bound or to which any of their assets is subject, except for any notice, consent or waiver the absence of which would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. All consents, authorizations, orders, filings and registrations which the Company or any of its subsidiaries is required to obtain pursuant to the preceding two sentences have been or will be obtained or effected on or prior to the Closing.

f. Absence of Litigation. Except as set forth on **Schedule 3f** attached hereto, there is no action, suit, claim, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation before or by any court, public board, governmental or administrative agency, self-regulatory organization, arbitrator, regulatory authority, stock market, stock exchange or trading facility (an "**Action**") now pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its subsidiaries or any of their respective officers or directors, which would be reasonably likely to (i) adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, this Agreement or any of the other Transaction Documents, or (ii) have a Material Adverse Effect. For the purpose of this Agreement, the knowledge of the Company means the knowledge of the executive officers of the Company (for the avoidance of doubt, after giving effect to the Merger) and Transphorm (both actual or knowledge that they would have had upon reasonable inquiry of their direct reports responsible for the applicable subject matter). Neither the Company nor any of its subsidiaries is subject to any judgment, decree, or order which has had, or would reasonably be expected to have a Material Adverse Effect.

g. Acknowledgment Regarding Purchaser's Purchase of the Shares. The Company acknowledges and agrees that each Purchaser is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company

(or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchaser's purchase of the Shares.

h. No General Solicitation. Neither the Company, nor any of its Affiliates (as defined below), nor, to the knowledge of the Company, any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Shares. "**Affiliate**" means, with respect to any person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person, as such terms are used in and construed under Rule 144 under the Securities Act ("**Rule 144**"). With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Purchaser will be deemed to be an Affiliate of such Purchaser.

i. No Integrated Offering. Neither the Company, nor any of its Affiliates, nor to the knowledge of the Company, any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, other than the transactions contemplated hereby, under circumstances that would require registration of the Shares under the Securities Act or cause this offering of the Shares to be integrated with prior offerings by the Company for purposes of the Securities Act.

j. Employee Relations. Except as disclosed in the SEC Reports (as defined below), neither Company nor any subsidiary is involved in any labor dispute nor, to the knowledge of the Company, is any such dispute threatened. Except as disclosed in the SEC Reports, neither Company nor any subsidiary is party to any collective bargaining agreement. Except as disclosed in the SEC Reports, the Company's and/or its subsidiaries' employees are not members of any union, and the Company believes that its and its subsidiaries' relationship with their respective employees is good.

k. Intellectual Property Rights. After giving effect to the Merger, except as set forth on **Schedule 3k** attached hereto, the Company and each of its subsidiaries owns, possesses, or has rights to use, all Intellectual Property necessary for the conduct of the Company's and its subsidiaries' business as now conducted and disclosed to be owned, possessed or used by the Company or its subsidiaries in the SEC Reports, except for such failure to own, possess or have such rights that would not reasonably be expected to have a Material Adverse Effect, and, there are no unreleased liens or security interests which have been filed, or which the Company has received notice of, against any of the patents owned by the Company. Furthermore, (A) to the Company's knowledge, there is no infringement, misappropriation or violation by third parties of any such Intellectual Property, except as such infringement, misappropriation or violation would not reasonably be expected to have a Material Adverse Effect; (B) there is no pending or, to the Company's knowledge, threatened, Action by others challenging the Company's or any of its subsidiaries' rights in or to any such Intellectual Property, except for such failure to own, possess or have such rights that would not reasonably be expected to have a Material Adverse Effect; (C) the Intellectual Property owned by the Company and its subsidiaries, and to the Company's knowledge, the Intellectual Property licensed to the Company and its subsidiaries, has not been adjudged invalid or unenforceable, in whole or in part, and there is no pending or, to the Company's knowledge, threatened Action by others challenging the validity, enforceability or scope of any such Intellectual Property; (D) there is no pending or, to the Company's knowledge, threatened Action by others that the Company or any of its subsidiaries infringes, misappropriates or otherwise violates any Intellectual Property or other proprietary rights of others, neither the Company nor any of its subsidiaries has received any written notice of such Action; and (E) to the Company's knowledge, no employee of the Company or any of its subsidiaries is in violation of any term of any employment contract,

patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company or any of its subsidiaries or actions undertaken by the employee while employed with the Company or any of its subsidiaries, except such violation as would not reasonably be expected to have a Material Adverse Effect. Except as would not reasonably be expected to have a Material Adverse Effect, (1) the Company and its subsidiaries have disclosed to the U.S. Patent and Trademark Office ("**USPTO**") all information known to the Company to be relevant to the patentability of its inventions in accordance with 37 C.F.R. Section 1.56, and (2) neither the Company nor any of its subsidiaries made any misrepresentation or concealed any information from the USPTO in any of the patents or patent applications owned or licensed to the Company, or in connection with the prosecution thereof, in violation of 37 C.F.R. Section 1.56. Except as would not reasonably be expected to have a Material Adverse Effect and to the Company's knowledge, (x) there are no facts that are reasonably likely to provide a basis for a finding that the Company or any of its subsidiaries does not have clear title to the patents or patent applications owned or licensed to the Company or other proprietary information rights as being owned by the Company or any of its subsidiaries and (y) no valid issued U.S. patent would be infringed by the activities of the Company or any of its subsidiaries relating to products currently or proposed to be manufactured, used or sold by the Company or any of its subsidiaries. "**Intellectual Property**" shall mean all patents, patent applications, trade and service marks, trade and service mark registrations, trade names, copyrights, licenses, inventions, trade secrets, domain names, technology and know-how.

l. Environmental Laws. The Company and each subsidiary have complied with all applicable Environmental Laws (as defined below), except for violations of Environmental Laws that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. There is no pending or, to the knowledge of the Company, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request, relating to any Environmental Law involving the Company or any subsidiary, except for litigation, notices of violations, formal administrative proceedings or investigations, inquiries or information requests that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. For purposes of this Agreement, "**Environmental Law**" means any national, state, provincial or local law, statute, rule or regulation or the common law relating to the environment or occupational health and safety, including without limitation any statute, regulation, administrative decision or order pertaining to (i) treatment, storage, disposal, generation and transportation of industrial, toxic or hazardous materials or substances or solid or hazardous waste; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release or threatened release into the environment of industrial, toxic or hazardous materials or substances, or solid or hazardous waste, including without limitation emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (v) the protection of wild life, marine life and wetlands, including without limitation all endangered and threatened species; (vi) storage tanks, vessels, containers, abandoned or discarded barrels, and other closed receptacles; (vii) health and safety of employees and other persons; and (viii) manufacturing, processing, using, distributing, treating, storing, disposing, transporting or handling of materials regulated under any law as pollutants, contaminants, toxic or hazardous materials or substances or oil or petroleum products or solid or hazardous waste. As used above, the terms "release" and "environment" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended. To the knowledge of the Company, there is no material environmental liability with respect to any solid or hazardous waste transporter or treatment, storage or disposal facility that has been used by the Company or any subsidiary.

m. Authorizations; Regulatory Compliance. The Company and each of its subsidiaries holds, and is operating in compliance with, all authorizations, licenses, permits, approvals, clearances,

registrations, exemptions, consents, certificates and orders of any federal, state, local or foreign governmental or regulatory authority (each, a "**Governmental Authority**") and supplements and amendments thereto (collectively, "**Authorizations**") required for the conduct of its business as currently conducted in all applicable jurisdictions and all such Authorizations are valid and in full force and effect, except for Authorizations the absence of which, and the failure to comply with, would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries is in material violation of any terms of any such Authorizations, except, in each case, such as would not reasonably be expected to have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received written notice of any revocation or modification of any such Authorization, or written notice that such revocation or modification is being considered, except to the extent that any such revocation or modification would not be reasonably expected to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received written notice of any ongoing claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Governmental Authority or third party alleging that any product operation or activity is in material violation of any Authorizations. Neither the Company nor any of its subsidiaries is a party to any corporate integrity agreement, deferred prosecution agreement, monitoring agreement, consent decree, settlement order, or similar agreements, or has any reporting obligations pursuant to any such agreement, plan or correction or other remedial measure entered into with any Governmental Authority.

n. Title. Neither the Company nor any of its subsidiaries owns any real property. Except as set forth on **Schedule 3n** attached hereto, each of the Company and its subsidiaries has good and marketable title to all of its personal property and assets (i) purportedly owned or used by them as reflected in the SEC Reports, as of their respective dates, or (ii) necessary for the conduct of their business as currently conducted, free and clear of any restriction, mortgage, deed of trust, pledge, lien, security interest or other charge, claim or encumbrance, except for such restriction, mortgage, deed of trust, pledge, lien, security interest or other charge, claim or encumbrance that would not reasonably be expected to have a Material Adverse Effect. Except as set forth on **Schedule 3n**, with respect to properties and assets it leases, each of the Company and its subsidiaries is in compliance with such leases and holds a valid leasehold interest free of any liens, claims or encumbrances, except for such liens, claims or encumbrances which would not reasonably be expected to have a Material Adverse Effect.

o. Tax Status. The Company and each subsidiary has (i) made and filed (taking into account any valid extensions) all federal and state income and other material tax returns, reports and declarations required to be filed, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all taxes that are material in amount for periods subsequent to the periods to which such returns, reports or declarations apply. To the knowledge of the Company, there are no unpaid taxes in any material amount claimed to be due from the Company or any subsidiary by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

p. Certain Transactions. Except for arm's length transactions pursuant to which the Company or any subsidiary makes payments in the ordinary course of business upon terms no less favorable than it could obtain from third parties, or as set forth in the SEC Reports, none of the officers, directors and, to the Company's knowledge, none of the employees of the Company or any subsidiary is presently a party to any transaction with the Company or any subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership,

trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, that would be required to be disclosed by the Company pursuant to Item 404 of Regulation S-K promulgated under the Securities Act.

q. Rights of First Refusal. Except as set forth on **Schedule 3q** attached hereto, the Company is not obligated to offer the securities offered hereunder on a right of first refusal basis or otherwise to any third parties including, but not limited to, current or former stockholders of the Company, underwriters, brokers, agents or other third parties.

r. Insurance. The Company and its subsidiaries have insurance policies of the type and in amounts customarily carried by organizations conducting businesses or owning assets similar to those of the Company and its subsidiaries. There is no material claim pending under any such policy as to which coverage has been questioned, denied or disputed by the underwriter of such policy.

s. SEC Reports. The Company has timely filed or furnished, as applicable, all reports, proxy statements, schedules, forms, statements, certifications and other documents (including exhibits and all other information incorporated by reference therein) required to be filed by the Company under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") (together with the Super 8-K, the "**SEC Reports**"), for the three (3) years preceding the date hereof (or such shorter period since the Company was first required by law or regulation to file such material). The draft Super 8-K to be furnished to each Purchaser prior to the Initial Closing will not materially deviate from the Super 8-K without written notification to the Purchaser prior to the filing of the Super 8-K. The SEC Reports at the time they were filed complied, in all material respects, with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act as applicable. There are no contracts, agreements or other documents that are required to be described in the SEC Reports and/or to be filed as exhibits thereto that are not described, in all material respects, and/or filed as required. There has not been any material change or amendment to, or any waiver of any material right under, any such contract or agreement that has not been described in and/or filed as an exhibit to the SEC Reports. As of the date hereof, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to the SEC Reports. None of the SEC Reports is the subject of an ongoing SEC review. There are no SEC inquiries or investigations, other governmental inquiries or investigations or internal investigations pending or threatened, in each case regarding any accounting practice of the Company.

t. Financial Statements. The audited consolidated financial statements and unaudited interim consolidated financial statements (including, in each case, the notes thereto) of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated subsidiaries taken as a whole as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, year-end audit adjustments.

u. Material Changes. Except for the transactions contemplated hereby or in the Merger Agreement, since the date of the latest balance sheet of the Company and the latest balance sheet of Transphorm included in the financial statements contained within the SEC Reports, except as specifically disclosed in the SEC Reports, (i) there have been no events, occurrences or developments that have had or would reasonably be expected to have a Material Adverse Effect with respect to the Company or Transphorm,

(ii) neither the Company or any subsidiary nor Transphorm has incurred any material liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses and other liabilities incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the financial statements of the Company or Transphorm pursuant to GAAP or to be disclosed in the SEC Reports, (iii) neither the Company nor any subsidiary nor Transphorm has materially altered its method of accounting or the manner in which it keeps its accounting books and records, and (iv) neither the Company or any subsidiary nor Transphorm has declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock (other than in connection with repurchases of unvested stock issued to employees of the Company). The Company and its subsidiaries, individually and on a consolidated basis, are not as of the date hereof, and after giving effect to the transactions contemplated hereby to occur at the Initial Closing, will not be Insolvent (as defined below). For purposes of this Section 3(u), "**Insolvent**" means, with respect to the Company, on a consolidated basis with its subsidiaries, (i) the present fair saleable value of the Company's and its subsidiaries' assets is less than the amount required to pay the Company's and its subsidiaries' total indebtedness), (ii) the Company and its subsidiaries are unable to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (iii) the Company and its subsidiaries intend to incur or believe that they will incur debts that would be beyond their ability to pay as such debts mature.

v. Sarbanes-Oxley. The Company is in compliance in all material respects with all of the provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it.

w. Off-Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any subsidiary and an unconsolidated or other off-balance sheet entity that is required to be disclosed by the Company in its SEC Reports (including, for purposes hereof, any that are required to be disclosed in a Form 10) and is not so disclosed and that would otherwise have a Material Adverse Effect.

x. Foreign Corrupt Practices. Neither the Company and its subsidiaries, nor to the Company's knowledge, any agent or other person acting on behalf of the Company or its subsidiaries, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**").

y. Office of Foreign Assets Control. Neither the Company nor any subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department.

z. Money Laundering. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "**Money Laundering Laws**"), and no Action by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any subsidiary, threatened.

aa. Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

bb. Brokers' Fees. Neither of the Company nor any of its subsidiaries has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement, except for the payment of fees to the Placement Agents as described in Section 2 above.

cc. Disclosure Materials. The SEC Reports and the Disclosure Materials (as defined below) taken as a whole do not contain an untrue statement of a material fact or, to the Company's knowledge, omit to state a material fact required to be stated therein (in the case of the SEC Reports) or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. For the purposes of this Agreement "**Disclosure Materials**" means the Confidential and Non-Binding Summary Term Sheet of the Company previously provided to the Purchaser, and any roadshow presentation delivered to the Purchaser in connection with the contemplated purchase of the Shares, each as amended from time to time, relating to the Offering and any supplement or amendment thereto, and any disclosure schedule or other information document, delivered to the Purchaser prior to Purchaser's execution of this Agreement, and any such document delivered to the Purchaser after Purchaser's execution of this Agreement and prior to the closing of the Purchaser's subscription hereunder, including the Super 8-K.

dd. Investment Company. The Company is not required to be registered as, and is not an Affiliate of, and immediately following the Closing will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

ee. Reliance. The Company acknowledges that the Purchaser is relying on the representations and warranties (as modified by the Disclosure Schedule or the Super 8-K (but excluding any disclosures contained under the heading "Risk Factors," any disclosures of risks included in any "forward looking statements" or disclosures that are cautionary, predictive or forward-looking in nature)) made by the Company hereunder and that such representations and warranties (as modified by the Disclosure Schedule or the Super 8-K (but excluding any disclosures contained under the heading "Risk Factors," any disclosures of risks included in any "forward looking statements" or disclosures that are cautionary, predictive or forward-looking in nature)) are a material inducement to the Purchaser purchasing the Shares. The Company further acknowledges that without such representations and warranties of the Company made hereunder, the Purchaser would not enter into this Agreement with the Company.

ff. Use of Proceeds. The Company intends to use the net proceeds from the Offering to fund business growth across applications, together with funding working capital and for general corporate purposes.

gg. Bad Actor Disqualification. No "bad actor" disqualifying event described in Rule 506(d)(1)(i)-(viii) of the Securities Act (a "**Disqualification Event**") is applicable to the Company or, to the Company's knowledge, any Company Covered Person, except for a Disqualification Event as to which Rule 506(d)(2)(ii–iv) or (d)(3), is applicable. "**Company Covered Person**" means, with respect to the Company

as an "issuer" for purposes of Rule 506 promulgated under the Securities Act, any person listed in the first paragraph of Rule 506(d)(1).

hh. Anti-Dilution. There are no securities or instruments issued by or to which the Company is a party as of the date hereof containing anti-dilution or similar provisions that will be triggered by the issuance of Shares in connection with the Offering or pursuant to any other Subscription Agreement entered into in connection with the Offering that have not been or will not be validly waived on or prior to each Closing Date.

ii. Other Purchasers. As of the date hereof, the Company has not entered into any side letter or similar agreement with any Purchaser in connection with such Purchaser's direct or indirect investment in the Company other than this Agreement. Each Purchaser will enter into this Subscription Agreement and no other side letters or similar agreements with respect to its investment in the Shares.

4. **Representations, Warranties and Agreements of the Purchaser**. The Purchaser, severally and not jointly with any other Purchaser, represents and warrants to, and agrees with, the Company, as of the applicable Closing, the following:

a. The Purchaser has the knowledge and experience in financial and business matters necessary to evaluate the merits and risks of its prospective investment in the Company, and has carefully reviewed and understands the risks of, and other considerations relating to, the purchase of Shares and the tax consequences of the investment. The Purchaser has adequate means of providing for its current and anticipated financial needs and contingencies, and is able to bear the economic risks of the investment for an indefinite period of time and has no need for liquidity of the investment in the Shares. The Purchaser can afford the loss of his, her or its entire investment.

b. The Purchaser is acquiring the Shares for investment for his, her or its own account and not with the view to, or for resale in connection with, any distribution thereof. The Purchaser understands and acknowledges that the Offering and sale of the Shares have not been registered under the Securities Act or any state securities laws, by reason of a specific exemption from the registration provisions of the Securities Act and applicable state securities laws, which depends upon, among other things, the bona fide nature of the investment intent as expressed herein. The Purchaser further represents that he, she or it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to any third person with respect to any of the Shares, other than with respect to an Affiliate of such Purchaser. The Purchaser is an "accredited investor" as defined in Rule 501 of Regulation D as promulgated by the SEC under the Securities Act, for the reason(s) specified on the **Accredited Investor Certification** attached hereto as completed by Purchaser, and Purchaser shall submit to the Company such further assurances of such status as may be reasonably requested by the Company. The Purchaser resides in the jurisdiction set forth on the Purchaser's Omnibus Signature Page affixed hereto. The Purchaser has not taken any of the actions set forth in, and is not subject to, the disqualification provisions of Rule 506(d)(1) of the Securities Act.

c. The Purchaser (i) if a natural person, represents that he or she is the greater of (A) 21 years of age or (B) the age of legal majority in his or her jurisdiction of residence, and has full power and authority to execute and deliver this Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof; (ii) if a corporation, partnership, limited liability company, association, joint stock company, trust, unincorporated organization or other entity, represents that such entity was not formed for the specific purpose of acquiring the Shares, such entity is duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, the consummation of the

transactions contemplated hereby is authorized by, and will not result in a violation of applicable law or its charter or other organizational documents, such entity has full power and authority to execute and deliver this Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof and to purchase and hold the Shares, the execution and delivery of this Agreement has been duly authorized by all necessary action, this Agreement has been duly executed and delivered on behalf of such entity and is a legal, valid and binding obligation of such entity; or (iii) if executing this Agreement in a representative or fiduciary capacity, represents that he, she or it has full power and authority to execute and deliver this Agreement in such capacity and on behalf of the subscribing individual, ward, partnership, trust, estate, corporation, or limited liability company or partnership, or other entity for whom the Purchaser is executing this Agreement, and such individual, partnership, ward, trust, estate, corporation, or limited liability company or partnership, or other entity has full right and power to perform pursuant to this Agreement and make an investment in the Company, and represents that this Agreement constitutes a legal, valid and binding obligation of such entity. The execution and delivery of this Agreement does not violate or conflict with any order, judgment, injunction, agreement or controlling document to which the Purchaser is a party or by which it is bound.

d. The Purchaser understands that the Shares are being offered and sold to him, her or it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire such securities. The Purchaser further acknowledges and understands that the Company is relying on the representations and warranties made by the Purchaser hereunder and that such representations and warranties are a material inducement to the Company to sell the Shares to the Purchaser. The Purchaser further acknowledges that without such representations and warranties of the Purchaser made hereunder, the Company would not enter into this Agreement with the Purchaser.

e. The Purchaser understands that, other than as expressly provided in the Registration Rights Agreement, the Company does not currently intend to register the Shares under the Securities Act at any time in the future; and the undersigned will not immediately be entitled to the benefits of Rule 144 with respect to the Shares. The Purchaser understands that no public market exists for the Company's Common Stock and that there can be no assurance that any public market for the Common Stock will exist or continue to exist. The Company's Common Stock is not approved for quotation on OTC Markets or any other quotation system or listed on any exchange. The Company intends to cause the Common Stock to be quoted on OTC Markets QB tier as soon as practicable (and no later than 180 days) following the final Closing of the Offering; however, the Company makes no representation, warranty or covenant with respect to the initiation of or continued quotation of the Common Stock on the OTC Markets QB tier or listing on any other market or exchange.

f. The Purchaser has received, reviewed and understood the information about the Company, including all Disclosure Materials provided to it by the Company and/or the Placement Agents (at the Company's direction), and has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management. The Purchaser understands that such discussions, as well as any Disclosure Materials provided by the Company and/or the Placement Agents (at the Company's direction), were intended to describe the aspects of the Company's business and prospects and the Offering which the Company believes to be material, but were not necessarily a thorough or exhaustive description, and except as expressly set forth in this Agreement, the Company makes no representation or warranty with respect to the completeness of such information and makes no representation or warranty of any kind with respect to any information provided by any entity other than the Company and the Placement Agents. Some

of such information may include projections as to the future performance of the Company, which projections may not be realized, may be based on assumptions which may not be correct and may be subject to numerous factors beyond the Company's control. The Purchaser acknowledges that he, she or it is not relying upon any person or entity, other than the Company and its officers and directors, in making its investment or decision to invest in the Company. Additionally, the Purchaser understands and represents that he, she or it is purchasing the Shares notwithstanding the fact that the Company may disclose in the future certain material information the Purchaser has not received, including (without limitation) financial statements of the Company and/or Transphorm for the current or prior fiscal periods, and any subsequent period financial statements that will be filed with the SEC, that he, she or it is not relying on any such information in connection with his, her or its purchase of the Shares and that he, she or it waives any right of action with respect to the nondisclosure to him, her or it prior to his, her or its purchase of the Shares of any such information. Each Purchaser has sought such accounting, legal and tax advice as the Purchaser has considered necessary to make an informed investment decision with respect to his, her or its acquisition of the Shares.

g. The Purchaser acknowledges that none of the Company or the Placement Agents is acting as a financial advisor or fiduciary of the Purchaser (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and no investment advice has been given by the Company, the Placement Agents or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby. The Purchaser further represents to the Company that the Purchaser's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Purchaser and the Purchaser's representatives.

h. As of any applicable Closing in which the Purchaser participates, all actions on the part of Purchaser, and its officers, directors and partners, if applicable, necessary for the authorization, execution and delivery of this Agreement and the Registration Rights Agreement and the performance of all obligations of the Purchaser hereunder and thereunder shall have been taken, and this Agreement and the Registration Rights Agreement, assuming due execution by the parties hereto and thereto, constitute valid and legally binding obligations of the Purchaser, enforceable in accordance with their respective terms, subject to: (i) judicial principles limiting the availability of specific performance, injunctive relief, and other equitable remedies and (ii) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect generally relating to or affecting creditors' rights.

i. The Purchaser represents that neither it nor, to its knowledge, any person or entity controlling, controlled by or under common control with it, nor any person having a beneficial interest in the Purchaser, nor any person on whose behalf the Purchaser is acting: (i) is a person listed in the Annex to Executive Order No. 13224 (2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism); (ii) is named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Assets Control; (iii) is a non-U.S. shell bank or is providing banking services indirectly to a non-U.S. shell bank; (iv) is a senior non-U.S. political figure or an immediate family member or close associate of such figure; or (v) is otherwise prohibited from investing in the Company pursuant to applicable U.S. anti-money laundering, anti-terrorist and asset control laws, regulations, rules or orders (categories (i) through (v), each a "**Prohibited Purchaser**"). The Purchaser (i) agrees to provide the Company, promptly upon request, all information that the Company reasonably deems necessary or appropriate to comply with applicable U.S. anti-money laundering, anti-terrorist and asset control laws, regulations, rules and orders and (ii) consents to the disclosure to U.S. regulators and law enforcement authorities by the Company and its Affiliates and agents of such information about the Purchaser as the Company reasonably deems necessary or appropriate to comply with applicable U.S. anti-money laundering, anti-terrorist and

asset control laws, regulations, rules and orders. If the Purchaser is a financial institution that is subject to the USA Patriot Act, the Purchaser represents that it has met all of its obligations under the USA Patriot Act. The Purchaser acknowledges that if, following its investment in the Company, the Company reasonably believes that the Purchaser is a Prohibited Purchaser or is otherwise engaged in suspicious activity or refuses to promptly provide information that the Company requests, the Company has the right or may be obligated to prohibit additional investments, segregate the assets constituting the investment in accordance with applicable regulations or immediately require the Purchaser to transfer the Shares. The Purchaser further acknowledges that neither the Purchaser nor any of the Purchaser's Affiliates or agents will have any claim against the Company or Transphorm for any form of damages as a result of any of the foregoing actions.

j. If the Purchaser is an Affiliate of a non-U.S. banking institution (a "**Foreign Bank**"), or if the Purchaser receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Purchaser represents and warrants to the Company that: (1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated Affiliate.

k. The Purchaser or its duly authorized representative realizes that because of the inherently speculative nature of businesses of the kind conducted and contemplated by the Company, the Company's future financial results may be expected to fluctuate from month to month and from period to period and will, generally, involve a high degree of financial and market risk that could result in substantial or, at times, even total losses for investors in securities of the Company. The Purchaser has carefully read the risk factors and other information (including the financial statements of Transphorm) included in the Super 8-K. The Purchaser has carefully considered such risk factors before deciding to invest in the Shares.

l. The Purchaser is not subscribing for Shares as a result of or subsequent to any advertisement, article, notice or other communication, published in any newspaper, magazine or similar media or broadcast over television, radio, or the internet, or presented at any seminar or meeting, or any solicitation of a subscription by a person not previously known to the Purchaser in connection with investments in securities generally.

m. The Purchaser acknowledges that no U.S. federal or state agency or any other government or governmental agency has passed upon the Shares or made any finding or determination as to the fairness, suitability or wisdom of any investments therein.

n. Other than consummating the transactions contemplated hereunder, the Purchaser has not directly or indirectly, nor has any individual or entity acting on behalf of or pursuant to any understanding with such Purchaser, executed any purchases or sales, including Short Sales (as defined below), of the securities of the Company during the period commencing at the time Purchaser was first contacted by the Company or any other individual or entity representing the Company (including one or more of the Placement Agents) regarding the transactions contemplated hereunder. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers do not communicate or share information with, and have no direct knowledge of the investment decisions made by, the portfolio managers managing other portions of such Purchaser's assets, the representation set forth above shall only apply with respect to the portion of assets managed by, the portfolio manager that made the investment decision to

purchase the Shares covered by this Agreement. Other than to other individuals or entities party to this Agreement, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to the identification of the availability of, or securing of, available shares to borrow in order to effect Short Sales or similar transactions in the future. For purposes of this Agreement, "**Short Sales**" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

o. The Purchaser is aware that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of the Shares and other activities with respect to the Shares by the Purchaser, and will comply with such anti-manipulation rules of Regulation M.

p. All of the information concerning the Purchaser set forth herein, and any other information furnished by the Purchaser in writing to the Company or a Placement Agent for use in connection with the transactions contemplated by this Agreement, is true, correct and complete in all material respects as of the date of this Agreement, and, if there should be any material change in such information prior to the Purchaser's purchase of the Shares, the Purchaser will promptly furnish revised or corrected information to the Company.

q. The Purchaser has reviewed with its own tax advisors the U.S. federal, state, local and foreign tax consequences of this investment and the transactions contemplated by the Transaction Documents. With respect to such matters, such Purchaser relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. The Purchaser understands that it (and not the Company) shall be responsible for its own tax liability that may arise as a result of this investment or the transactions contemplated by the Transaction Documents.

r. If the Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (a) the legal requirements within its jurisdiction for the purchase of the Shares; (b) any foreign exchange restrictions applicable to such purchase; (c) any governmental or other consents that may need to be obtained; and (d) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Shares. The Purchaser's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of the Purchaser's jurisdiction.

s. Each Purchaser represents that it is not a "foreign person" for purposes of Section 721 of the Defense Production Act of 1950 (as amended) or the rules or regulations promulgated thereunder (including 31 C.F.R. Part 800 and 31 C.F.R. part 801); provided, however, that any Purchaser who is a "foreign person" for such purposes agrees that it will not (i) obtain any control rights over the Company, including the ability to determine, direct, or decide important matters affecting the Company; (ii) have access to any material nonpublic technical information in the possession of the company; (iii) obtain membership or observer rights on the Board of Directors or the right to nominate an individual to a position on the Board of Directors; or (iv) have any involvement, other than through voting of shares, in substantive decision making of the Company regarding the use, development, acquisition or release of the Company's technology.

t. **(For ERISA plans only)** The fiduciary of the Employee Retirement Income Security Act of 1974 ("**ERISA**") plan (the "**Plan**") represents that such fiduciary has been informed of and

understands the Company's investment objectives, policies and strategies, and that the decision to invest "plan assets" (as such term is defined in ERISA) in the Company is consistent with the provisions of ERISA that require diversification of plan assets and impose other fiduciary responsibilities. The Purchaser fiduciary or Plan (a) is responsible for the decision to invest in the Company; (b) is independent of the Company or any of its Affiliates; (c) is qualified to make such investment decision; and (d) in making such decision, the Purchaser fiduciary or Plan has not relied primarily on any advice or recommendation of the Company or any of its Affiliates.

u. Neither (i) the Purchaser, (ii) any of its directors, executive officers, other officers of Purchasers that may serve as a director or officer of any company in which it invests, general partners or managing members is subject to any Disqualification Events, except for Disqualification Events covered by Rule 506(d)(2)(ii) or (iii) under the Securities Act, and disclosed reasonably in advance of the applicable Closing in writing in reasonable detail to the Company.

v. The Purchaser understands that there are substantial restrictions on the transferability of the Shares and that the certificates or book-entry positions representing the Shares shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such certificates or other instruments):

> THE SECURITIES REPRESENTED BY THIS **BOOK-ENTRY POSITION** HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS OR (3) SOLD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT.
>
> In addition, if any Purchaser is an Affiliate of the Company, certificates or book-entry positions evidencing the Shares issued to such Purchaser may bear a customary "Affiliates" legend.

The Company shall be obligated to promptly reissue unlegended certificates upon the request of any holder thereof (x) at such time as the holding period under Rule 144 or another applicable exemption from the registration requirements of the Securities Act has been satisfied or (y) at such time as a registration statement is available for the transfer of the Shares. The Company is entitled to request from any holder requesting unlegended certificates under clause (x) of the foregoing sentence an opinion of counsel reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification or legend.

w. If the Purchaser is an individual, then the Purchaser resides in the state or province identified in the address of the Purchaser set forth on such Purchaser's Omnibus Signature Page to this Agreement; if the Purchaser is a partnership, corporation, limited liability company or other entity, then the

office or offices of the Purchaser in which its principal place of business is identified in the address or addresses of the Purchaser set forth on such Purchaser's Omnibus Signature Page to this Agreement.

x. **Each Purchaser understands that the Company prior to the Merger was a "shell company" as defined in Rule 12b-2 under the Exchange Act, and that upon filing with the SEC of the Super 8-K reporting the consummation of the Merger and related transactions and the transactions contemplated by this Agreement, and otherwise containing "Form 10 information" discussed below, the Company will reflect therein that it is no longer a shell company. Pursuant to Rule 144(i), securities issued by a current or former shell company (that is, the Shares) that otherwise meet the holding period and other requirements of Rule 144 nevertheless cannot be sold in reliance on Rule 144 until one year after the Company (a) is no longer a shell company; and (b) has filed current "Form 10 information" (as defined in Rule 144(i)) with the SEC reflecting that it is no longer a shell company, and provided that at the time of a proposed sale pursuant to Rule 144, the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and has filed all reports and other materials required to be filed by Section 13 or 15(d) of the Exchange Act, as applicable, during the preceding 12 months (or for such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports. As a result, the restrictive legends on certificates or book-entry positions for the Shares cannot be removed except in connection with an actual sale meeting the foregoing requirements or pursuant to an effective registration statement.**

y. Each Purchaser purchasing Shares in any Subsequent Closing represents that it (1) has a substantive, pre-existing relationship with the Company or (2) has direct contact by the Company or its Placement Agents outside of the Offering prior to the filing of the Super 8-K and (3) did not independently contact the issuer as a result of general solicitation by means of the Super 8-K or any press release or any other public disclosure disclosing the material terms of the Offering.

z. To effectuate the terms and provisions hereof, the Purchaser hereby appoints B. Riley and C-H as its attorney-in-fact (and B. Riley and C-H hereby accepts such appointment) for the purpose of carrying out the provisions of the Escrow Agreement by and among the Company, Transphorm, the Placement Agents and the Escrow Agent (the "**Escrow Agreement**") including, without limitation, taking any action on behalf of, or at the instruction of, the Purchaser and executing any release notices required under the Escrow Agreement and taking any action and executing any instrument that B. Riley may deem necessary or advisable (and lawful) to accomplish the purposes hereof. All acts done under the foregoing authorization are hereby ratified and approved and neither B. Riley nor any designee nor agent thereof shall be liable for any acts of commission or omission, for any error of judgment, for any mistake of fact or law except for acts of gross negligence or willful misconduct. This power of attorney, being coupled with an interest, is irrevocable while the Escrow Agreement remains in effect.

5. **Conditions to Company's Obligations at the applicable Closing.** The Company's obligation to complete the sale and issuance of the Shares and deliver the Shares to each Purchaser, individually, at the applicable Closing shall be subject to the following conditions to the extent not waived by the Company:

a. Receipt of Payment. The Company shall have received payment, by wire transfer of immediately available funds, in the full amount of the purchase price for the number of Shares being purchased by such Purchaser at such Closing.

b. Representations and Warranties. The representations and warranties made by the Purchaser in Section 4 hereof, shall be true and correct in all respects when made, and shall be true and

correct in all respects on the applicable Closing date with the same force and effect as if they had been made on and as of said date.

c. Performance. The Purchaser shall have performed in all material respects all obligations and covenants herein required to be performed by it on or prior to the applicable Closing.

d. Receipt of Executed Documents. Each Purchaser participating in the applicable Closing shall have executed and delivered to the Company the Omnibus Signature Page, the Investor Profile and the Selling Securityholder Notice and Questionnaire (as defined in the Registration Rights Agreement).

e. Effectiveness of the Merger. The Merger shall have been effected.

f. Minimum Offering. In connection with the Initial Closing only, the Company shall have received subscriptions for a number of shares of Common Stock equal to or exceeding the Minimum Offering Amount (inclusive of the Minimum Insider Investment).

g. Lock-Up Agreements. In connection with the Initial Closing only, (a) all officers and directors of the Company, (b) key employees, agreed to by the Company and Transphorm, if any; and (c) all persons holding in the aggregate 5% or more of the Merger Shares issued in exchange for the equity securities of Transphorm in the Merger (each a "**Restricted Holder**" and, collectively, the "**Restricted Holders**") shall have entered into agreements with the Company for a term of nine months, whereby they will agree to certain restrictions on the sale or disposition (including pledge) of all of the Company's Common Stock held by (or issuable to) them on the date of the Initial Closing, excluding any shares purchased by them in the Offering. The lock-ups will contain customary transfer exceptions, including (i) transfers of Common Stock to affiliates, subsidiaries, partners, members, shareholders or equityholders or to any investment fund or other affiliated entity; (ii) pledge of shares as collateral for margin loans; and (iii) transfers of Common Stock made in connection with a change of control or a tender or exchange offer.

h. Qualifications. All authorizations, approvals or permits, of any Governmental Authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement at each Closing shall be obtained and effective as of such Closing except for Blue Sky law permits and qualifications that may be properly obtained after such Closing.

6. **Conditions to Purchasers' Obligations at the applicable Closing**. Each Purchaser's obligation to accept delivery of the Shares and to pay for the Shares at the applicable Closing shall be subject to the following conditions to the extent not waived by the holders of at least a majority of the Shares to be purchased at such Closing and the Placement Agents on behalf of the Purchasers at the applicable Closing:

a. Representations and Warranties. The representations and warranties made by the Company in Section 3 hereof (as modified by the Disclosure Schedule or the Super 8-K (but excluding any disclosures contained under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer or in any other section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature)) shall be true and correct in all respects as of, and as if made on, the date of this Agreement and as of such Closing date (except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct in all respects as of such earlier date) except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitations as to "materiality" or "Material Adverse Effect" set forth therein) does not have, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

b. Performance. The Company shall have performed in all material respects all obligations and covenants herein required to be performed by it on or prior to the applicable Closing.

c. Receipt of Executed Transaction Documents. In connection with the Initial Closing only, the Company shall have executed and delivered to the Placement Agents the Registration Rights Agreement and the Escrow Agreement.

d. Effectiveness of the Merger. The Merger shall have been effected.

e. Minimum Offering. In connection with the Initial Closing only, the Company shall have received subscriptions for a number of shares of Common Stock equal to or exceeding the Minimum Offering Amount (inclusive of the Minimum Insider Investment).

f. Certificate. The Chief Executive Officer of the Company shall execute and deliver or cause to be delivered to the Purchasers and the Placement Agents a certificate addressed to the Purchasers and the Placement Agents to the effect as provided in Sections 6(a) and (b) above.

g. Good Standing. The Company and each of its subsidiaries is a corporation or other business entity duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation.

h. Judgments. No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any Governmental Authority, shall have been issued, and no action or proceeding shall have been instituted by any Governmental Authority, enjoining or preventing the consummation of the transactions contemplated hereby.

i. Lock-Up Agreements. In connection with the Initial Closing only, each of the agreements required by Section 5(g) hereto shall have been executed by the persons referred to therein and delivered to the Company.

j. Delivery of Draft of Super 8-K. A substantially complete draft of the Super 8-K, including audited financial statements of Transphorm and pro forma financial statements reflecting the Merger, all compliant with applicable SEC regulations for inclusion under Items 2.01(f) and/or 5.01(a)(8) of SEC Form 8-K, shall have been delivered to the Placement Agents on behalf of the Purchasers.

k. Legal Opinion. Legal counsel for the Company shall deliver an opinion to Purchasers and the Placement Agents, dated as of the Initial Closing, in form and substance reasonably acceptable to the Placement Agents.

l. Issuance in Compliance with Laws. The sale and issuance of the Shares shall be legally permitted by all laws and regulations to which the Company is subject.

7. **Indemnification**.

a. The Purchaser agrees to indemnify and hold harmless the Company, the Placement Agents and any other broker, agent or finder engaged by the Company for the Offering, and their respective directors, officers, shareholders, members, partners, employees and agents (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title), each person who controls such indemnified person (within the meaning of Section 15 of the Securities

Act and Section 20 of the Exchange Act), and the directors, officers, stockholders, agents, members, partners or employees (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title) of such controlling person from and against all losses, liabilities, claims, damages, costs, fees and expenses whatsoever (including, but not limited to, any and all expenses incurred in investigating, preparing or defending against any litigation commenced or threatened) based upon or arising out of the Purchaser's breach of any representation, warranty or covenant contained herein; provided, however, that the Purchaser will not be liable in any such case to the extent and only to the extent that any such loss, liability, claim, damage, cost, fee or expense arises out of or is based upon the inaccuracy of any representations made by the Company in this Agreement, or the failure of the Company to comply with its covenants and agreements contained herein. The liability of the Purchaser under this paragraph shall not exceed the total Purchase Price paid by the Purchaser for the Common Stock hereunder.

b. The Company agrees to indemnify and hold harmless the Purchaser, and its directors, officers, stockholders, members, partners, employees and agents (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title), each person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, stockholders, agents, members, partners or employees (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title) of such controlling person (collectively, the "**Purchaser Indemnitees**"), from and against all losses, liabilities, claims, damages, costs, fees and expenses whatsoever (including, but not limited to, any and all expenses incurred in investigating, preparing or defending against any litigation commenced or threatened) based upon or arising out of the Company's breach of any representation, warranty or covenant contained herein; provided, however, that the Company will not be liable in any such case to the extent and only to the extent that any such loss, liability, claim, damage, cost, fee or expense arises out of or is based upon the inaccuracy of any representations made by such indemnified party in this Agreement, or the failure of such indemnified party to comply with the covenants and agreements contained herein. The liability of the Company under this paragraph shall not exceed the total Purchase Price paid by the Purchaser hereunder.

c. Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any Action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 7, notify the indemnifying party promptly in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party under this Section 7 except to the extent the indemnified party is actually prejudiced by such omission. In case any such Action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in any such Action include both the indemnified party and the indemnifying party and either (i) the indemnifying party or parties and the indemnified party or parties mutually agree or (ii) representation of both the indemnifying party or parties and the indemnified party or parties by the same counsel is inappropriate under applicable standards of professional conduct due to actual or potential differing interests between them, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such Action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such Action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 7 for any reasonable legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the

indemnified party shall have employed counsel in connection with the assumption of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel in such circumstance), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the Action or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened Action in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such Action) unless such settlement, compromise or consent requires only the payment of money damages, does not subject the indemnified party to any continuing obligation or require any admission of criminal or civil responsibility, and includes an unconditional release of each indemnified party from all liability arising out of such Action, or (ii) be liable for any settlement of any such Action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment of the plaintiff in any such Action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

d. Purchaser acknowledges on behalf of itself and each Purchaser Indemnitee that, other than for actions seeking specific performance of the obligations under this Agreement, the sole and exclusive remedy of the Purchaser and the Purchaser Indemnitees with respect to any and all claims relating to this Agreement shall be pursuant to the indemnification provisions (including the limitations thereof) set forth in this Section 7.

8. **Revocability; Binding Effect**. The Offering hereunder may be revoked prior to the Closing thereon, provided that written notice of revocation is sent and is received by the Company or a Placement Agent at least one Business Day prior to the applicable Closing of such subscription. The Purchaser hereby acknowledges and agrees that this Agreement shall survive the death or disability of the Purchaser and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and permitted assigns. If an individual Purchaser is more than one person, the obligations of the Purchaser hereunder shall be joint and several and the agreements, representations, warranties and acknowledgments herein shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators, successors, legal representatives and permitted assigns. For the purposes of this Agreement, "**Business Day**" means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business.

9. **Miscellaneous**.

a. Modification**.** This Agreement shall not be amended, modified or waived except by an instrument in writing signed by the Company and the holders of at least a majority of the then held Shares; provided that this Agreement may not be amended and the observance of any term hereof may not be waived with respect to any Purchaser without the written consent of such Purchaser if such amendment or waiver on its face materially and adversely affects the rights of such Purchaser under this Agreement in a manner that is different than the other Purchasers. Any amendment, modification or waiver effected in accordance with this Section 9(a) shall be binding upon the Purchaser and each transferee of the Shares, each future holder of all such Shares, and the Company.

b. Immaterial Modifications to the Registration Rights Agreement. The Company and the Placement Agents may, at any time prior to the Initial Closing, amend the Registration Rights Agreement

if necessary to clarify any provision therein, without first providing notice or obtaining prior consent of the Purchaser.

c. Third-Party Beneficiary**.** The Placement Agents shall be express third party beneficiaries of the representations and warranties of the Company and the Purchasers included in this Agreement. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 7 and this Section 9(c).

d. Notices**.** Any notice, consents, waivers or other communication required or permitted to be given hereunder shall be in writing and will be deemed to have been delivered: (i) upon receipt, when personally delivered; (ii) upon receipt when sent by certified mail, return receipt requested, postage prepaid; (iii) when sent, if by e-mail, (provided that such sent e-mail is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient's e-mail server that such e-mail could not be delivered to such recipient); or (iv) one (1) Business Day after deposit with a nationally recognized overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses and email addresses for such communications shall be:

(a) if to the Company, at

Peninsula Acquisition Corporation (to be renamed Transphorm, Inc.)
75 Castilian Drive
Goleta, CA 93117
Attn: Primit Parikh and Cameron McAulay
Email: pparikh@transphormusa.com and cmcaulay@transphormusa.com

with copies (which shall not constitute notice) to:

Wilson Sonsini Goodrich and Rosati P.C.
650 Page Mill Road
Palo Alto, CA 94304
Attn: Mark Bertelsen and Douglas Schnell
Email: mbertelsen@wsgr.com and dschnell@wsgr.com

or

(b) if to the Purchaser, at the addresses set forth on the Omnibus Signature Page hereof

(or, in either case, to such other address as the party shall have furnished in writing in accordance with the provisions of this Section).

e. Assignability**.** This Agreement and the rights, interests and obligations hereunder are not transferable or assignable by the Purchaser, and the transfer or assignment of the Shares shall be made only in accordance with all applicable laws.

f. Applicable Law**.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles thereof relating to the conflict of laws.

g. Arbitration**.** All disputes arising out of or in connection with this Agreement shall be submitted to the International Court of Arbitration of the International Chamber of Commerce and shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules. The place of arbitration shall be New York, New York.

h. Form D; Blue Sky Qualification. The Company agrees to timely file a Form D with respect to the Shares and to provide a copy thereof, promptly upon request of any Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Shares for, sale to the Purchaser at such applicable Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

i. Use of Pronouns**.** All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require.

j. Securities Law Disclosure; Publicity**.** By 9:00 a.m., New York City time, on the trading day immediately following the Initial Closing, the Company shall issue a press release (the "**Press Release**") disclosing all material terms of the Offering. The Company will also file the Super 8-K (and including as exhibits to such Super 8-K, the material Transaction Documents (including, without limitation, this Agreement and the Registration Rights Agreement)) as soon as practicable following the closing date of the Merger but in no event more than four (4) Business Days following the closing date of the Merger. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser or an Affiliate of any Purchaser, or include the name of any Purchaser or an Affiliate of any Purchaser in any press release or filing with the SEC (other than the Registration Statement) or any regulatory agency or principal trading market, without the prior written consent of such Purchaser, except (i) as required by federal securities law in connection with (A) any registration statement contemplated by the Registration Rights Agreement and (B) the filing of final Transaction Documents with the SEC or (ii) to the extent such disclosure is required by law, request of the staff of the SEC or of any regulatory agency or principal trading market regulations, in which case the Company shall provide the Purchasers with prior written notice of such disclosure permitted under this sub-clause (ii). From and after the filing of the Super 8-K, no Purchaser shall be in possession of any material, non-public information received from the Company or any of its respective officers, directors, employees or agents in connection with the Offering that is not disclosed in the Super 8-K unless a Purchaser shall have executed a written agreement regarding the confidentiality and use of such information or is otherwise subject to confidentiality restrictions. Each Purchaser, severally and not jointly with the other Purchasers, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company as described in this Section 9, such Purchaser will maintain the confidentiality of all disclosures made to it in connection with such transactions (including the existence and terms of such transactions). In addition, the Purchaser acknowledges that it is aware that the United States securities laws generally prohibit any person who is in possession of material nonpublic information about a public company such as the Company from purchasing or selling securities of such company. The provisions of this Section 9 are in addition to and not in replacement of any other confidentiality agreement between the Company and the Purchaser.

k. Non-Public Information**.** Except for information (including the terms of this Agreement and the transactions contemplated hereby) that will be disclosed in the Super 8-K and filed with the SEC within four (4) Business Days of the Initial Closing, the Company shall not and shall cause each

of its officers, directors, employees and agents, not to, provide any Purchaser with any material, non-public information regarding the Company without the express written consent of such Purchaser.

l. Entire Agreement. This Agreement, together with the Registration Rights Agreement, and all exhibits, schedules and attachments hereto and thereto and any confidentiality agreement between the Purchaser and the Company, constitute the entire agreement between the Purchaser and the Company with respect to the Offering and supersede all prior oral or written agreements and understandings, if any, relating to the subject matter hereof.

m. Share Certificates. If the Shares are certificated and any certificate or instrument evidencing any Shares is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company and the Company's transfer agent of such loss, theft or destruction and the execution by the holder thereof of a customary lost certificate affidavit of that fact and an agreement to indemnify and hold harmless the Company and its transfer agent for any losses in connection therewith or, if required by such transfer agent, a bond in such form and amount as is required by the transfer agent. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Shares. If a replacement certificate or instrument evidencing any Shares is requested due to a mutilation thereof, the Company may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

n. Expenses. Each of the parties hereto shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Agreement and the transactions contemplated hereby, whether or not the transactions contemplated hereby are consummated. The Company shall pay all expenses and fees of its counsel in connection with the issuance of an opinion to the Transfer Agent for the removal of any legend on the Shares.

o. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages that contain copies of an executed signature page such as in .pdf format shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

p. Severability. Each provision of this Agreement shall be considered separable and, if for any reason any provision or provisions hereof are determined to be invalid or contrary to applicable law, such invalid or contrary provision shall be replaced with a valid provision that as closely as possible reflects the parties' intent with respect thereto, and invalidity or illegality shall not impair the operation of or affect the remaining portions of this Agreement.

q. Headings. Paragraph titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

r. Multiple Closings. The Purchaser understands and acknowledges that there may be multiple Closings for the Offering.

s. Additional Information. The Purchaser hereby agrees to furnish the Company such other information as the Company may request prior to the applicable Closing with respect to its subscription hereunder.

t. Survival. The representations and warranties of the Company and each Purchaser contained in this Agreement shall survive the execution and delivery of this Agreement for a period of one (1) year from the date of the Initial Closing and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Purchasers or the Company

u. Omnibus Signature Page. This Agreement is intended to be read and construed in conjunction with the Registration Rights Agreement. Accordingly, pursuant to the terms and conditions of this Agreement and the Registration Rights Agreement, it is hereby agreed that the execution by the Purchaser of this Agreement, in the place set forth on the Omnibus Signature Page below, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Registration Rights Agreement, with the same effect as if each of such separate but related agreement were separately signed.

v. Public Disclosure. Neither the Purchaser nor any officer, manager, director, member, partner, stockholder, employee, Affiliate, Affiliated person or entity of the Purchaser shall make or issue any press releases or otherwise make any public statements or make any disclosures to any third person or entity with respect to the transactions contemplated herein and will not make or issue any press releases or otherwise make any public statements of any nature whatsoever with respect to the Company without the Company's express prior approval (which may be withheld in the Company's sole discretion) except to the extent such disclosure is required by law, request of the staff of the SEC or of any regulatory agency or principal trading market regulations,

w. Potential Conflicts. The Placement Agents, their sub-agents, legal counsel to the Company, the Placement Agents or Transphorm and/or their respective Affiliates, principals, representatives or employees may now or hereafter own shares of the Company.

x. Independent Nature of Each Purchaser's Obligations and Rights. For avoidance of doubt, the obligations of the Purchaser under this Agreement are several and not joint with the obligations of any other Purchaser, and the Purchaser shall not be responsible in any way for the performance of the obligations of any other Purchaser under any other Subscription Agreement. Nothing contained herein and no action taken by the Purchasers shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement and any other Subscription Agreements. Except as specifically set forth herein, the Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

y. Waiver of Conflicts. Each party to this Agreement acknowledges that Mitchell Silberberg & Knupp LLP ("**MSK**"), counsel to the Company prior to the Merger, and Wilson Sonsini Goodrich and Rosati P.C., counsel to Transphorm and the Company (post-Merger), has in the past performed and may continue to perform legal services for certain of the Purchasers in matters unrelated to the transactions described in this Agreement, including financings and other matters. Accordingly, each party to this Agreement hereby (a) acknowledges that they have had an opportunity to ask for information relevant to this disclosure; (b) acknowledges that MSK and Wilson Sonsini Goodrich and Rosati P.C. represented the Company and Transphorm, as applicable, in the transaction contemplated by this Agreement and has not represented any individual Purchaser in connection with such transaction; and (c) gives its informed consent to MSK and Wilson's representation of certain of the Purchasers in such unrelated matters and to MSK and Wilson's representation of the Company and Transphorm, as applicable, in connection with this Agreement

and the transactions contemplated hereby. Further, each party to this Agreement hereby acknowledges that Wilson Sonsini Goodrich and Rosati P.C. anticipates that it will advise the Company following the Merger.

[Signature page follows.]

IN WITNESS WHEREOF, the Company has duly executed this Agreement as of the ____ day of _____, 2020.

PENINSULA ACQUISITION CORPORATION

(TO BE RENAMED “TRANSPHORM, INC.”)

By: _____
Name:
Title:

PENINSULA ACQUISITION CORPORATION (to be renamed "Transphorm, Inc.")
OMNIBUS SIGNATURE PAGE TO
SUBSCRIPTION AGREEMENT AND REGISTRATION RIGHTS AGREEMENT

The undersigned, desiring to: (i) enter into the Subscription Agreement, dated as of _____ ___,[1] 2020 (the "**Subscription Agreement**"), between the undersigned, **Peninsula Acquisition Corporation (to be renamed Transphorm, Inc.)** a Delaware corporation (the "**Company**"), and the other parties thereto, in or substantially in the form furnished to the undersigned, (ii) enter into the Registration Rights Agreement (the "**Registration Rights Agreement**"), among the undersigned, the Company and the other parties thereto, in or substantially in the form furnished to the undersigned and (iii) purchase the Shares of the Company's securities as set forth in the Subscription Agreement and below, hereby agrees to purchase such Shares from the Company and further agrees to join the Subscription Agreement and the Registration Rights Agreement as a party thereto, with all the rights and privileges appertaining thereto, and to be bound in all respects by the terms and conditions thereof. The undersigned specifically acknowledges having read the representations section in the Subscription Agreement entitled "Representations and Warranties of the Purchaser" and hereby represents that the statements contained therein are complete and accurate with respect to the undersigned as a Purchaser.

IN WITNESS WHEREOF, the Purchaser hereby executes the Subscription Agreement and the Registration Rights Agreement.

Dated: _____, 2020

_____	X	$4.00	=	$
Number of Shares		Purchase Price per Share		Total Purchase Price

PURCHASER (individual)

_____
Signature

_____
Print Name

_____
Signature (if Joint Tenants or Tenants in Common)

Address of Principal Residence:

_____

_____

_____

Social Security Number(s):

_____

Telephone Number:

_____

Facsimile Number:

_____

E-mail Address:

PURCHASER (entity)

_____
Name of Entity

_____
Signature

Print Name: _____

Title: _____

Address of Executive Offices:

_____

_____

_____

IRS Tax Identification Number:

Telephone Number:

_____

Facsimile Number:

_____

E-mail Address:

[1] ***Will reflect the Closing Date. Not to be completed by Purchaser.***

PENINSULA ACQUISITION CORPORATION (to be renamed "Transphorm, Inc.")
ACCREDITED INVESTOR CERTIFICATION

For Individual Investors Only

(all Individual Investors must *INITIAL* where appropriate):

Initial _____ I have a net worth of at least US$1 million either individually or through aggregating my individual holdings and those in which I have a joint, community property or other similar shared ownership interest with my spouse. ***(For purposes of calculating your net worth under this paragraph, (a) your primary residence shall not be included as an asset; (b) indebtedness secured by your primary residence, up to the estimated fair market value of your primary residence at the time of your purchase of the securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of your purchase of the securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (c) indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence at the time of your purchase of the securities shall be included as a liability.)***

Initial _____ I have had an annual gross income for the past two years of at least US$200,000 (or US$300,000 jointly with my spouse) and expect my income (or joint income, as appropriate) to reach the same level in the current year.

Initial _____ I am a director or executive officer of Transphorm, Inc. or Peninsula Acquisition Corporation.

For Non-Individual Investors (Entities)

(all Non-Individual Investors must *INITIAL* where appropriate):

Initial _____ The investor certifies that it is a partnership, corporation, limited liability company or business trust that is 100% owned by persons who meet at least one of the criteria for Individual Investors set forth above (in which case each such person must complete the Accreditor Investor Certification for Individuals above as well the remainder of this questionnaire) .

Initial _____ The investor certifies that it is a partnership, corporation, limited liability company or business trust that has total assets of at least US$5 million and was not formed for the purpose of investing the Company.

Initial _____ The investor certifies that it is an employee benefit plan whose investment decision is made by a plan fiduciary (as defined in ERISA §3(21)) that is a bank, savings and loan association, insurance company or registered investment advisor.

Initial _____ The investor certifies that it is an employee benefit plan whose total assets exceed US$5,000,000 as of the date of this Agreement.

Initial _____ The undersigned certifies that it is a self-directed employee benefit plan whose investment decisions are made solely by persons who meet at least one of the criteria for Individual Investors.

Initial _____ The investor certifies that it is a U.S. bank, U.S. savings and loan association or other similar U.S. institution acting in its individual or fiduciary capacity.

Initial _____ The undersigned certifies that it is a broker-dealer registered pursuant to §15 of the Securities Exchange Act of 1934.

Initial _____ The investor certifies that it is an organization described in §501(c)(3) of the Internal Revenue Code with total assets exceeding US$5,000,000 and not formed for the specific purpose of investing in the Company.

Initial _____ The investor certifies that it is a trust with total assets of at least US$5,000,000, not formed for the specific purpose of investing in the Company, and whose purchase is directed by a

person with such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of the prospective investment.

Initial _____ The investor certifies that it is a plan established and maintained by a state or its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, and which has total assets in excess of US$5,000,000.

Initial _____ The investor certifies that it is an insurance company as defined in §2(13) of the Securities Act of 1933, or a registered investment company.

Peninsula Acquisition Corporation (to be renamed "Transphorm, Inc.")
Investor Profile
(Must be completed by Investor)

Section A - Personal Investor Information

Investor Name(s): _____

Individual executing Profile or Trustee: _____

Social Security Numbers / Federal I.D. Number: _____

Investment Experience (Years): _____

Annual Income: _____

Net Worth*: _____

Street Address: _____

City, State & Zip Code: _____

Phone: _____ Email: _____

Outside Broker/Dealer: _____

Section B – Ownership Statement Delivery Instructions

Please deliver the statement of book-entry position of the Shares:

_____ to the following physical address: _____
_____ to the following email address: _____

Section C – Form of Payment –Wire Transfer

Wire funds from my outside account according to instructions of the Subscription Agreement.

_____

_____ The funds for this investment are rolled over, tax deferred from _____ within the allowed 60 day window.

Please check if you are a FINRA member or affiliate of a FINRA member firm: _____

_____ _____
Investor Signature(s) **Date**

***For purposes of calculating your net worth in this form, (a) your primary residence shall not be included as an asset; (b) indebtedness secured by your primary residence, up to the estimated fair market value of your primary residence at the time of your purchase of the securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of your purchase of the securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (c) indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence at the time of your purchase of the securities shall be included as a liability.**

ANTI MONEY LAUNDERING REQUIREMENTS

The USA PATRIOT Act

The USA PATRIOT Act is designed to detect, deter, and punish terrorists in the United States and abroad. The Act imposes new anti-money laundering requirements on brokerage firms and financial institutions. Since April 24, 2002 all brokerage firms have been required to have new, comprehensive anti-money laundering programs.

To help you understand these efforts, we want to provide you with some information about money laundering and our steps to implement the USA PATRIOT Act.

What is money laundering?

Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering, and terrorism.

How big is the problem and why is it important?

The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide money laundering activity at $1 trillion a year.

What are we required to do to eliminate money laundering?

Under rules required by the USA PATRIOT Act, our anti-money laundering program must designate a special compliance officer, set up employee training, conduct independent audits, and establish policies and procedures to detect and report suspicious transaction and ensure compliance with such laws. As part of our required program, we may ask you to provide various identification documents or other information. Until you provide the information or documents we need, we may not be able to effect any transactions for you.

EXHIBIT A

Form of Registration Rights Agreement

PENINSULA ACQUISITION CORPORATION

(TO BE RENAMED "TRANSPHORM, INC.")

SELLING SECURITYHOLDER NOTICE AND QUESTIONNAIRE

The undersigned beneficial owner of Registrable Securities of Peninsula Acquisition Corporation (to be renamed "Transphorm, Inc."), a Delaware corporation (the "**Company**"), understands that the Company has filed or intends to file with the U.S. Securities and Exchange Commission a registration statement (the "**Registration Statement**") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended, of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the "**Registration Rights Agreement**") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling security holder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling security holder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "**Selling Securityholder**") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name:

(a) Full Legal Name of Selling Securityholder

_____

_____

(b) Full Legal Name of Registered Holder (holder of record) (if not the same as (a) above) through which Registrable Securities are held:

_____

_____

(c) If you are not a natural person, full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

2. Address for Notices to Selling Securityholder:

Telephone:
Fax:
Email:

Contact Person:

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Securityholder:

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company.

(a) Please list the type (common stock, warrants, etc.) and amount of all securities of the Company (including any Registrable Securities) beneficially owned[1] by the Selling Securityholder:

_____

_____

5. Relationships with the Company:

Except as set forth below, neither you nor (if you are a natural person) any member of your immediate family, nor (if you are not a natural person) any of your affiliates[2], officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

---

[1] ***Beneficially Owned*:** A "beneficial owner" of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares (i) ***voting power***, including the power to direct the voting of such security, *or* (ii) ***investment power***, including the power to dispose of, or direct the disposition of, such security. In addition, a person is deemed to have "beneficial ownership" of a security of which such person has the right to acquire beneficial ownership at any time within 60 days, including, but not limited to, any right to acquire such security: (i) through the exercise of any option, warrant or right, (ii) through the conversion of any security or (iii) pursuant to the power to revoke, or the automatic termination of, a trust, discretionary account or similar arrangement.

It is possible that a security may have more than one "beneficial owner," such as a trust, with two co-trustees sharing voting power, and the settlor or another third party having investment power, in which case each of the three would be the "beneficial owner" of the securities in the trust. The power to vote or direct the voting, or to invest or dispose of, or direct the investment or disposition of, a security may be indirect and arise from legal, economic, contractual or other rights, and the determination of beneficial ownership depends upon who ultimately possesses or shares the power to direct the voting or the disposition of the security.

The final determination of the existence of beneficial ownership depends upon the facts of each case. You may, if you believe the facts warrant it, disclaim beneficial ownership of securities that might otherwise be considered "beneficially owned" by you.

[2] ***Affiliate*:** An "affiliate" is a company or person that directly, or indirectly through one or more intermediaries, controls you, or is controlled by you, or is under common control with you.

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Selling Securityholder Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

BENEFICIAL OWNER (individual)

_____
Signature

_____
Print Name

_____
Signature (if Joint Tenants or Tenants in Common)

BENEFICIAL OWNER (entity)

_____
Name of Entity

_____
Signature

Print Name: _____

Title: _____

PLEASE E-MAIL A COPY OF THE COMPLETED AND EXECUTED SELLING SECURITYHOLDER NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

Wilson Sonsini Goodrich and Rosati P.C.
650 Page Mill Road
Palo Alto, CA 94304
Attn: Justin Lu
Email: justin.lu@wsgr.com

Exhibit 10.8

October 13th, 2015

Mario Rivas
Via Email

Dear Mario:

I am pleased to offer you a position with Transphorm, Inc. (the "**Company**"), as its Chief Executive Officer (the "**CEO**") reporting to the Company's board of directors (the "**Board**"). You will perform your duties as CEO primarily from the Company's Goleta, CA offices.

1. Duties. As CEO, you will have such duties and responsibilities commensurate with those customarily associated with that position, including such duties and responsibilities as reasonably assigned by the Board. You will devote substantially all of your time, attention and skill to such duties, except during any paid vacation and other excused absence periods, and will use your best efforts to promote the success of the business of the Company.

For the duration of your term of employment with the Company (the "**Employment Term**"), you agree not to (a) actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration or (b) render commercial or professional services of any nature to any person or organization, whether or not for compensation, in each case, without the prior approval of the Board.

2. Base Salary. You will receive an initial annual base salary of $350,000, which will be paid, less applicable withholdings, in accordance with the Company's normal payroll procedures. The Board will review your salary annually and you will be eligible for salary increases subject to Board approval.

3. Employee Benefits. You also will be eligible to receive certain employee benefits that the Company may establish from time to time for its other employees, subject to the eligibility requirements of the applicable benefit plans. You will be entitled to paid time-off each year, subject to the terms of the Company's paid time-off policy as in effect from time to time. You should note that the Company may modify job titles, salaries and benefits from time to time as it deems necessary.

4. Expenses. You will be entitled to reimbursement for all reasonable and necessary out-of- pocket business, entertainment and travel expenses incurred in connection with the performance of your duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

5. Housing Expense. Subject to your continued employment, and during the period you are performing your duties in the Company's Goleta, CA offices, the Company will pay your reasonable accommodation expenses in the Goleta, CA area (up to $4,000 per month), for the period from the Start Date up to the first anniversary of the Start Date (the "Housing Expenses" and together with the "Automobile Expenses" described below, the "Expenses"). Any taxable portion of the Expenses will be subject to regular withholding. To the extent any portion of the Expenses is determined to be taxable to you, the Company will provide you a tax gross-up amount, determined

by the Company, necessary to pay federal and state income and employment taxes incurred by you with respect to the taxable Expenses (with such gross-up to be calculated by the Company based on the withholding rates the Company has in effect for you at the time the applicable payment is paid to you). In order to be eligible for the payment of any Expenses (or any related gross-up payment), you must remain an employee of the Company on the date such Expense or related gross-up payment is made. In no event will you receive a housing or car allowance following the first anniversary of the Start Date.

6. Automobile Expense. Subject to your continued employment, the Company will pay for the reasonable round-trip cost of transporting your personal automobile to the Goleta, CA area. If you choose not to transport your personal automobile to the Goleta, CA area, subject to your continued employment, and during the period you are performing your duties in the Company's Goleta, CA offices, the Company will pay your reasonable automobile rental expenses in the Goleta, CA area (up to $700 per month), for the period from the Start Date up to the first anniversary of the Start Date (either the transportation costs or the automobile rental expenses, referred to as the "Automobile Expenses").

7. Air Travel. Subject to your continued employment, and during the period you are performing your duties in the Company's Goleta, CA offices, the Company will allow for travel once per month for either you or an individual of your choosing to fly to / from Goleta, CA for coach class, non-refundable, roundtrip airline tickets.

8. Initial Option Grant. If you decide to join the Company, and subject to your continued employment on the grant date, it will be recommended that the Board or a committee thereof (the "**Administrator**") grant you an option to purchase 800,000 shares of the Company's Common Stock (the "**Initial Option**") at a price per share at least equal to the fair market value per share of the Company's Common Stock on the date of grant. The Initial Option will vest as follows: 1/12th of the shares subject to the Initial Option will vest on each monthly anniversary of the Start Date subject to your continuing to provide services to the Company, such that the Initial Option will be fully vested on the 12-month anniversary of the Start Date. The Initial Option will be subject to the terms and conditions of the Company's equity plan and option agreement approved by the Administrator, including vesting requirements. No right to any stock is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continue vesting or employment.

9. Additional Option Grant. In addition, upon your transition to an executive chairman role and subject to your continued service on the grant date, it will be recommended that the Administrator grant you an additional option to purchase 400,000 shares of the Company's Common Stock (the "**Additional Option**") at a price per share at least equal to the fair market value per share of the Company's Common Stock on the date of grant. The Additional Option will vest as follows: 25% of the shares subject to the Additional Option will vest on the 1-year anniversary of the date you commence providing services as the Company's executive chairman/grant date, or on October 1st, 2016 (whichever is later) subject to your continuing to provide services to the Company, and no shares will vest before such date. The remaining shares subject to the Additional Option will vest monthly over the next 36 months in equal monthly amounts subject to your continuing to provide services to the Company. The Additional Option will be subject to the terms and conditions

of the Company's equity plan and option agreement approved by the Administrator, including vesting requirements. No right to any stock is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continue vesting or employment.

l0. Confidential Information Agreement: Compliance with Company Policies. As a condition of your employment, you are also required to sign and comply with an At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement (the "**Confidential Information Agreement**") which requires, among other provisions, the assignment of patent rights to any invention made during your employment at the Company, and non-disclosure of Company proprietary information and compliance with the arbitration provisions in the event of any dispute or claim relating to or arising out of our employment relationship.

As a Company employee, you will be expected to abide by the Company's rules and standards. Specifically, you will be required to sign an acknowledgment that you have read and that you understand the Company's rules of conduct which are included in the Company' Employee Handbook.

11. Conflicting Interests. We also ask that, if you have not already done so, you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. The Company understands that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Moreover, you agree that, during the Employment Term, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company. Similarly, you agree not to bring any third party confidential information to the Company, including that of your former employer, and that in performing your duties for the Company you will not in any way utilize any such information.

12. Proof of Eligibility to Work. For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship with you may be terminated.

13. Miscellaneous. The Company is excited about your joining and looks forward to a beneficial and productive relationship. Nevertheless, you should be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause and with or without notice. We request that, in the event of resignation, you give the Company at least two weeks' notice.

To accept the Company's offer, please sign and date this letter in the space provided below. A duplicate original is enclosed for your records. If you accept our offer, your first day of employment will be October 1, 2015 (the "**Start Date**"). This letter (including **Appendix A**), along with any agreements relating to proprietary rights between you and the Company and the equity plan and

stock option agreement(s), set forth the terms of your employment with the Company and supersede any prior representations or agreements including, but not limited to, any representations made during your recruitment, interviews or pre-employment negotiations, whether written or oral. This letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by a member of the Board and you. This offer of employment will terminate if it is not accepted, signed and returned by October 23rd 2015.

We look forward to your favorable reply and to working with you at the Company.

Sincerely,
/s/ Brittany Bagley
Brittany Bagley
Chairman, Compensation Committee

Agreed to and accepted:

Signature:	/s/ Mario Rivas
Printed name:	Mario Rivas
Date:	Oct. 15, 2015

Enclosures
Duplicate Original Letter
At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement

Appendix A

ADDITIONAL TERMS TO OFFER LETTER

This letter and all payments and benefits hereunder are intended to be exempt from or otherwise comply with Section 409A of the Internal Revenue Code of 1986, as amended and the final regulations and any guidance promulgated thereunder and any applicable state law equivalents ("**Section 409A**") so that none of the payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted in that manner.

To the extent that any payments, or any other reimbursement or in-kind benefit under this letter or under any other reimbursement or in-kind benefit plan or arrangement in which you participate during your employment or thereafter, provide for a "deferral of compensation" within the meaning of Section 409A and does not otherwise comply with Section 409A, (A) the amount eligible for reimbursement or in-kind benefit in one calendar year may not affect the amount eligible for reimbursement or in-kind benefit in any other calendar year, (B) the right to reimbursement or an in-kind benefit is not subject to liquidation or exchange for another benefit or payment, (C) subject to any shorter time periods provided in this letter or in the applicable reimbursement arrangement, any such reimbursement of an expense or in-kind benefit must be made on or before the last day of your taxable year following your taxable year in which the expense was incurred, and (D) except as specifically provided herein or in the applicable reimbursement arrangement, any such reimbursements or in-kind benefits must be for expenses incurred and benefits provided during your employment. You and the Company agree to work together to consider amendments to this letter and to take such reasonable actions to avoid imposition of any additional tax or income recognition under Section 409A prior to actual payment to you. In no event will the Company reimburse you for any taxes that may be imposed on you as a result of Section 409A.

Transphorm, Inc.
[Address]

March 22, 2007

Primit Parikh
[Address]

Re: Offer of Employment

Dear Primit:

This letter will confirm the terms of your employment with Transphorm, Inc., a Delaware corporation (the "Company"), effective on March 26, 2007, or such other date agreed upon in writing by you and the Company, as follows:

1. Title and Responsibilities. You will serve in the position of Chief Operating Officer, reporting to the Chief Executive Officer. You will assume and discharge such responsibilities as are commensurate with such position and as the Chief Executive Officer or Board of Directors may from time to time direct. During the term of your employment, you shall devote your full time, skill and attention to your duties and responsibilities, shall perform them faithfully, diligently and competently, and shall use your best efforts to further the business of the Company and its affiliated entities. In addition, you shall comply with and be bound by the operating policies, procedures and practices of the Company in effect from time to time during your employment.

2. Terms; At-Will Employment. Your employment shall commence on March 26, 2007, or such other date agreed upon in writing by you and the Company. You agree that your employment with the Company is for an unspecified duration that constitutes at-will employment, and that either you or the Company can terminate this relationship at any time.

3. Compensation; Equity.

(a) In consideration of your services you will be paid a base salary of $12,500 per month, less applicable withholding, payable monthly or bi-monthly in accordance with the Company's standard payroll practices. Your base salary will be reviewed annually by the Board of Directors of the Company.

(b) As one of two founders of the Company, you will be offered the opportunity to purchase 800,000 shares of common stock of the Company upon the commencement of your employment with the Company. In the event you cease to provide services to the Company as an employee, consultant, advisor, officer or director of the Company for any reason, the Company shall have the option, for a period of 90 days from such date of termination, to repurchase all unvested shares at the lesser of the then fair market value of such shares and the original per share purchase price. Your shares shall be released from the Company's repurchase option as follows: 25% of the

total number of shares shall be released from the Company's repurchase option on the one year anniversary of the commencement of your employment with the Company and 1/36th of the

remaining shares shall be released from the Company's repurchase option each full month thereafter, provided that you continue to provide services to the Company on each such date. In addition, in the event that within twelve months following a "Change of Control" the Company terminates your status as a service provider to the Company without "Cause", then the release of your shares from the Company's repurchase option shall be accelerated such that 50% of the then unreleased shares shall be immediately and automatically released from the Company's repurchase option. In the event that within twelve months following a "Change of Control" you terminate your status as a service provider to the Company for "Good Reason", then the release of your shares from the Company's repurchase option shall be accelerated such that 25% of the then unreleased shares shall be immediately and automatically released from the Company's repurchase option.

A "Change of Control" means the sale, conveyance, license or other disposition of all or substantially all of the property (including intellectual property) or business of the Company, or a merger or consolidation of the Company with or into any other corporation or other business transaction or series of transactions as a result of which the Company's stockholders immediately prior to the transaction hold less than a majority of the voting interests of the Company (or successor) after the transaction (taking account only of stock of the Company held by such stockholders prior to the transaction) or a transaction in which any shares of the Company's Preferred Stock are converted into any other property or security, other than Common Stock, *provided*, *however*, that the following shall not be considered a Change of Control Transaction: (i) a consolidation with a wholly-owned subsidiary of the Company; (ii) a merger effected exclusively to change the domicile of the Company, or (iii) an equity financing consummated solely for capital-raising purposes in which the Company is the surviving corporation and which is approved by the Company's Board of Directors (including the member of the Company's Board of Directors appointed by the holders of the Company's Series A Preferred Stock pursuant to Section 5(d) of Article V of the Company's Certificate of Incorporation).

"Cause" shall mean (i) your failure to perform your duties or responsibilities within fifteen (15) days of written notice from the Company describing the failure; provided that with respect to any employee who is also a member of the Board of Directors of the surviving entity in such Change of Control, the action and notice shall be determined by a committee of such Board of Directors consisting of all Board members except for the member at issue; (ii) any act of dishonesty, fraud or misrepresentation by you related to the Company; (iii) your violation of any federal or state law or regulation applicable to the Company's business; (iv) wrongful disclosure of any trade secrets or any confidential or proprietary information of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; (v) any act by you that constitutes material misconduct and is injurious to the Company; or (vi) your commission of any felony or any other crime involving dishonesty or affecting the reputation of the Company.

"Good Reason" shall mean: if one or more of the following events shall occur (unless such event(s) applies generally to all senior management of the Company following a Change of Control): (i) the assignment to you of any duties or the reduction of your duties, either of which results in a significant diminution in your position or responsibilities with the Company in effect immediately prior to such assignment or reduction taken as a whole; provided, however, that (A) you understand and agree that a mere change in title will not be considered a significant diminution for purposes

of this subsection (i) and (B) you further understand and agree that in determining whether a diminution in your position or responsibilities with the Company is significant your responsibilities shall be measured with respect to the unit or equivalent structure that represents the Company's business and not the business of the surviving entity taken as a whole; (ii) a material reduction by the Company in your base salary as in effect immediately prior to such reduction; or (iii) your relocation to a facility or a location more than 50 miles from your then present location, without your express written consent.

The final terms of your purchase of shares from the Company shall be set forth in a Restricted Stock Purchase Agreement to be entered into by and between you and the Company.

4. Other Benefits. You will be entitled to receive the standard employee benefits made available by the Company to its employees and managers to the full extent of your eligibility therefor. You shall be entitled to three (3) weeks of paid vacation per year in accordance with the Company's vacation policy. During your employment, you shall be permitted, to the extent eligible, to participate in any group medical, dental, life insurance and disability insurance plans, or similar benefit plan of the Company that is available to other comparable employees. Participation in any such plan shall be consistent with your rate of compensation to the extent that compensation is a determinative factor with respect to coverage under any such plan. In the event that the Company has not established group medical, dental, life insurance and disability insurance plans, or similar benefit plans at the time you commence employment with the Company, the Company will reimburse you for the premium costs actually incurred or paid by you, in compliance with COBRA, for maintaining your currently effective group medical, dental, life insurance and disability insurance plans, or similar benefit plans until the Company establishes such plans.

The Company shall reimburse you for all reasonable business expenses actually incurred or paid by you in the performance of your services on behalf of the Company, in accordance with the Company's expense reimbursement policy as from time to time in effect.

5. Confidential Information. You agree to execute and deliver to the Company a confidential information and invention assignment agreement in the standard form utilized by the Company.

6. No Conflicting Employment. You agree that, during the term of your employment with the Company, you will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company.

7. General Provisions.

(a) Your employment will be governed by the laws of the State of California.

(b) This letter sets forth the entire agreement and understanding between the Company and you relating to your employment and supersedes all prior verbal discussions between us.

If the foregoing accurately sets forth our mutual understanding and agreement regarding the terms of your employment, please acknowledge the same by signing and returning the enclosed copy of this letter.

Transphorm, Inc.

By: /s/ Umesh Mishra
Umesh Mishra
Chief Executive Office

Acceptance:

I accept the terms of my employment with the Company as set forth herein.

/s/ Primit Parikh
Primit Parikh

Dated: March 26, 2007

Transphorm Inc. **115 Castilian Drive, Goleta, CA 93117** **805-456-1300**

October 14, 2015

Cameron McAulay
[Address]

Re: Transphorm, Inc. Employment Offer

Dear Cameron,

I am pleased to offer you a position with Transphorm, Inc. (the "Company") as CFO commencing on or before November 2, 2015. If you decide to join the Company, you will report to Mario Rivas, CEO, and you will receive a rate of $8,653.84 bi-weekly ($225,000.00 annual equivalent) less applicable withholding, which will be paid in accordance with the Company's normal payroll procedures. This is a full-time, exempt position.

As a full-time exempt Company employee, you will also be eligible to accrue 29 days of paid time off annually, subject to the Company's PTO policy, and certain standard employee benefits, as such may be in effect from time to time and subject to the terms and conditions of the Company's benefits plans. You should note that the Company may modify salaries and benefits from time to time in its discretion as it deems necessary.

If you join the Company and subject to your continued employment on such date, it will be recommended at the first meeting of the Company's Board of Directors following your start date that the Company grant you an option to purchase 750,000 shares of the Company's Common Stock, pursuant to the Company's 2015 Equity Incentive Plan (the "Plan"), at a price per share at least equal to the fair market value per share of the Common Stock on the date of grant, as determined by the Company's Board of Directors. Twenty-five percent (25%) of the shares subject to the option shall vest twelve (12) months after the date your vesting begins, subject to your continuing employment with the Company, no shares shall vest before such date. The remaining shares shall vest monthly over the next thirty-six (36) months in equal monthly amounts subject to your continuing employment with the Company. This option grant shall be subject to the terms and conditions of the Plan and related Stock Option Agreement, including vesting requirements. No right to any stock is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continue vesting or employment.

This job offer is contingent upon a clearance of a background investigation and reference check, in accordance with applicable law. This investigation and reference check may include a consumer report, as defined by the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. 1681a, and/or an investigative consumer report, as defined by FCRA, 15 U.S.C. 1681a, and California Civil Code 1786.2(c). This investigation will not include information bearing on your credit worthiness. This job offer is contingent upon a clearance of such a background investigation and/or reference check and upon your written authorization to obtain a consumer report and/or investigative consumer report. Refer to the attached Background Check Disclosure and

Authorization for important disclosures and a written authorization form. For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States.

You should be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice. As a condition to accepting our employment offer, you shall disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Moreover, you agree that, during the term of your employment with the Company, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company. Similarly, you agree not to bring any third party confidential information to the Company, including that of your former employer, and that in performing your duties for the Company you will not in any way utilize any such information in performing your duties for the Company.

As a Company employee, you will be required to sign and comply with an At-Will Employment, Confidential Information, Invention Assignment and Arbitration Information Agreement ("Employee Confidentiality Agreement") which requires, among other provisions, the assignment of patent rights to any invention made during your employment at the Company and non-disclosure of proprietary information. Moreover, in the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree under the Employee Confidentiality Agreement to an arbitration in which (i) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (ii) we agree that all disputes between you and the Company shall be fully and finally resolved by binding arbitration, (iii) all disputes shall be resolved by a neutral arbitrator who shall issue a written opinion, (iv) the arbitration shall provide for adequate discovery, and (v) the Company shall pay all the arbitration fees, except an amount equal to the filing fees you would have paid had you filed a complaint in a court of law. A copy of the Employee Confidentiality Agreement is enclosed. As a Company employee, you will also be expected to abide by Company rules and standards. You will be specifically required to sign an acknowledgment that you have read and that you understand the Company's rules of conduct, which are included in the Company's Employee Handbook.

To accept the Company's offer, please sign and date this letter in the space provided below. A duplicate original is enclosed for your records. This letter, along with the Employee Confidentiality Agreement, set forth the terms of your employment with the Company and supersedes any prior representations or agreements including, but not limited to, any

representations made during your recruitment, interviews or pre-employment negotiations, whether written or oral. The Plan and related stock option agreement will govern the terms of any stock option granted to you by the Board of Directors.

This letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by an officer of the Company and you. This offer of employment will terminate if it is not accepted, signed and returned within five (5) days of the date of this letter.

We believe your background and skills will add significant value to the Transphorm team and look forward to working with you at Transphorm, Inc.

Sincerely,

Transphorm, Inc.

By:	/s/ Mario Rivas
Name:	Mario Rivas
Its:	CEO

This letter encompasses all aspects of the employment offer and supersedes and replaces any prior offers, understandings, representation, promises, or agreement by or on behalf of Transphorm, Inc. If this letter accurately summarizes our proposed employment relationship, please indicate your acceptance by signing below.

ACCEPTED AND AGREED TO this

16 day of October, 2015

/s/ Cameron McAulay

Cameron McAulay

TRANSPHORM, INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "***Agreement***") is dated as of [*insert date*], and is between Transphorm, Inc., a Delaware corporation (the "***Company***"), and [*insert name of indemnitee*] ("***Indemnitee***").

RECITALS

A. Indemnitee's service to the Company substantially benefits the Company.

B. Individuals are reluctant to serve as directors or officers of corporations or in certain other capacities unless they are provided with adequate protection through insurance or indemnification against the risks of claims and actions against them arising out of such service to and activities on behalf of the Company.

C. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and any insurance as adequate under the present circumstances, and Indemnitee may not be willing to serve as a director or officer without additional protection.

D. In order to induce Indemnitee to continue to provide services to the Company, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, Indemnitee as permitted by applicable law.

E. Indemnitee is a representative of _____, a [Delaware] _____ (the "Fund"), and has certain rights to indemnification and/or insurance provided by the Fund which Indemnitee and the Fund intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board.

F. This Agreement is a supplement to and in furtherance of the indemnification provided in the Company's certificate of incorporation and bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish or abrogate any rights of Indemnitee thereunder.

G. In light of the considerations referred to in the preceding recitals, it is the Company's intention and desire that the provisions of this Agreement be construed liberally, subject to their express terms to maximize the protections to be provided to Indemnitee hereunder.

In consideration of Indemnitee's agreement to serve as a director or officer of the company after the date hereof, the parties hereto agree as follows:

1. Definitions.

(a) A "***Change in Control***" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party.* Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company

representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) *Change in Board Composition.* During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Company's board of directors, and any new directors (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(a)(i), 1(a)(iii) or 1(a)(iv)) whose election by the board of directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Company's board of directors;

(iii) *Corporate Transactions.* The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) *Liquidation.* The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

(v) *Other Events.* Any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended, whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 1(a), the following terms shall have the following meanings:

(1) "***Person***" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended; *provided, however,* that "***Person***" shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(2) "***Beneficial Owner***" shall have the meaning given to such term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended; *provided, however,* that "***Beneficial Owner***" shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(b) "***Corporate Status***" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise.

(c) "***DGCL***" means the General Corporation Law of the State of Delaware.

(d) "***Disinterested Director***" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "***Enterprise***" means the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary.

(f) "***Expenses***" include all reasonable and actually incurred attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, ERISA excise taxes and penalties and all other disbursements or expenses of the types customarily incurred in connection with or as a result of prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or their equivalent, and (ii) for purposes of Section 12(d), Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "***Independent Counsel***" means a law firm, or a partner or member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than as Independent Counsel with respect to matters concerning Indemnitee under this Agreement, or other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "***Independent Counsel***" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) "***Proceeding***" means any threatened, pending or completed action, suit, claim, counterclaim, cross-claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, including any appeal therefrom and including without limitation any such Proceeding pending as of the date of this Agreement, in which Indemnitee was, is or will be involved as a party, a potential party, a non-party witness or otherwise by reason of (i) the fact that Indemnitee is or was a director or officer of the Company, (ii) any action taken (or failure to take action) by Indemnitee or any action or inaction on Indemnitee's part while acting as a director or officer of the Company, or (iii) the fact that he or she is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, or (iv) any action to enforce this Agreement in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of expenses can be provided under this Agreement. If Indemnitee believes in good faith that a given situation may lead to, or culminate in, the initiation of a Proceeding, the situation shall be considered a Proceeding under this paragraph.

(i) Reference to "***other enterprises***" shall include employee benefit plans; references to "***fines***" shall include any excise taxes assessed on a person with respect to any employee benefit plan;

references to "***serving at the request of the Company***" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "***not opposed to the best interests of the Company***" as referred to in this Agreement.

2. **Indemnity in Third-Party Proceedings.** The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation, the Bylaws, vote of the Company's stockholders or disinterested directors or applicable law.

3. **Indemnity in Proceedings by or in the Right of the Company.** The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

4. **Indemnification for Expenses of a Party Who is Wholly or Partly Successful.** To the extent that Indemnitee is a party to or a participant in and is successful (on the merits or otherwise) in defense of any Proceeding or any claim, issue or matter therein in whole or in part, the Company shall indemnify Indemnitee against all Expenses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. To the extent permitted by applicable law, if Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, in defense of one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with (a) each successfully resolved claim, issue or matter and (b) any claim, issue or matter related to any such successfully resolved claim, issue or matter. For purposes of this section, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

5. **Indemnification for Expenses of a Witness.** To the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall

be indemnified to the fullest extent permitted by applicable law against all Expenses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

6. **Partial Indemnification.** If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

7. **Additional Indemnification.**

(a) Notwithstanding any limitation in Sections 2, 3 or 4, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement reasonably incurred by Indemnitee or on his or her behalf in connection with the Proceeding or any claim, issue or matter therein.

(b) For purposes of Section 7(a), the meaning of the phrase "***to the fullest extent permitted by applicable law***" shall include, but not be limited to:

(i) the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL; and

(ii) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

8. **Exclusions.** Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any Proceeding (or any part of any Proceeding):

(a) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(b) for any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "***Sarbanes-Oxley Act***"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(c) initiated by Indemnitee, and not by way of defense, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees, agents or other indemnitees, other than (A) an action to enforce the terms of this Agreement, or (B) any mandatory counterclaim or cross claim asserted by Indemnitee in connection with a Proceeding brought by

any other party against Indemnitee, unless (i) the Company's board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law or (iii) otherwise required by applicable law; or

(d) if prohibited by applicable law.

9. **Advances of Expenses.** The Company shall advance to the fullest extent permitted by law the Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding (or part of any Proceeding) prior to its final disposition, and such advancement shall be made as soon as reasonably practicable, but in any event no later than 45 days, after the receipt by the Company of a written statement or statements requesting such advances from time to time (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice). Advances shall be unsecured and interest free and made without regard to Indemnitee's ability to repay such advances. Indemnitee hereby undertakes to repay any advance in connection with any Proceeding to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company in respect of such Proceeding. Advances shall include any and all Expenses incurred pursuing an action to enforce this right to advancement. This Section 9 shall not apply to the extent advancement is prohibited by law and shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is not permitted under Section 8(c) of this Agreement, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 8(a), 8(b) or 8(d) prior to a determination that Indemnitee is not entitled to be indemnified by the Company.

10. **Procedures for Notification and Defense of Claim.**

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. The written notification to the Company shall include, in reasonable detail, a description of the nature of the Proceeding and the facts underlying the Proceeding. The failure or delay by Indemnitee to notify the Company will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights.

11. **Procedures upon Application for Indemnification.**

(a) To obtain indemnification, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Proceeding. Any delay in providing the request will not relieve the Company from its obligations under this Agreement, except to the extent such delay is prejudicial

(b) Promptly upon final disposition of any Proceeding, a determination, if required by law, with respect to Indemnitee's entitlement to indemnification shall be made in the specific case (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors, (B) by a committee of Disinterested Directors designated by a majority vote

of the Disinterested Directors, even though less than a quorum of the Company's board of directors, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee or (D) if so directed by the Company's board of directors, by the stockholders of the Company. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, to the extent permitted by applicable law. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis or which indemnification has been denied.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(b), the Independent Counsel shall be selected as provided in this Section 11(c). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Company's board of directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Company's board of directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and (ii) the final disposition of the Proceeding, the parties have not agreed upon an Independent Counsel, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 13(a) of this Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing). The Company shall pay the reasonable fees and expenses of any Independent Counsel.

(c) If the Company disputes a portion of the amounts for which indemnification is requested, the undisputed portion shall be paid and only the disputed portion withheld pending resolution of any such dispute.

12. **Presumptions and Effect of Certain Proceedings.**

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption.

(b) Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. Subject to Section 13(d), if the person, persons or entity empowered or selected under Section 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 12(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 11(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Enterprise. The provisions of this Section 12(d) shall not be deemed to be exclusive or to limit in any way the other

circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Neither the knowledge, actions nor failure to act of any other director, officer, agent or employee of the Enterprise shall be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

13. **Remedies of Indemnitee.**

(a) Subject to Section 13(d), in the event that (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11 of this Agreement within 90 days after the later of the receipt by the Company of the request for indemnification or the final disposition of the Proceeding, (iv) payment of indemnification pursuant to this Agreement is not made (A) within ten days after a determination has been made that Indemnitee is entitled to indemnification or (B) with respect to indemnification pursuant to Sections 4 and 5 of this Agreement, within 30 days after receipt by the Company of a written request therefor, or (v) the Company or any other person or entity takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration with respect to his or her entitlement to such indemnification or advancement of Expenses, to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 13(a). The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration in accordance with this Agreement.

(b) In the event that a determination shall have been made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 13 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 13, the Company shall, to the fullest extent not prohibited by law, have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) To the fullest extent not prohibited by law, the Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. If a determination shall have been made pursuant to Section 11 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 13, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statements not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of the Proceeding.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by or on behalf of Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

14. **Contribution.** To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amounts incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid or to be paid in settlement, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the events and transactions giving rise to such Proceeding; and (ii) the relative fault of Indemnitee and the Company (and its other directors, officers, employees and agents) in connection with such events and transactions.

15. **Non-exclusivity.**

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's certificate of incorporation or bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise and shall be interpreted independently of and without reference to any other such rights to which Indemnitee may at any time be entitled. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's certificate of incorporation and bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a

Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

16. **No Duplication of Payments.** Subject to Section 17(b), the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received payment for such amounts under any insurance policy, contract, agreement or otherwise.

17. **Subrogation.**

(a) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(b) The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by the Fund and certain of its affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the Certificate of Incorporation or Bylaws (or any agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms hereof.

18. **Services to the Company.** Indemnitee agrees to serve as a director or officer of the Company or, at the request of the Company, as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of another Enterprise, for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is removed from such position. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position; provided however that neither Indemnitee's resignation nor termination of Indemnitee's services as director or officer shall in any way affect Indemnitee's rights hereunder with respect to any Proceeding. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that any employment with the Company (or any of its subsidiaries or any Enterprise) is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, with or without notice, except as may be otherwise expressly provided in any executed, written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), any existing formal severance policies adopted by

the Company's board of directors or, with respect to service as a director or officer of the Company, the Company's certificate of incorporation or bylaws or the DGCL. No such document shall be subject to any oral modification thereof.

19. **Duration.** This Agreement shall continue until and terminate upon the later of (a) ten years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, as applicable; or (b) one year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 13 of this Agreement relating thereto.

20. **Successors and Assigns.** This Agreement shall be binding upon the Company and its successors and assigns, including any direct or indirect successor, by purchase, merger, consolidation or otherwise, to all or substantially all of the business or assets of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's personal or legal representatives, heirs, executors and administrators, distributes, legatees and other successors. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

21. **Severability.** Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order or other applicable law, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

22. **Enforcement.** The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

23. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided*, *however*, that this Agreement is a supplement to and in furtherance of the Company's certificate of incorporation and bylaws, any director's and officer's insurance maintained by the Company and applicable law and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

24. **Modification and Waiver.** No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement shall adversely affect any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall constitute or be deemed a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

25. **Notices.** All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by facsimile or electronic mail or otherwise delivered by hand, messenger or courier service addressed:

(a) if to Indemnitee, to Indemnitee's address, facsimile number or electronic mail address as shown on the signature page of this Agreement or in the Company's records, as may be updated in accordance with the provisions hereof; or

(b) if to the Company, to the attention of the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Company at 115 Castilian Drive, Goleta, CA 93117, or at such other current address as the Company shall have furnished to Indemnitee, with a copy (which shall not constitute notice) to Mark Bertelsen, Wilson Sonsini Goodrich & Rosati, P.C., 650 Page Mill Road, Palo Alto, California 94304.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent *via* a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent *via* mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid.

26. **Applicable Law and Consent to Jurisdiction.** This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 13(a) of this Agreement, or except as mutually agreed by the parties in writing, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court of Chancery, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

27. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute

one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

28. **Captions.** The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

(*signature page follows*)

The parties are signing this Indemnification Agreement as of the date stated in the introductory sentence.

PENINSULA ACQUISITION CORPORATION
(TO BE RENAMED "TRANSPHORM, INC.")

(*Signature*)

(*Print name*)

(*Title*)

INDEMNITEE

(*Signature*)

(*Print name*)

(*Street address*)

(*City, State and ZIP*)

INDEMNITY AGREEMENT

This Indemnity Agreement (the "Agreement"), dated as of ___, 2020, is entered into by and among Peninsula Acquisition Corporation, a Delaware corporation (the "Parent"), Transphorm, Inc., a Delaware corporation ("Transphorm" and together with the Parent, the "Companies"), and the undersigned Indemnitee (the "Indemnitee").

W I T N E S S E T H:

WHEREAS, Indemnitee is a director on the board of directors of the Parent (the "Board of Directors") and/or an officer of the Parent and in such capacity(ies) is performing valuable services for the Parent; and

WHEREAS, the Parent, Peninsula Acquisition Sub, Inc., a wholly-owned subsidiary of the Parent (the "Merger Sub"), and Transphorm plan to enter into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), pursuant to which the Merger Sub shall merge with and into Transphorm, with Transphorm remaining as the surviving entity and a wholly-owned operating subsidiary of the Parent (the "Merger"); and

WHEREAS, Indemnitee is willing to continue to serve in such capacity(ies) until the Effective Time (as defined in the Merger Agreement) on the condition that he be indemnified as herein provided; and

WHEREAS, it is intended that Indemnitee shall be paid promptly by the Companies all amounts necessary to effectuate in full the indemnity provided herein.

NOW, THEREFORE, in consideration of the premises and the covenants in this Agreement, and of Indemnitee and the Companies intending to be legally bound hereby, the parties hereto agree as follows:

1. Services by Indemnitee. Indemnitee agrees to serve as director or officer of the Parent, or both, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the Certificate of Incorporation and bylaws of the Parent, and until such time as Indemnitee resigns or fails to stand for election or is removed from Indemnitee's positions. Indemnitee may from time to time also perform other services at the request or for the convenience of, or otherwise benefiting the Parent.

2. Indemnification. Subject to the limitations set forth herein and in Section 6 hereof, the Companies hereby agree to indemnify Indemnitee as follows:

The Companies shall, from and after the Effective Time, with respect to any Proceeding (as hereinafter defined) associated with Indemnitee acting in his official capacity as officer or director of the Parent arising out of or pertaining to actions relating to the approval of and entering into the Merger Agreement, the Transaction Documentation (as defined in the Merger Agreement), the Merger and each of the transactions contemplated thereby, indemnify Indemnitee to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware (the "DGCL") and

the certificate of incorporation of the Parent (the "Certificate of Incorporation") in effect on the date hereof or as such law or Certificate of Incorporation may from time to time be amended (but, in the case of any such amendment, only to the extent such amendment permits the Parent to provide broader indemnification rights than applicable law or Certificate of Incorporation permitted the Parent to provide before such amendment). Notwithstanding the foregoing, the Companies shall not be required to indemnify Indemnitee for acts or omissions of Indemnitee constituting fraud, bad faith, gross negligence or intentional misconduct. The right to indemnification conferred herein and in the Certificate of Incorporation shall be presumed to have been relied upon by Indemnitee in serving the Parent and shall be enforceable as a contract right. Without in any way diminishing the scope of the indemnification provided by this Section 2, the Companies will, from and after the Effective Time, indemnify Indemnitee against Expenses (as hereinafter defined) and Liabilities (as hereinafter defined) actually and reasonably incurred by Indemnitee or on their behalves in connection with the investigation, defense, settlement or appeal of such Proceeding. In addition to, and not as a limitation of, the foregoing, the rights of indemnification of Indemnitee provided under this Agreement shall include those rights set forth in Section 8 below. Notwithstanding the foregoing, from and after the Effective Time, the Companies shall be required to indemnify Indemnitee in connection with a Proceeding commenced by Indemnitee (other than a Proceeding commenced by Indemnitee to enforce Indemnitee's rights under this Agreement) only if the commencement of such Proceeding was authorized by the Board of Directors following the Effective Time. Notwithstanding anything to the contrary contained herein, the Companies shall have no obligation to indemnify the Indemnitee to the extent such indemnification would not be permitted under Section 145 of the DGCL or the Certificate of Incorporation in effect on the date hereof.

3. Presumptions and Effect of Certain Proceedings. Upon making a request for indemnification, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Companies shall have the burden of proof to overcome that presumption in reaching any contrary determination. The termination of any Proceeding by judgment, order, settlement, arbitration award or conviction, or upon a plea of nolo contendere or its equivalent, shall not affect this presumption or, except as determined by a judgment or other final adjudication adverse to Indemnitee, establish a presumption with regard to any factual matter relevant to determining Indemnitee's rights to indemnification hereunder.

4. Advancement of Expenses. To the extent not prohibited by law, from and after the Effective Time, the Companies shall advance the Expenses or Liabilities incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) calendar days after the receipt by the Companies of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such Expenses or Liabilities but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice) and upon request of the Companies, an undertaking to repay the advancement of Expenses or Liabilities if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Companies. Advances shall be unsecured, interest free and without regard to Indemnitee's ability to repay the expenses. Advances shall include any and all Expenses and/or Liabilities actually and reasonably incurred by Indemnitee pursuing an action to

enforce Indemnitee's right to indemnification under this Agreement, or otherwise and this right of advancement, including Expenses and/or Liabilities incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee acknowledges that the execution and delivery of this Agreement shall constitute an undertaking providing that Indemnitee shall, to the fullest extent required by law, repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. The right to advances under this Section shall continue until final disposition of any proceeding, including any appeal therein. This Section 4 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 15(d)(ii).

5. Procedure for Determination of Entitlement to Indemnification.

(a) Whenever Indemnitee believes that Indemnitee is entitled to indemnification pursuant to this Agreement, Indemnitee shall submit a written request for indemnification or advancement of expenses to the Companies. Any request for indemnification or advancement of expenses shall include sufficient documentation or information reasonably available to Indemnitee for the determination of entitlement to indemnification or advancement of expenses. In any event, Indemnitee shall submit Indemnitee's claim for indemnification or advancement of expenses within a reasonable time, not to exceed sixty calendar (60) days after any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of nolo contendere or its equivalent, or final termination, whichever is the later date for which Indemnitee requests indemnification.

(b) Independent Legal Counsel (as hereinafter defined) shall determine whether Indemnitee is entitled to indemnification or advancement of expenses. Determination of Indemnitee's entitlement to indemnification or advancement of expenses shall be made not later than ninety calendar (90) days after the Companies' receipt of Indemnitee's written request for such indemnification or advancement of expenses, provided that any request for indemnification or advancement of expenses for Liabilities, other than amounts paid in settlement, shall have been made after a determination thereof in a Proceeding.

6. Specific Limitations on Indemnification. Notwithstanding anything in this Agreement to the contrary, the Companies shall not be obligated under this Agreement to make any indemnity or payment to Indemnitee in connection with any claim against Indemnitee:

(a) to the extent that payment is actually made to Indemnitee under any insurance policy, contract, agreement or otherwise or is made to Indemnitee by either of the Companies or affiliates otherwise than pursuant to this Agreement. Notwithstanding the availability of such insurance, Indemnitee also may claim indemnification from the Companies pursuant to this Agreement by assigning to the Companies any claims under such insurance to the extent Indemnitee is paid by the Companies;

(b) for Liabilities in connection with Proceedings settled without the Companies' consent, which consent, however, shall not be unreasonably withheld;

(c) in no event shall the Companies be liable to pay the fees and disbursements of more than one counsel in any single Proceeding except to the extent that, in the opinion of counsel of the Indemnitee, the Indemnitee has conflicting interests in the outcome of such Proceeding;

(d) to the extent it would be otherwise prohibited by law, if so established by a judgment or other final adjudication adverse to Indemnitee;

(e) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Companies within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law;

(f) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Companies or their directors, officers, employees or other indemnitees, unless (i) the commencement of such Proceeding was authorized by the Board of Directors (or any part of any Proceeding) prior to its initiation and following the Effective Time, or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; or

(g) for any reimbursement of the Companies by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Companies, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "***Sarbanes-Oxley Act***"), or the payment to the Companies of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor.

7. Fees and Expenses of Independent Legal Counsel. The Companies agree to pay the reasonable fees and expenses of Independent Legal Counsel and to fully indemnify such Independent Legal Counsel against any and all reasonable expenses and losses incurred by any of them arising out of or relating to this Agreement or their engagement pursuant hereto.

8. Remedies of Indemnitee.

(a) In the event that (i) a determination pursuant to Section 5 hereof is made that Indemnitee is not entitled to indemnification, (ii) payment has not been timely made following a determination of entitlement to indemnification pursuant to this Agreement, (iii) the person or persons empowered to make a determination pursuant to Section 5 hereof shall have failed to make the requested determination within ninety calendar (90) days after the Companies' receipt of Indemnitee's written request for such indemnification or advancement of expenses, or (iv) Indemnitee otherwise seeks enforcement of this Agreement, Indemnitee shall be entitled to a final adjudication in a court of competent jurisdiction in the State of Delaware of the remedy sought.

(b) If a determination that Indemnitee is entitled to indemnification has been made pursuant to Section 5 hereof, or is deemed to have been made pursuant to Section 5 hereof or

otherwise pursuant to the terms of this Agreement, the Companies shall be bound by such determination in the absence of a misrepresentation or omission of a material fact by Indemnitee in connection with such determination.

(c) The Companies shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Companies shall stipulate in any such court or before any such arbitrator that the Companies are bound by all the provisions of this Agreement and are precluded from making any assertion to the contrary.

(d) Expenses reasonably incurred by Indemnitee in connection with Indemnitee's request for indemnification under, seeking enforcement of or to recover damages for breach of this Agreement shall be borne by the Companies when and as incurred by Indemnitee, to the extent it is determined that Indemnitee is entitled to indemnification hereunder.

9. Contribution. To the fullest extent permissible under applicable law, in the event the Companies are obligated to indemnify Indemnitee under this Agreement and the indemnification provided for herein is unavailable to Indemnitee for any reason whatsoever, the Companies, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Companies and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Companies (and their respective directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

10. Modification, Waiver, Termination and Cancellation. No supplement, modification, termination, cancellation or amendment of this Agreement shall be binding unless executed in writing by all of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

11. Subrogation. In the event of any payment under this Agreement, the Companies shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Companies effectively to bring suit to enforce such rights.

12. Notice by Indemnitee and Defense of Claim. Indemnitee shall promptly notify the Companies in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter, whether civil, criminal, administrative or investigative for which such Indemnitee is entitled to indemnification or an advancement of expenses hereunder, but the omission so to notify the Companies will not relieve it from any liability that it may have to Indemnitee if such omission does not prejudice the Companies' rights. If such omission does prejudice the Companies' rights, the Companies will be relieved from liability only to the extent of such prejudice. No such omission shall relieve the Companies of any

liability they may otherwise have to Indemnitee outside of this Agreement under applicable law, the Companies' certificates of incorporation, bylaws, or any agreements.

13. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly delivered and received hereunder (a) one business day after being sent for next business day delivery, fees prepaid, via a reputable international overnight courier service, (b) upon delivery in the case of delivery by hand, or (c) on the date delivered in the place of delivery if sent by email (with a written or electronic confirmation of delivery from the recipient, excluding any automated response) prior to 5:00 p.m. Eastern time, otherwise on the next succeeding business day, in each case to the intended recipient as set forth below:

(a)	If to the Parent (prior to closing):	Peninsula Acquisition Corporation 2255 Glades Road, Suite 324A Boca Raton, Florida 33431 Attn: Ian Jacobs, CEO Email: ian@montrosecapital.com
(b)	If to Transphorm:	Transphorm, Inc. 115 Castilian Drive Goleta, California 93117 Attn: Mario Rivas, CEO Email: mrivas@transphonnusa.com
(c)	If to Indemnitee:	The address set forth on the signature page hereto.

or any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

14. Non-Exclusivity. The rights of Indemnitee hereunder shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under applicable law, the Companies' certificates of incorporation or bylaws, or any agreements, vote of stockholders, resolution of the Boards of Directors or otherwise with respect to any Proceeding (as hereinafter defined) associated with Indemnitee acting in his official capacity as an officer and director of the Parent arising out of or pertaining to actions relating to the approval of and entering into the Merger Agreement, the Transaction Documentation (as defined in the Merger Agreement), the Merger and each of the transactions contemplated thereby, whether asserted or claimed prior to, at or after the Effective Time.

15. Certain Definitions.

(a) "Expenses" shall include all direct and indirect costs (including, without limitation, attorneys' fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, all

other disbursements or out-of-pocket expenses) actually and reasonably incurred in connection with either the investigation, defense, settlement or appeal of a Proceeding or establishing or enforcing a right to indemnification under this Agreement, applicable law or otherwise; provided, however, that "Expenses" shall not include any Liabilities.

(b) "Independent Legal Counsel" means a law firm or a member of a firm selected by the Companies and approved by Indemnitee (which approval shall not be unreasonably withheld). Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Companies or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement.

(c) "Liabilities" means liabilities of any type whatsoever including, but not limited to, any judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid in settlement (including all interest assessments and other charges paid or payable in connection with or in respect of such judgments, fines, penalties or amounts paid in settlement) of any Proceeding.

(d) "Proceeding" means any threatened, pending or completed action, claim, suit, arbitration, alternative dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative, that (i) is asserted or claimed or otherwise arises after the Effective Time, (ii) is associated with Indemnitee's actions as an officer and/or director of the Parent arising out of or pertaining to actions relating to the approval of and entering into the Merger Agreement, the Transaction Documentation, the Merger and each of the transactions contemplated thereby, absent fraud, bad faith, gross negligence or intentional misconduct, including any action brought by or in the right of the Parent or Transphorm, and (iii) is not initiated or brought by one or more of the Indemnitee.

16. Binding Effect; Duration and Scope of Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Companies), spouses, heirs and personal and legal representatives. This Agreement shall continue in effect for six (6) years subsequent to the date of this Agreement, regardless of whether Indemnitee continues to serve as director or an officer of the Parent.

17. Severability. If any provision or provisions of this Agreement (or any portion thereof) shall be held to be invalid, illegal or unenforceable for any reason whatsoever:

(a) the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; and

(b) to the fullest extent legally possible, the provisions of this Agreement shall be construed so as to give effect to the intent of any provision held invalid, illegal or unenforceable.

18. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, as applied to contracts between Delaware

residents entered into and to be performed entirely within the State of Delaware, without regard to conflict of laws rules.

19. Consent to Jurisdiction. The Companies and Indemnitee each irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or Proceeding that arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Delaware.

20. Entire Agreement. This Agreement represents the entire agreement between the parties hereto, and there are no other agreements, contracts or understandings between the parties hereto with respect to the subject matter of this Agreement.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. This Agreement and any documents relating to it may be executed and transmitted to any other party by email of a PDF, which PDF shall be deemed to be, and utilized in all respects as, an original, wet-inked document.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

PENINSULA ACQUISITION CORPORATION

By: _____
Name: _____
Its: _____

TRANSPHORM, INC.

By: _____
Name: _____
Its: _____

INDEMNITEE

By: _____
Name: _____
Address: _____

_____

_____

[Signature Page to Indemnity Agreement]

Exhibit 10.25
Confidential

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

Intracompany License Agreement

This **Intracompany License Agreement** ("***Agreement***") is made as of Oct 14, 2019 (the "***Effective Date***") by and between **Transphorm Japan Epi**, a Japanese company with an address at 2-5-15 Shinyokohama, Kohoku-ku, Yokohama City, Japan and company registration no.0200-01-132392 ("***Subsidiary***" or "***TJE"***); and **Transphorm, Inc.,** with an office at 115 Castilian Drive, Goleta, CA**,** ("***Transphorm***") (Transphorm and Subsidiary are each denoted a "***Party***" and collectively the "***Parties***").

Background:

A. Subsidiary is a subsidiary of Transphorm Japan, Inc. ("**Transform Japan**") in Japan;

B. Transform Japan is a subsidiary of Transphorm Inc. in Japan;

C. Transphorm and Transphorm Japan desire to engage Subsidiary to provide certain Services (as defined below), and Subsidiary desires to provide such Services to Transphorm, which will be governed by a separate Services Agreement (as defined below);

D. The Parties agree that Subsidiary wishes to perform the Services under the Services Agreement at arm's length, and Company wishes to compensate Subsidiary for such Services at arm's length, pursuant to applicable laws and regulation, as specified in the Services Agreement;

E. Separately, Transphorm and Nexperia entered into the Nexperia Supply Agreement, under which Nexperia can exercise certain rights upon the occurrence of any License Trigger Event (as defined below);

F. Transphorm has assumed an obligation towards Nexperia to i) cause Transphorm Japan to create Subsidiary, ii) transfer certain assets and technology to Subsidiary, and iii) have Subsidiary ready for running full GaN on Silicon initial engineering Epi Wafer recipe on or before 31st March 2020 and qualified Epi wafers on or before 31st March 2021; subject to Nexperia's ongoing payments to the Subsidiary as agreed per the estimated technical project plan and project costs and payment plan listed in Schedule 1

G. In connection with the Services Agreement, the Parties seek to enter into this Agreement, under which Transphorm agrees to transfer certain Epi technology and grant to Subsidiary certain licenses, as specified below in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

1. **Definitions.**

The following terms will have the meaning indicated below:

a. "***Designated Acquirer***" has the meaning ascribed in Section 2.d below.

b. "***Intellectual Property Rights***" means all proprietary or other rights throughout the world in and to (i) patents and patent applications, including, without limitation, any additions, continuations, continuations-in-part, divisions, reissues, reexaminations, renewals or extensions based thereon ("***Patents***"), (ii) copyrights and similar rights in works of authorship ("***Copyrights***"), (iii) trademarks, service marks, trade dress, and similar rights in indicia of origin ("***Trademarks***"), (iv) trade secret rights and similar rights in proprietary and confidential information ("***Trade Secrets***"), together with any other similar intellectual property rights that may exist in any relevant country or jurisdiction, and including, in each case, applications and registrations for any of the foregoing.

c. "***Licensed IP Rights***" means all Intellectual Property Rights owned, controlled or licensable by Transphorm as of the Effective Date related to the development, manufacture and sale of GaN based Epiwafers, to the extent that the performance of the Services requires a license to such Intellectual Property Rights.

d. "***Licensed Technology***" means designs, manufacturing plans, bills of materials, samples, materials, documentation and other information necessary for Subsidiary to perform the Services, as determined by Transphorm and made available by Transphorm to Subsidiary under this Agreement.

e. "***License Trigger Event***" has the meaning ascribed in the Nexperia Supply Agreement.

f. "***Modified IP***" has the meaning ascribed in Section 2.c of this Agreement.

g. "***Nexperia***" means Nexperia B.V., having its principal offices located at Jonkerbosplein 52, 6534AB Nijmegen, The Netherlands.

h. "***Nexperia Supply Agreement***" means the Supply Agreement effective on April 4, 2018, and entered into by Transphorm and Nexperia.

i. "***Services***" means certain services to be performed by Subsidiary for Transphorm, as more specifically defined in the Service Agreement. The Services will primarily consist of development, manufacturing and sales of GaN based power semiconductor epiwafer products for Transphorm.

j. "***Services Agreement***" means a services agreement in which Transphorm and Subsidiary intend to enter after the Effective Date.

k. ***"Epi Technology"*** means all technology necessary for Subsidiary to manufacture Epi Wafers using the EPI process (whereby "Epi Wafers" and "Epi Process have the meaning as laid down in the Supply Agreement between Transphorm and Nexperia dated April 4, 2018);

l. "***Triggered Assignment***" has the meaning ascribed in Section 2.d below.

2. **License.**

a. Transfer of Epi Technology. Transphorm shall execute and shall cause Subsidiary to execute the plan for transfer of Epi Technology to Subsidiary as laid down in Schedule 1 to this

agreement, such that Subsidiary shall be able to produce full GaN on Silicon initial engineering Epi Wafers on or before April 1, 2020.

b. License to Subsidiary. Subject to Subsidiary's full compliance with this Agreement, Transphorm hereby grants to Subsidiary a nonexclusive, non-assignable and non-transferrable (except as permitted under Section 8.a of this Agreement), worldwide license, under the Licensed IP Rights (including any Modified IP), to perform the Services in accordance with the Services Agreement, as directed by Transphorm from time to time. The foregoing license in this Section 2.a will remain in effect until the earliest to occur of the following: (i) this Agreement ends or expires in accordance with the terms herein, (ii) after the Services Agreement becomes effective, the Services Agreement terminates or expires for any reason;

c. Sublicenses to Contractors. Subsidiary may sublicense its rights under Section 2.a above to any contractor approved by Transphorm in writing ("Approved Contractor"), to the extent such Approved Contractor provides any portion of the Services on behalf of Subsidiary or on behalf of Transphorm, solely as requested and approved by Transphorm. If Subsidiary sublicenses any of its rights under Section 2.a above to an Approved Contractor in accordance with the foregoing clause, such sublicense will be limited to enable the Approved Contractor to solely perform Services in accordance with the Services Agreement. Transphorm may terminate at any time with written notice to Subsidiary any sublicense granted by Subsidiary to such an Approved Contractor, in whole or in part. Subsidiary will ensure that each Approved Contractor has entered in to an agreement that includes confidentiality provisions and other terms and conditions that are at least as protective of Transphorm as this Agreement, and Subsidiary will remain responsible jointly with such Approved Contractor for any breaches or misuse of Transphorm Intellectual Property Rights committed by such an Approved Contractor.

d. New IP Developments. To the extent that Subsidiary develops (itself or through any other party) any improvements to, extensions of, additions to, or other modifications of the Licensed Technology and/or Licensed IP Rights ("Modified IP"), Subsidiary hereby assigns to Transphorm full ownership of all such Modified IP, together with all related Intellectual Property Rights. The foregoing assignment in this Section 2.c will automatically apply to all Modified IP and related Intellectual Property Rights upon their creation. Subsidiary will disclose to Transphorm on an ongoing basis any and all Modified IP created by or for Subsidiary

i. Unassignable Rights. Subsidiary hereby waives any moral rights and any other Intellectual Property Rights that are not assignable under applicable laws or regulations, including the right to identification of authorship or limitation on subsequent modification, that Subsidiary or its employees or contractors may have in any Modified IP assigned to Transphorm under this Agreement.

ii. Assistance. Subsidiary agrees to assist Transphorm, or its designee, at Subsidiary's expense, in every proper way to secure Transphorm's rights in the Modified IP, including the execution of all applications, specifications, oaths, assignments, and all other instruments that Transphorm may deem necessary in order to apply for and obtain such rights and in order to assign and convey to Transphorm, its successors, assigns, and nominees the sole and exclusive rights, title, and interest in and to such Modified IP. Subsidiary further agrees that Subsidiary's obligation to execute or cause to be executed, when it is in Subsidiary's power to do so, any such application, specification, oath assignment, or other instrument will continue after the termination or expiration

of this Agreement. Subsidiary agrees that if Transphorm is unable because of Subsidiary's unavailability, incapacity, or for any other reason, to secure Subsidiary's signature to apply for or to pursue any application or registrations for any IP Rights covering the Modified IP, then Subsidiary hereby irrevocably designates and appoints Transphorm and its duly authorized officer, agent and attorney in fact, to act for and on Subsidiary's behalf to execute and file any such applications and registrations and to do all other lawfully permitted acts to further the prosecution and issuance of patents or other registrations of such Intellectual Property Rights with the same legal force and effect as if executed by Subsidiary.

e. Assignment of Agreement for a License Trigger Event. Upon the occurrence of a License Trigger Event, Subsidiary may be acquired by a third party approved by both Transphorm and Nexperia (a "***Designated Acquirer***") in accordance with Section 4.3 of the Nexperia Supply Agreement entered into by Transphorm and Nexperia. In the event of such an acquisition, Subsidiary will have the right to assign this Agreement, including the license granted in Section 2.a. above, to the Designated Acquirer (a "***Triggered Assignment***").

iii. Scope of License upon Triggered Assignment. Unless otherwise agreed by the Parties in writing, the license in Section 2.a. above will be automatically modified upon the occurrence of a Triggered Assignment such that (a) the Subsidiary will only be allowed to make and have made products under the Services Agreement exclusively for Nexperia, and (b) the Subsidiary will only be allowed to sell, offer for sale and import products manufactured under the Services Agreement exclusively to and for Nexperia.

3. **Economics.**

a. License Fees. The license in Section 2.a above is fully paid up and royalty free as of the Effective Date and will remain royalty free until the occurrence of a Triggered Assignment. Upon the occurrence of a Triggered Assignment, the license in Section 2.a above will automatically become royalty-bearing starting with the date of the Triggered Assignment, and Subsidiary and/or the Designated Acquirer will start to pay to Transphorm a license fee, as negotiated in good faith at that time by the Designated Acquirer and Transphorm. The Parties expect that the license fee will be determined using a good faith market based royalty, provided that the royalty portion in itself shall not be reason for an increase in the Wafer price to Nexperia. For clarity, final future wafer pricing for various epi-wafer products by the Designated Acquirer will be subject to good faith market discussions between Nexperia and the Designated Acquirer, assisted by Transphorm as reasonably required. Transphorm will not make any payments under this Agreement to Subsidiary.

b. Taxes. The Parties do not expect that any taxes or similar assessments or charges will be due under any jurisdiction, law or regulatory framework (including under any United States Federal or State laws or regulations, or under any foreign laws or regulations) in connection with this Agreement. If any such taxes or assessments may become due, the Parties will collaborate in good faith to restructure this Agreement as necessary and in accordance with applicable laws to minimize any such taxes or assessments.

4. **Representations and Warranties of Transphorm.**

Transphorm represents and warrants to Subsidiary as follows:

a. Organization, Good Standing and Qualification. Transphorm is a company duly organized, validly existing and in good standing under the laws of Delaware, and has all requisite corporate power and authority to own its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted.

b. Due Authorization. The execution, delivery of, and the performance of the obligations of Transphorm under this Agreement has been authorized by all necessary corporation action as of the Effective Date and constitutes the valid and legally binding obligation of Transphorm, enforceable against Transphorm in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or others laws of general application relating to or affecting the enforcement of creditors' rights generally and (ii) the effect of rules of law governing the availability of equitable remedies.

c. No Conflicting Obligations. The execution, delivery of, and performance of the obligations of Transphorm under this Agreement do not (i) violate or conflict with, or cause a default under any agreement, instrument, order or decree to which Transphorm is a party or by which Transphorm is bound, and (ii) violate any statute, regulation, rule or other law.

5. **Representations and Warranties of Subsidiary.**

Subsidiary represents and warrants to Transphorm as follows:

a. Organization, Good Standing and Qualification. Subsidiary is a company duly organized, validly existing and in good standing under the laws of Delaware, and has all requisite corporate power and authority to own its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted.

b. Due Authorization. The execution, delivery of, and the performance of the obligations of Subsidiary under this Agreement has been authorized by all necessary corporation action as of the Effective Date and constitutes the valid and legally binding obligation of Subsidiary, enforceable against Subsidiary in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or others laws of general application relating to or affecting the enforcement of creditors' rights generally and (ii) the effect of rules of law governing the availability of equitable remedies.

c. No Conflicting Obligations. The execution, delivery of, and performance of the obligations of Subsidiary under this Agreement do not (i) violate or conflict with, or cause a default under any agreement, instrument, order or decree to which Subsidiary is a party or by which Subsidiary is bound, and (ii) violate any statute, regulation, rule or other law.

6. **No Other Warranties.**

Except for the express representations and warranties made by Transphorm in Section 4 of this Agreement and for the express representations and warranties made by Subsidiary under Section

5 of this Agreement, neither Party makes any other representations or warranties in connection with this Agreement to the other Party or to any other party, AND EACH PARTY DISCLAIMS AND THE OTHER PARTY HEREBY WAIVES, ANY AND ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, ARISING BY LAW

OR OTHERWISE, IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITH RESPECT TO THE LICENSED TECHNOLOGY, AND LICENSED IP RIGHTS, AND INCLUDING ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

7. **Confidentiality.**

a. "**Confidential Information**" means any information disclosed by one Party to the other Party in connection with this Agreement that is in written, oral, electronic, graphic, or other tangible or intangible form and is marked "Confidential", "Proprietary" or in some other manner to indicate its confidential nature, or that should reasonably be construed as confidential based on the context of the disclosure or based on the nature of the information. The terms and conditions of this Agreement will be the Confidential Information of each Party, provided however that each Party will be allowed to publicly disclose the existence of this Agreement but not its actual terms and conditions. Notwithstanding anything to the contrary, the Licensed Technology and Licensed IP Rights will remain and be considered the Confidential Information of Transphorm.

b. Exclusions. Confidential Information will exclude any information that (i) was at the time of disclosure, or later becomes generally known and available in the public domain, through no fault of the receiving Party; (ii) is publicly disclosed with the prior written approval of the disclosing Party; (iii) was, or is later independently developed by the receiving Party without any use of the disclosing Party's Confidential Information; or (iv) becomes known to the receiving Party from a source other than the disclosing Party and not in violation of the disclosing Party's rights.

c. Obligations. With respect to Confidential Information of the other Party received, shared or otherwise accessed by each Party under this Agreement, (i) each Party will treat such Confidential Information as confidential and will handle it using at least the same procedures and degree of care which it uses to prevent the misuse and disclosure of its own confidential information of like importance, but in no event less than reasonable care, (ii) each Party will only use such Confidential Information as expressly permitted under this Agreement and to the extent reasonably necessary to conduct the transactions and activities described in this Agreement, and (iii) neither Party will disclose any such Confidential Information to any other party or individuals, including its own employees, consultants and representatives, except (1) to the extent reasonably needed to exercise that Party's rights and discharge its obligations expressly granted in this Agreement, and subject to confidentiality and nonuse obligations at least as protective of the other Party as those set forth in this Agreement, or (2) to the extent permitted under Section 7(d) below.

8. **General.**

a. Nexperia Approval: Parties acknowledge that the present agreement is entered into to preserve the legitimate interests of Nexperia B.V. and its affiliates under the "Transphorm Inc, Series 3 Preferred Stock Financing and Related Transactions" dated

April 4th, 2018 (the "Series 3 Preferred Agreements"). Parties agree that this agreement creates enforceable obligations towards Nexperia, and any amendment of this Agreement is subject to Nexperia B.V.'s prior written approval, except for any amendment made in good faith by Transphorm for corporate or administrative purposes, and provided that such amendment does not diminish the rights of Nexperia B.V. under this Agreement or under the Series 3 Preferred Agreements.

b. Assignment.

iv. Transphorm (and any subsequent Transphorm assignee) may assign this Agreement to a third party that agrees to be bound by its terms and conditions, in which case Transphorm (or its assignee) will notify Subsidiary about the assignment upon conclusion of such assignment and identify the respective assignee.

v. Subsidiary shall not assign or delegate this Agreement and/or any of its rights or obligations under this Agreement, either in whole or in part, without the prior written consent of Transphorm, which consent may be withheld by Transphorm in Transphorm's sole discretion. For clarification, the foregoing assignment prohibition includes any direct or indirect assignment or attempt to assign this Agreement, whether through a corporate reorganization, by operation of law, change of control, acquisition, merger, or any other corporate transaction (including any reverse triangular merger or similar transaction). Notwithstanding the foregoing, Transphorm will grant consent to Subsidiary to assign this Agreement to a Designated Acquirer upon the occurrence of a Triggered Assignment. Any attempted assignment in violation of the foregoing clauses of this Section 9.a.ii will be void.

c. Term and Termination. This Agreement becomes effective as of the Effective Date and continues in effect until terminated as specified below:

i. This Agreement may be terminated with the mutual written approval of each Party.

ii. This Agreement may be terminated by a Party in the event of a material breach by the other Party, where such material breach is not substantially remedied within sixty days of written notice provided by the nonbreaching Party and describing the breach.

iii. This Agreement may be terminated by a Party if the other Party ceases to do business without a permitted successor, makes an assignment for the benefit of creditors, or files or has filed against it a petition of bankruptcy or other insolvency proceeding.

iv. If the Services Agreement becomes effective, and if subsequently the Services Agreement terminates or expires for any reason, this Agreement will automatically terminate upon such termination or expiration of the Services Agreement.

d. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflict of laws.

e. Arbitration and Venue. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in San Francisco, California before one arbitrator. The arbitration shall

be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, unless the Parties agree in good faith to JAMS' Streamlined Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

f. Severability. If any provision of this Agreement is for any reason found to be unenforceable, the remainder of this Agreement will continue in full force and effect.

g. Notices. Any notices under this Agreement will be sent by certified or registered mail, return receipt requested, to the address specified below or such other address as the party specifies in writing. Such notice will be effective two (2) days after mailing as specified.

h. Complete Understanding; Modification. This Agreement, together with its exhibits, constitutes the complete and exclusive understanding and agreement of the parties and supersedes all prior understandings and agreements, whether written or oral, with respect to the subject matter hereof. Any waiver, modification or amendment of any provision of this Agreement will be effective only if in writing and signed by the parties hereto.

i. Reservation of Rights. Neither Party grants to the other Party or to any other party any license or right, whether by implication, estoppel or otherwise, except for the licenses and rights expressly provided in this Agreement by that Party. Each Party reserves all of its rights other than the rights expressly granted in this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Intracompany License Agreement as of the date first above written.

Transphorm Japan Epi, Inc.
a Japanese corporation

By: /s/ P.A. Parikh
[name] Primit Parikh
[title] Representative Director

Transphorm, Inc.,
a Delaware corporation

By: /s/ Mario Rivas
[name] Mario Rivas
[title] Chief Executive Officer

Read and approved

Nexperia B.V.
A Dutch limited liability company

By: **/s/ Charles Smit**
Charles Smit
General Counsel

Schedule 1: Epi Technology Transfer Plan and Estimated Cost/Activity Plan

[***]

Exhibit 10.26

February 5, 2020

Peninsula Acquisition Corporation
75 Castilian Drive
Goleta, CA 93117

Ladies and Gentlemen:

This letter agreement is being executed and delivered to confirm certain agreements with respect to the Subscription Agreement as of February 5, 2020, entered into by and between you and each of the purchasers set forth on the signature pages thereto (the "Subscription Agreement"). Capitalized terms used but not otherwise defined in this letter have the meanings assigned to them in the Subscription Agreement.

Peninsula Acquisition Corporation (to be renamed "Transphorm, Inc." upon consummation of the Merger), a Delaware corporation (the "Company"), agrees, notwithstanding anything to the contrary in the Subscription Agreement to the following:

(a) Most preferred customer treatment: The Company shall cause Transphorm, Inc., a Delaware company (to be renamed "Transphorm Technology, Inc." upon consummation of the Merger, "Transphorm") to treat Marelli Corporation and its affiliates ("Marelli") as most preferred customer for which products in similar volumes shall be provided in most preferable terms among customers of Transphorm. Marelli understands that currently two of Transphorm's customers/partners who are also investors in the company (i.e.Yaskawa Electric Corporation and Nexperia BV are also treated as most preferred customers as a result of their prior investment into Transphorm.

(b) Ability to influence roadmaps: The Company shall cause Transphorm to accept Marelli's active participation and feedback on Transphorm's roadmap development, where broadly aligned with the Company's resources and overall business plan, and Marelli can support such a development which shall also be aligned with Marelli's resources and overall business plan. Marelli and the Company agree that Transphorm's roadmap development shall include, but not limited to, Marelli and Transphorm's joint development of competitive products for automotive applications.

(c) Technical collaboration: The Company shall cause Transphorm to accept engineering team members of Marelli in Transphorm's Goleta headquarter or other Transphorm's global bases for extended periods of time for joint learning and development.

(d) Non-competition: Without Marelli's prior approval, the Company and Transphorm shall not directly or indirectly engage in such a similar business relationship (involving ability to influence roadmaps or technical collaboration referenced above) with another automotive OEMor automotive supplier who is a direct competitor of Marelli for a period of2 years following Marelli's initial purchase of shares of the Company's common stock pursuant to the Subscription Agreement. Notwithstanding the foregoing, Marelli understands that Transphorm has regular automotive customer relationships at this time for automotive projects in Japan for DC-DC converter, and may have regular customer relationships with other automotive customers where Transphorm's products

are offered for sale to these customers in normal course of business, and also has a broader relationship with Nexperia for dual-sourcing of GaN products for Automotive applications including licenses for Nexperia for such products.

(e) Additional investment: During the 1st quarter of 2021, the Company shall offer to sell 250,000 shares of the Company's common stock to Marelli at a purchase price of $4.00 per share with total investment amount being 1,000,000 USD, and Marelli shall purchase such shares no later than March 31, 2021 subject to no material adverse change in the financial condition or business condition of the Company or Transphorm occurs.

This letter is expressly executed and delivered to be effective upon the Closing under the Subscription Agreement, and to be effective as if it formed part of the Subscription Agreement. This letter sets forth a legally binding agreement of the parties hereto, and other than the Subscription Agreement and the Registration Rights Agreement, there are no other written or oral agreements or understandings between the parties hereto relating to the subject matter of this letter.

Sections 9 f. (Applicable Law) and 9 g. (Arbitration) of the Subscription Agreement shall be incorporated herein by reference and shall apply *mutatis mutandis* to this letter agreement.

If the foregoing accurately reflects your understanding and agreement, please indicate as much by signing and returning a copy of this letter to us.

MARELLI CORPORATION

By: /s/ Joachim Fetzer
Name: Joachim Fetzer
Title: Executive Vice President

Agreed and acknowledged:

PENINSULA ACQUISITION CORPORATION

(TO BE RENAMED “TRANSPHORM, INC.”)

By:	/s/ Primit Parikh
Name:	Primit Parikh
Title:	Chief Operating Officer

YASKAWA

YASKAWA ELECTRIC CORPORATION
2-1 Kurosakishiroishi, Yahatanishi-ku,
Kitakyushu 806-0004 Japan
Tel +81-93-645-0000 Fax +81-93-631-0000

February 3, 2020

Dr. Umesh Mishra,
CTO & Chairman
Transphorm Inc.

Subject: Letter of Intent (LOI)

Dear Umesh-san,

Per our discussions, please find the below LOI in conjunction with the long term cooperation with Transphorm Inc.

- Yaskawa Electric Corporation (“Yaskawa”), the leading global manufacturer of low and medium voltage variable frequency drives, servo systems, machine controllers and industrial robots, has decided to develop a long term cooperation with Transphorm Inc. (“Transphorm”). Yaskawa is willing to enter into individual development agreements with Transphorm to use Transphorm’s GaN power device products for a variety of industrial power conversion applications commencing with servo motor and variable frequency drive applications when Yaskawa determines that a given development activity would provide benefit to Yaskawa.
- At this time, Yaskawa plans to provide $4M to fund the development activities at Transphorm commencing in May 2020, (with approximately $1M funded in calendar year 2020).
- The details of the cooperation and individual development agreement will be defined in joint consultations between Yaskawa and Transphorm to address market needs in the most efficient manner.
  Yaskawa and Transphorm plan to finalize the details of the cooperation between the companies in Q2-2020.
- Transphorm has been supported by Yaskawa for several years including a funding of$15M in 2017 and this latest agreement is a result of that strong partnership.

We appreciate Transphorm’s support of YASKAWA as our valuable partner.

With best regards,

Akira Kumagae,
Executive Officer, CTO
General Manager

/s/ Akira Kumagae

Corporate Technology Division

YASKAWA Electric Corporarion

INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT, dated as of February 12, 2020 (the "Agreement"), is between Transphorm, Inc. (f/k/a Peninsula Acquisition Corporation), a Delaware Corporation (the "Company") and KKR Phorm Investors L.P. (the "Investor"). Capitalized terms used herein without definition have the meanings set forth in Section 1 of this Agreement.

RECITALS

A. On June 8, 2015, Transphorm, Inc. and the Investor, among other parties, entered into a Series 1 Preferred Stock Purchase Agreement, whereby the Investor acquired shares of Series 1 Preferred Stock of Transphorm, Inc., a privately-held Delaware corporation, and the Investor subsequently purchased shares of Series 2 Preferred Stock in Transphorm, Inc. (such purchases, the "Stock Purchase").

B. Peninsula Acquisition Corporation, Peninsula Acquisition Sub, Inc. ("Acquisition Sub") and Transphorm, Inc. entered into an Agreement and Plan of Merger and Reorganization, dated as of February 12, 2020, pursuant to which Acquisition Sub merged with and into Transphorm, Inc., with Transphorm, Inc. continuing as the surviving corporation and a wholly-owned subsidiary of the Company (the "Merger").

C. Following the consummation of the Merger, Peninsula Acquisition Corporation changed its name to "Transphorm, Inc." and Transphorm, Inc. changed its name to "Transphorm Technology, Inc." (such company, "Transphorm OpCo").

D. Following the consummation of the Merger, on February 12, 2020 the Company sold shares of its common stock to the Investor and certain other third parties pursuant to an initial closing of a private placement offering (the "Private Placement" and, together with the Stock Purchase and the Merger, the "Transactions").

E. In connection with the Merger, the Company and the Investor will enter into a Stockholders Agreement, dated on or about the date hereof (as the same may be amended from time to time in accordance with the terms thereof, the "Stockholders Agreement") and setting forth certain agreements with respect to, among other things, the composition and nomination of the Company's board of directors and committees thereof.

F. The Company may from time to time in the future (i) offer and sell, or cause to be offered and sold, equity or debt securities (such offerings, collectively, the "Subsequent Offerings"), including (a) offerings of shares of capital stock of a member of the Company Group, and/or options to purchase such shares, to employees, directors and consultants of or to a member of the Company Group (any such offering, a "Management Offering"), and (b) one or more offerings of equity or debt securities for the purpose of raising financing for a member of the Company Group or for other corporate purposes, and (ii) repurchase, redeem or otherwise acquire certain securities of a member of the Company Group or engage in a recapitalization or structural reorganization transactions relating thereto (any such repurchase, redemption, acquisition, recapitalization or reorganization, a "Redemption"), in each case subject to the terms and conditions of the Organizational Documents and any other applicable agreement, which

offerings and/or Redemptions may be arranged and facilitated through the services of the Investor or its Affiliates.

G. The parties hereto recognize the possibility that Claims might be made against and Obligations incurred by the Investor Parties or their respective related Persons or Affiliates under applicable securities laws or otherwise in connection with the Transactions or the Securities Offerings, or relating to other actions or omissions of or by members of the Company Group or their Agents, or relating to the provision of financial advisory, investment banking, syndication, monitoring and management consulting services (the "Transaction Services") to the Company Group by the Investor or its Affiliates, and the parties hereto accordingly wish to provide for the Investor Parties and their respective related Persons and Affiliates to be indemnified in respect of any such Claims and Obligations.

H. The parties hereto recognize that Claims might be made against and Obligations incurred by Investor Directors in connection with service to the Company Group and accordingly wish to provide for such Investor Directors to be indemnified to the fullest extent permitted by law in respect of any such Claims and Obligations.

I. The parties hereto recognize that the Company Group benefits from the portfolio company oversight provided by the Investor Parties and the ability of each of the foregoing to share internally portfolio company information. The board of directors of the Company has therefore consented to the Investor Directors sharing any information such Investor Directors receive from any member of the Company Group with officers, directors, members, employees and representatives of the Investor and its Affiliates (other than other portfolio companies) and to the internal use by the Investor and such Affiliates of any information received from any member of the Company Group, subject, however, to the Investor maintaining adequate procedures to prevent such information from being used in connection with the purchase or sale of securities of members of the Company Group in violation of applicable law.

NOW, THEREFORE, in consideration of the foregoing premises, and the mutual agreements and covenants and provisions herein set forth, the parties hereto hereby agree as follows:

1. Definitions.

(a) "Affiliate" means, with respect to any Person, (i) any other Person directly or indirectly Controlling, Controlled by or under common Control with, such Person, (ii) any Person directly or indirectly owning or Controlling 10% or more of any class of outstanding voting securities of such Person or (iii) any officer, director, general partner, limited partner or trustee of any such Person described in clause (i) or (ii). "Control," including the correlative terms "Controlling," "Controlled by" and "under common Control with," any Person shall consist of the power to direct the management and policies of such Person (whether through the ownership of voting securities, by contract, as trustee or executor, or otherwise).

(b) "Agent" means present or past representatives, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, engineers, advisors or other agents.

(c) "Change in Control" means (i) the sale (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company Group to any Person (or group of Persons acting in concert), other than to the Investor or one or more of its Affiliates (excluding, for this purpose, the Company Group) or (ii) a merger, recapitalization, or other sale to a Person (or group of Persons acting in concert) of the Company's or Transphorm OpCo's capital stock that results in more than 50% of the Company's or Transphorm OpCo's capital stock (or any resulting company after a merger) being held by a Person (or group of Persons acting in concert) that does not include the Investor or its Affiliates (excluding, for this purpose, the Company Group), and in any event of clause (i) or (ii), which results in the Investor and its Affiliates (excluding, for this purpose, the Company Group) ceasing to hold the ability to elect a majority of the members of the board of directors of the Company.

(d) "Claim" means, with respect to any Indemnitee, any claim by or against such Indemnitee involving any Obligation with respect to which such Indemnitee may be entitled to be indemnified by any member of the Company Group under this Agreement.

(e) "Commission" means the United States Securities and Exchange Commission or any successor entity thereto.

(f) "Company Director Indemnity" means any monitoring, stockholder, indemnification or other agreement any Investor Director has entered into (or enters into contemporaneously with, or after, the date hereof) with any member of the Company Group providing for indemnification and for advancement of expenses for such Investor Director in connection with his or her service as a director, manager or member of any member of the Company Group, and each Investor Director may, in his or her capacity as director, manager or member of any member of the Company Group, be indemnified and/or entitled to advancement of expenses under the certificate or articles of incorporation, by-laws, limited liability company operating agreement, limited partnership agreement, any other organizational documents of, or any policies of insurance procured by, the applicable member of the Company Group (each of which shall also be deemed a Company Director Indemnity).

(g) "Company Group" means the Company and all of its Subsidiaries and Affiliates (other than the Investor and its Affiliates to the extent such entities are Affiliates of the Company or any of its Subsidiaries or Affiliates as a result of an investment, directly or indirectly, in the Company or any of its Subsidiaries).

(h) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(i) "Expenses" means all attorneys' fees, disbursements and expenses, retainers, court, arbitration and mediation costs, transcript costs, fees of experts, bonds, witness fees, costs of collecting and producing documents, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, appealing or otherwise participating in a Proceeding.

(j) "Indemnitee" means each of (i) the Investor Parties and their respective Affiliates (other than the Company Group) and their respective successors and assigns, (ii) the directors, officers, managers, partners, members, employees, agents, advisors, consultants, representatives and Controlling Persons of each of the foregoing, or of their partners, members and Controlling Persons, and (iii) each Investor Director, in the case of each of the foregoing clauses (i)-(iii), irrespective of the capacity in which such Person acts.

(k) "Investor Directors" means executives of the Investor or its Affiliates who serve as directors, managers or members of any member of the Company Group, and other Persons (who are not executives of the Investor or its Affiliates) who serve as directors, managers or members of any member of the Company Group as an appointee or designee of any Investor Party.

(l) "Investor Indemnification Agreements" means one or more certificates or articles of incorporation, by-laws, limited liability company operating agreements, limited partnership agreements and any other organizational documents of the Investor Parties, any insurance policies maintained by each of the Investor Parties and any other agreements to which the Investor Parties' are party, in each case providing for, among other things, indemnification of and/or advancement of expenses to the Investor Directors for, among other things, substantially the same matters that are subject to indemnification and advancement of expenses under this Agreement, any Related Document and any Company Director Indemnity.

(m) "Investor Indemnitors" means the Investor Parties and/or their respective Affiliates and Controlling Persons, in their capacity as indemnitors to the Investor Directors under any Investor Indemnification Agreements.

(n) "Investor Parties" means the Investor and its Affiliates (including, without limitation, Kohlberg Kravis Roberts & Co., L.P., but excluding, for purposes of this Agreement, the Company Group and any portfolio companies of Kohlberg Kravis Roberts & Co., L.P. unrelated to the operations of the Company or its Subsidiaries).

(o) "Obligations" means, collectively any and all obligations, liabilities, causes of actions, Proceedings, judgments, decrees, losses, damages (including punitive and exemplary damages), fees, fines, penalties, amounts paid in settlement, costs and Expenses (including interest, assessments and other charges in connection therewith and disbursements of attorneys, accountants, investment bankers and other professional advisors), in each case whether incurred, arising or existing with respect to third parties or otherwise at any time or from time to time.

(p) "Organizational Documents" means the certificate of incorporation and bylaws (or other organizational documents of similar substance and purpose), as may be amended from time to time in accordance with the terms thereof, of any member of the Company Group.

(q) "Person" means an individual, corporation, limited liability company, limited or general partnership, trust or other entity, including a governmental or political subdivision or an agency or instrumentality thereof.

(r) "Proceeding" means a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including a claim, demand,

discovery request, formal or informal investigation, inquiry, administrative hearing, arbitration or other form of alternative dispute resolution, including an appeal from any of the foregoing.

(s) "Related Document" means any agreement, certificate, instrument or other document to which any member of the Company Group may be a party or by which it or any of its properties or assets may be bound or affected from time to time relating in any way to the Transactions or any Securities Offering or any of the transactions contemplated thereby, including, in each case as the same may be amended from time to time, (i) any registration statement filed by or on behalf of any member of the Company Group with the Commission in connection with the Transactions or any Securities Offering, including all exhibits, financial statements and schedules appended thereto, and any submissions to the Commission in connection therewith, (ii) any prospectus, preliminary, free-writing or otherwise, included in such registration statements or otherwise filed by or on behalf of any member of the Company Group in connection with the Transactions or any Securities Offering or used to offer or confirm sales of their respective securities in any Securities Offering, (iii) any private placement or offering memorandum or circular, information statement or other information or materials distributed by or on behalf of any member of the Company Group or any placement agent or underwriter in connection with the Transactions or any Securities Offering, (iv) any federal, state or foreign securities law or other governmental or regulatory filings or applications made in connection with the Transactions or any Securities Offering or any of the transactions contemplated thereby, (v) any dealer-manager, underwriting, subscription, purchase, stockholders, option or registration rights agreement or plan entered into or adopted by any member of the Company Group in connection with the Transactions or any Securities Offering, (vi) any purchase, repurchase, redemption, recapitalization or reorganization or other agreement entered into by any member of the Company Group in connection with any Redemption, or (vii) any quarterly, annual or current reports or other filing filed, furnished or supplementally provided by any member of the Company Group with or to the Commission or any securities exchange, including all exhibits, financial statements and schedules appended thereto, and any submission to the Commission or any securities exchange in connection therewith.

(t) "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(u) "Securities Offerings" means any Management Offering, Redemption or Subsequent Offering.

(v) "Subsidiary" means each Person in which a Person owns or Controls, directly or indirectly, capital stock or other equity interests representing more than 50% of the outstanding voting stock or other equity interests.

(w) "Unpaid Director Indemnity Amounts" means the amount that the Indemnifying Party fails to indemnify or advance to an Investor Director as required or contemplated by this Agreement, any Related Document or any Company Director Indemnity.

2. Indemnification.

(a) The Company shall, and shall cause each other member of the Company Group to (together with the Company, the "Indemnifying Parties," and each an "Indemnifying Party"),

jointly and severally with each other Indemnifying Party, indemnify, defend and hold harmless each Indemnitee:

(i) from and against any and all Obligations, whether incurred by such Indemnitee with respect to third parties or otherwise, in any way resulting from, arising out of or in connection with, based upon or relating to (A) the Securities Act, the Exchange Act or any other applicable securities or other laws, in connection with the Transactions and any Securities Offering, any Related Document or any of the transactions contemplated thereby, (B) any other action or failure to act by any member of the Company Group (or any of their Agents) or any of their predecessors, whether such action or failure has occurred or is yet to occur or any obligation of any member of the Company Group or any of their predecessors or any such Agent, or (C) the performance by the Investor or any of its Affiliates of Transaction Services for any member of the Company Group (whether performed prior to the date hereof, hereafter, pursuant to any agreement or otherwise);

(ii) to the fullest extent permitted by the law specified herein as governing this Agreement, by the law of the place of organization of an Indemnifying Party or by any other applicable law in effect as of the date hereof or as amended to increase the scope of permitted indemnification, whichever is greater (except, with respect to any Indemnifying Party, to the extent that such indemnification may be prohibited by the law of the place of organization of such Indemnifying Party), from and against any and all Obligations whether incurred with respect to third parties or otherwise, in any way resulting from, arising out of or in connection with, based upon or relating to (A) the fact that such Indemnitee is or was a director, officer or manager of any member of the Company Group or is or was serving at the request of such entity as a director, officer, manager, member, employee or agent of or advisor or consultant to another Person or (B) any breach or alleged breach by such Indemnitee of his or her fiduciary duty as a director, officer or manager of any member of the Company Group or of any other Person which such Indemnitee was serving as a director, officer or manager at the request of any member of the Company Group; and

(iii) to the fullest extent permitted by the law specified herein as governing this Agreement, by the law of the place of organization of an Indemnifying Party, or by any other applicable law in effect as of the date hereof or as amended to increase the scope of permitted indemnification, whichever is greater (except, with respect to any Indemnifying Party, to the extent that such indemnification may be prohibited by the law of the place of organization of such Indemnifying Party), who was or is a party, or is threatened to be made a party, to any Proceeding (including (i) any action by or in the right of, or relating to, the Company Group and (ii) any past, current or future litigation relating to the the Transactions or such Indemnitee's equity ownership in the Company Group) by reason of any actions or omissions or alleged acts or omissions arising out of such Indemnitee's activities either on behalf of the Company Group or in furtherance of the interests of the Company Group or arising out of or in connection with such Indemnitee's purchase and/or ownership of equity interests in the Company Group or such Indemnitee's involvement in the Transactions, from and against any and all Obligations; *provided*, that such Indemnitee was not guilty of fraud, a willful breach of this Agreement or a willful illegal act;

in each case including any and all fees, costs and Expenses incurred by or on behalf of any Indemnitee in asserting, exercising or enforcing any of its rights, powers, privileges or remedies in respect of this Agreement, any Company Director Indemnity or any Related Document.

(b) Without in any way limiting the foregoing Section 2(a), the Company shall, and shall cause each other Indemnifying Party to, on a joint and several basis with each other Indemnifying Party, indemnify, defend and hold harmless each Indemnitee from and against any and all Obligations resulting from, arising out of or in connection with, based upon or relating to liabilities under the Securities Act, the Exchange Act or any other applicable securities or other laws, rules or regulations in connection with (i) the inaccuracy or breach of or default under any representation, warranty, covenant or agreement in any Related Document, (ii) any untrue statement or alleged untrue statement of a material fact contained in any Related Document or (iii) any omission or alleged omission to state in any Related Document a material fact required to be stated therein or necessary to make the statements therein not misleading. Notwithstanding the foregoing, the Indemnifying Parties shall not be obligated to indemnify such Indemnitee from and against any such Obligation to the extent that such Obligation arises out of or is based upon an untrue statement or omission made in such Related Document in reliance upon and in conformity with written information furnished to the Indemnifying Parties, as the case may be, in an instrument duly executed by such Indemnitee and specifically stating that it is for use in the preparation of such Related Document.

(c) Without limiting the foregoing, in the event that an Indemnitee or any member of the Company Group initiated, is subject to, or intervenes in any Proceeding in which the validity or enforceability of this Agreement is at issue to recover damages for breach of this Agreement, or to enforce or interpret this Agreement or any rights of such Indemnitee to indemnification or advancement of expenses (or related Obligations of such Indemnitee) under any member of the Company Group's Organizational Documents, any other agreement to which such Indemnitee and any member of the Company Group are party, any vote of directors of any member of the Company Group, the law of incorporation or formation of any member of the Company Group or any other applicable law or any liability insurance policy, the Company shall, and shall cause each other Indemnifying Party to, on a joint and several basis with each other Indemnifying Party, indemnify such Indemnitee against all costs and Expenses incurred by such Indemnitee or on such Indemnitee's behalf in connection with such Proceeding, whether or not such Indemnitee is successful in such Proceeding, except to the extent that the court presiding over such Proceeding determines that material assertions made by such Indemnitee in such proceeding were in bad faith.

(d) The Company, for itself and on behalf of the other Indemnifying Parties, acknowledges and agrees that the obligations of the Indemnifying Parties under this Agreement, any Related Document or any Company Director Indemnity (whether such agreements are entered into prior to, on or after the date of this Agreement) to indemnify or advance expenses to any Investor Director for matters covered thereby shall be the primary source of indemnification with respect to such matters and the Indemnifying Parties shall be the indemnitor of first resort in connection therewith, and any obligation on the part of any Investor Indemnitor under any Investor Indemnification Agreement to indemnify or advance expenses to such Investor Director shall be secondary to the Indemnifying Parties' obligation and shall be reduced by any amount that the Investor Director may collect as indemnification or advancement from the Indemnifying Parties. The Company, for itself and on behalf of the other Indemnifying Parties, (i)

acknowledges and agrees that the Indemnifying Parties shall be required to advance the full amount of Expenses incurred by any Investor Director and shall be liable for the full amount of all Obligations to the extent legally permitted and as required by the Indemnifying Parties pursuant to this Agreement, any Related Document or any Company Director Indemnity (whether such agreements are entered into prior to, on or after the date of this Agreement), without regard to any rights such Investor Director may have against the Investor Indemnitors and (ii) irrevocably waives, relinquishes and releases the Investor Indemnitors from any and all claims against the Investor Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. In the event that the Indemnifying Party fails to indemnify or advance expenses to an Investor Director as required or contemplated by this Agreement, any Related Document or any Company Director Indemnity, and any Investor Indemnitor makes any payment to such Investor Director in respect of indemnification or advancement of expenses under any Investor Indemnification Agreement on account of such Unpaid Director Indemnity Amounts, such Investor Indemnitor shall, automatically and without any action on the part of any Person, be subrogated to the rights of such Investor Director under this Agreement, any Related Document or any Company Director Indemnity, as the case may be, in respect of such Unpaid Director Indemnity Amounts.

(e) The Company, for itself and on behalf of the other Indemnifying Parties, acknowledges and agrees that, to the fullest extent permitted by applicable law (i) its obligation to indemnify any Indemnitee under this Agreement, any Related Documents or any Company Director Indemnity shall include any amounts expended by any Investor Indemnitor under any Investor Indemnification Agreement in respect of indemnification or advancement of expenses to any Investor Director in connection with any Proceedings involving his or her service as an Investor Director to the extent such amounts expended by such Investor Indemnitor are on account of any Unpaid Director Indemnity Amounts and (ii) no Indemnifying Parties shall be entitled to contribution or indemnification from, or subrogation against, any Investor Indemnitor in respect of amounts expended by it to indemnify or advance expenses to any Investor Director under this Agreement, any Related Documents or any Company Director Indemnity.

(f) The Company hereby agrees that it will not, and will not permit any other member of the Company Group to, amend any Company Director Indemnity (whether entered into prior to, on or after the date of this Agreement) to alter the rights of any Investor Director in any manner that would alter any Investor Director's rights with respect to conduct pre-dating the date of any such amendment without the consent of the Investor.

3. Contribution.

(a) If for any reason the indemnity provided for in Section 2(a) is unavailable or is insufficient to hold harmless any Indemnitee from any of the Obligations covered by such indemnity, then the Company shall, and shall cause each other Indemnifying Party to, on a joint and several basis with each other Indemnifying Party, contribute to the amount paid or payable by such Indemnitee as a result of such Obligation in such proportion as is appropriate to reflect (i) the relative fault of each member of the Company Group and their Agents, on the one hand, and such Indemnitee, on the other, in connection with the state of facts giving rise to such Obligation, (ii) if such Obligation results from, arises out of, is based upon or relates to the Transactions or any Securities Offering, the relative benefits received by each member of the Company Group and their Agents, on the one hand, and such Indemnitee, on the other, from such

Transaction or Securities Offering and (iii) if required by applicable law, any other relevant equitable considerations.

(b) If for any reason the indemnity specifically provided for in Section 2(b) is unavailable or is insufficient to hold harmless any Indemnitee from any of the Obligations covered by such indemnity, then the Company shall, and shall cause each other Indemnifying Party to, on a joint and several basis with each other Indemnifying Party, contribute to the amount paid or payable by such Indemnitee as a result of such Obligation in such proportion as is appropriate to reflect (i) the relative fault of each of the members of the Company Group and their Agents, on the one hand, and such Indemnitee, on the other, in connection with the information contained in or omitted from any Related Document, which inclusion or omission resulted in the inaccuracy or breach of or default under any representation, warranty, covenant or agreement therein, or which information is or is alleged to be untrue, required to be stated therein or necessary to make the statements therein not misleading, (ii) the relative benefits received by the members of the Company Group and their Agents, on the one hand, and such Indemnitee, on the other, from such Securities Offering and (iii) if required by applicable law, any other relevant equitable considerations.

(c) For purposes of Section 3(a), the relative fault of each member of the Company Group and their Agents, on the one hand, and of an Indemnitee, on the other, shall be determined by reference to, among other things, their respective relative intent, knowledge, access to information and opportunity to correct the state of facts giving rise to such Obligation. For purposes of Section 3(b), the relative fault of each of the members of the Company Group and their Agents, on the one hand, and of an Indemnitee, on the other, shall be determined by reference to, among other things, whether the included or omitted information relates to information supplied by the members of the Company Group and their Agents, on the one hand, or by such Indemnitee, on the other, (ii) their respective relative intent, knowledge, access to information and opportunity to correct such inaccuracy, breach, default, untrue or alleged untrue statement, or omission or alleged omission, and (iii) applicable law. For purposes of Section 3(a) and Section 3(b), the relative benefits received by each member of the Company Group and their Agents, on the one hand, and an Indemnitee, on the other, shall be determined by weighing the direct monetary proceeds to the Company Group, on the one hand, and such Indemnitee, on the other, from such Securities Offering.

(d) The parties hereto acknowledge and agree that it would not be just and equitable if contributions pursuant to Section 3(a) or Section 3(b) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in such respective Section. No Indemnifying Party shall be liable under Section 3(a) or Section 3(b), as applicable, for contribution to the amount paid or payable by any Indemnitee except to the extent and under such circumstances such Indemnifying Party would have been liable to indemnify, defend and hold harmless such Indemnitee under the corresponding Section 2(a) or Section 2(b), as applicable, if such indemnity were enforceable under applicable law. No Indemnitee shall be entitled to contribution from any Indemnifying Party with respect to any Obligation covered by the indemnity specifically provided for in Section 2(b) in the event that such Indemnitee is finally determined to be guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such Obligation and the Indemnifying Parties are not guilty of such fraudulent misrepresentation.

4. Indemnification Procedures.

(a) Reasonably promptly following the date on which an Indemnitee gains actual knowledge of the assertion of a Claim against it, such Indemnitee shall notify the appropriate member of the Company Group in writing of such Claim (the "Notice of Claim"); *provided*, *however*, that the failure or delay of such Indemnitee to deliver such Notice of Claim shall not relieve any Indemnifying Party of its indemnification obligations under this Agreement except to the extent that such failure or delay results in a failure of actual notice to such Indemnifying Party and such Indemnifying Party is materially injured as a result of such failure or delay. The Notice of Claim shall specify all material facts then known to such Indemnitee relating to such Claim and the monetary amount or an estimate of the monetary amount of the Obligation involved (solely to the extent such Indemnitee has knowledge of such amount or a reasonable basis for making such an estimate thereof). The Indemnifying Parties shall, at their sole cost and Expense, undertake the defense of such Claim with attorneys of their own choosing reasonably satisfactory in all respects to such Indemnitee, subject to the right of such Indemnitee to undertake such defense as hereinafter provided. The applicable Indemnitee may participate in such defense with counsel of such Indemnitee's choosing at the sole cost and Expense of the Indemnifying Parties. In the event that the Indemnifying Parties do not undertake the defense of the Claim within a reasonable time after receipt of the Notice of Claim, or in the event that the Indemnitee shall in good faith determine that the defense of the Claim by the Indemnifying Parties is inadequate or may conflict with the interest of any Indemnitee, such Indemnitee may, at the sole cost and Expense of the Indemnifying Parties and after giving notice to the Indemnifying Parties of such action, undertake the defense of the Claim and compromise or settle the Claim, all for the account of and at the risk of the Indemnifying Parties. In the defense of any Claim against an Indemnitee, no Indemnifying Party shall, except with the prior written consent of such Indemnitee, consent to the entry of any judgment or enter into any settlement or other compromise of such Claim that includes any injunctive or other non-monetary relief or any payment of money by such Indemnitee or that does not include as an unconditional term thereof the giving by the Person or Persons asserting such Claim to such Indemnitee of an unconditional release from all liability on all of the matters that are the subject of such Claim and an acknowledgement that such Indemnitee denies all wrongdoing in connection therewith. The Indemnifying Parties shall not be obligated to indemnify an Indemnitee against amounts paid in settlement of a Claim if such settlement is effected by such Indemnitee without the prior written consent of Company (on behalf of all Indemnifying Parties), which shall not be unreasonably withheld, conditioned or delayed. The applicable Indemnitee will cooperate with the Indemnifying Parties, so long as an Indemnifying Party is conducting the defense of the Claim, in the preparation for and the prosecution of the defense of such Claim, including by making available evidence within the control of such Indemnitee and persons needed as witnesses who are employed by such Indemnitee, in each case as reasonably needed for such defense and at the sole cost and Expense of the Indemnifying Parties.

(b) An Indemnitee shall notify the Indemnifying Parties in writing of the amount requested for advances ("Notice of Advances"). The Indemnifying Parties hereby agree to advance costs and Expenses incurred by any Indemnitee in connection with any Claim (but not for any Claim initiated or brought voluntarily by an Indemnitee, other than a Proceeding pursuant to Section 2(c)) in advance of the final disposition of such Claim, without regard to whether such Indemnitee will ultimately be entitled to be indemnified for such costs and Expenses, upon receipt of an undertaking by or on behalf of such Indemnitee to repay amounts

so advanced if it shall ultimately be finally determined by a court of competent jurisdiction from which no appeal can be taken that such Indemnitee is not entitled to be indemnified by the Indemnifying Parties pursuant to this Agreement, any Related Document or any Company Director Indemnity. The Indemnifying Parties shall make payment of such advances no later than 10 days after the receipt of the Notice of Advances.

(c) An Indemnitee shall notify the Indemnifying Parties in writing of the amount of any Claim actually paid by such Indemnitee (the "Notice of Payment"). The amount of any Claim actually paid by such Indemnitee shall bear simple interest at the rate equal to the JPMorgan Chase Bank, N.A. prime rate as of the date of such payment plus 2% per annum, from the date the Indemnifying Parties receive the Notice of Payment to the date on which any Indemnifying Party shall repay the amount of such Claim plus interest thereon to such Indemnitee. The Indemnifying Parties shall make indemnification payments to such Indemnitee no later than 30 days after receipt of the Notice of Payment.

(d) To the extent that the Indemnifying Parties elect to assume the defense of a Claim and there has not been a Change in Control, the board of directors of the Company shall select, and the applicable Indemnitee shall reasonably approve, independent legal counsel to defend such Claim. If there has been a Change in Control, independent legal counsel to defend such Claim shall be selected by such Indemnitee and approved by the Company (which approval shall not be unreasonably withheld, conditioned or delayed). The Indemnifying Parties shall pay the fees and expenses of such independent legal counsel and indemnify such independent legal counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to its engagement.

5. Certain Covenants. The rights of each Indemnitee to be indemnified under any other agreement, document, certificate or instrument or applicable law are independent of and in addition to any rights of such Indemnitee to be indemnified under this Agreement and, to the extent applicable, subject to Section 2(d). The rights of each Indemnitee and the obligations of the Indemnifying Parties hereunder shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnitee. Following the Merger, each member of the Company Group, and each of their corporate successors, shall implement and maintain in full force and effect any and all corporate charter and by-law (or similar organizational document) provisions that may be necessary or appropriate to enable it to carry out its obligations hereunder to the fullest extent permitted by applicable law, including a provision of its certificate of incorporation (or similar organizational document) eliminating liability of a director for breach of fiduciary duty to the fullest extent permitted by applicable law, as amended from time to time. So long as the Company or any other member of the Company Group maintains liability insurance for any directors, officers, employees or agents of any such Person, the Indemnifying Parties shall ensure that each Indemnitee serving in such capacity is covered by such insurance in such a manner as to provide such Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's and the Company Group's then current directors and officers.

6. Conflicts. The parties hereto understand and agree that this Agreement is supplemental to, and not in substitution of, any Company Director Indemnity, and in the event of any conflict between the terms of this Agreement and any Company Director Indemnity, the terms which in the reasonable judgment of the Investor are most favorable to the Investor

Director or the Investor, as the case may be, shall apply to the fullest extent permitted under the law.

7. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, mailed first class (postage prepaid), sent by reputable overnight courier service (charges prepaid) or sent by electronic mail or facsimile, to the applicable recipient at the address, electronic mail address or facsimile number set forth below:

If to any member of the Company Group:

Transphorm, Inc.
75 Castilian Drive
Goleta, California 93317
Attention: Mario Rivas
Email: mrivas@transphormusa.com
Facsimile: (805) 961-9528

with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati, Professional Corporation
650 Page Mill Road
Palo Alto, California 94303
Facsimile: (650) 493-6811
Attention: Mark Bertelsen
Email: mbertelsen@wsgr.com

If to the Investor, to:

KKR Phorm Investors L.P.
c/o Kohlberg Kravis Roberts & Co. L.P.
9 West 57th Street, Suite 4200
New York, New York 10019
Attention: General Counsel
Email: general.counsel@kkr.com
Facsimile: (212)-750-0003

with a copy (which shall not constitute notice) to:

Jones Day
1755 Embarcadero Road
Palo Alto, California
Attention: Timothy R. Curry
Email: tcurry@jonesday.com
Facsimile: (650) 739-3900

or to such other address or such other Person as the Company Group or the Investor shall have designated by notice to the other parties hereto. Notices will be deemed to have been given hereunder when, the day delivered personally, five days after deposit in the U.S. mail, one day

after deposit with a reputable overnight courier service, or the day sent by electronic mail or facsimile (receipt confirmed).

8. Governing Law; Jurisdiction, Waiver of Jury Trial.

(a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to principles or rules of conflict of laws.

(b) In any Proceeding arising out of or relating to this Agreement, each of the parties hereto unconditionally accepts the exclusive jurisdiction and venue of the Delaware Court of Chancery or, if the Delaware Court of Chancery does not have subject matter jurisdiction over this matter, the Superior Court of the State of Delaware (Complex Commercial Division) or, if jurisdiction over the matter is vested exclusively in federal courts, the United States District Court for the District of Delaware, and the appellate courts to which orders and judgments thereof may be appealed, and each of the parties hereto irrevocably waives the defense of an inconvenient forum or lack of jurisdiction to the maintenance of any such Proceeding. In any such Proceedings, the parties hereto agree that in addition to any method for the service of process permitted or required by such courts, to the fullest extent permitted by applicable law, service of process may be made by delivery provided pursuant to the directions in Section 7. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY DISPUTE, CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

9. Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance or in any jurisdiction, shall be held to be invalid or unenforceable to any extent, (i) the remainder of this Agreement shall not be affected thereby, and each other provision hereof shall be valid and enforceable to the fullest extent permitted by applicable law, (ii) as to such Person or circumstance or in such jurisdiction, such provision shall be reformed to be valid and enforceable to the fullest extent permitted by applicable law, and (iii) the application of such provision to other Persons or circumstances or in other jurisdictions shall not be affected thereby.

10. Successors; Binding Effect. Each Indemnifying Party will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and assets of such Indemnifying Party, by agreement in form and substance satisfactory to the Investor and its counsel, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that such Indemnifying Party would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and permitted assigns, and each other Indemnitee, but neither this Agreement nor any right, interest or obligation hereunder shall be assigned, whether by operation of law or otherwise, by the Company without the prior written consent of the Investor. The Investor may assign, without the prior consent of the Company, its rights, interests and obligations hereunder to any transferee of shares of the Company's capital stock held by the Investor or any transferee of Investor.

11. Miscellaneous. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement is not intended to confer any right or remedy hereunder upon any Person other than (i) each of the parties hereto and their respective successors and permitted assigns and (ii) each other Indemnitee, all of whom are intended to be third party beneficiaries thereof. All agreements and obligations of the parties contained herein shall continue during the period an Indemnitee is an Indemnitee for purposes of this Agreement and shall continue thereafter with respect to any possible Claims based on the fact that the Indemnitee was an Investor Party, an Affiliate of an Investor Party (other than the Company Group), the successor and/or assignee of an Investor Party, an Investor Party's or its Affiliates' (including the Company Entities') director, officer, manager, partner, member, employee, agent, advisor, consultant, representative, a Controlling Person of an Investor Party or one of its Affiliates or of their partners, members and Controlling Persons, or a director, officer or manager of any member of the Company Group. No amendment, modification, supplement or discharge of this Agreement, and no waiver hereunder shall be valid and binding unless set forth in writing and duly executed by the party or other Indemnitee against whom enforcement of the amendment, modification, supplement or discharge is sought. Neither the waiver by any of the parties hereto or any other Indemnitee of a breach of or a default under any of the provisions of this Agreement, nor the failure by any party hereto or any other Indemnitee on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right, powers or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any provisions hereof, or any rights, powers or privileges hereunder. Subject to Section 2(d) hereof, the rights, indemnities and remedies herein provided are cumulative and are not exclusive of any rights, indemnities or remedies that any party or other Indemnitee may otherwise have by contract, at law or in equity or otherwise. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation." Words used in this Agreement in the singular, where context so permits, shall be deemed to include the plural and vice versa. The definitions of words in the plural in this Agreement shall apply to such words when used in the singular, where context so permits, and vice versa.

12. Entire Agreement. This Agreement, together with the Company Director Indemnities, the Investor Indemnification Agreements and the other agreements and organizational documents referred to herein, sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. There are no agreements, representations, warranties, covenants or understandings with respect to the subject matter hereof other than those set forth or referred to herein with respect to the subject matter hereof. This Agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter, including the Indemnification Agreement, dated as of June 8, 2015, between Transphorm OpCo and Kohlberg Kravis Roberts & Co., L.P.

13. Information. The Company hereby consents to the Investor Directors sharing any information such Investor Directors receive from any member of the Company Group with officers, directors, partners, consultants, advisors, members, managers, employees and representatives of the Investor and its Affiliates (other than other portfolio companies) (collectively, the "Permitted Recipients") and to the internal use by the Investor and Permitted Recipients of any information received from any member of the Company Group; *provided*,

however, that the Investor maintains adequate procedures to prevent such information from being (i) disclosed to any Person that is not a Permitted Recipient or (ii) used in connection with the purchase or sale of securities of the Company in violation of applicable law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

KKR PHORM INVESTORS L.P.

By: its General Partner
KKR Phorm Investors GP LLC

By: /s/ Joan Lacagnina
Name: Joan Lacagnina
Title: Vice President, Finance

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above 'written.

TRANSPHORM, INC.

By: /s/ Mario Rivas

Name: Mario Rivas

Title: Chief Executive Officer

B | RILEY FBR
Member FINRA/SIPC | a B. Riley Financial company

11100 Santa Monica Blvd., Ste. 800
Los Angeles, CA 90025
Tel: (310) 966-1444 | Fax: (310) 966-1448
www.brileyfbr.com

October 22, 2019

Transphorm, Inc.
75 Castilian Drive
Goleta, CA 93117
Attention: Mario Rivas, CEO

Dear Mr. Rivas:

We understand that Transphorm, Inc., a Delaware corporation ("Transphorm"), plans to undertake a transaction (the "Merger Transaction") whereby a subsidiary ("MergerSub") of a public shell corporation ("PubCo") will merge with and into Transphorm, with Transphorm as the surviving entity, thereby becoming a wholly-owned subsidiary of PubCo. References herein to the "Company" shall mean Transphorm, MergerSub and/or PubCo as the context requires.

Following the Merger Transaction, the Company, with PubCo as the anticipated issuing entity, wishes to issue and sell equity securities (the "Securities") in a transaction (the "Placement") exempt from the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"), commonly referred to as a PIPE transaction. This letter agreement (the "Agreement") confirms the understanding and agreement between B. Riley FBR, Inc. ("B. Riley") and the Company to retain B. Riley as the Company's placement agent in connection with the Placement on the terms and conditions set forth below.

1. ***Appointment.*** The Company hereby appoints B. Riley to act as lead placement agent, on a best efforts basis, during the Placement Engagement Period (defined below) in connection with the Placement and authorizes B. Riley to arrange the Placement in a transaction that is exempt from the registration requirements of the Securities Act. The Securities will be offered on a limited basis to certain "accredited investors" (as defined in Rule 501 of Regulation D under the Securities Act) mutually agreed upon by B. Riley and the Company. The Placement is to be made directly by the Company to the purchasers pursuant to agreements (each, a "Purchase Agreement") entered into by the purchasers and the Company and such other documentation or agreements as may be necessary and appropriate to consummate the Placement, including, without limitation, a registration rights agreement requiring the Company to register the resale of the Securities with the Securities and Exchange Commission.

2. ***Manner of Placement.***

(a) B. Riley will have no authority under this agreement to bind the Company in any way to any party, including potential purchasers of the Securities. In addition, nothing contained herein will require the Company to accept the terms of any proposal from a potential purchaser of the Securities. The sale of the Securities to any investor will be evidenced by a Purchase Agreement in a form reasonably satisfactory to the Company and B. Riley. Prior to the signing of any Purchase Agreement, and subject to all applicable federal and state securities laws, officers of the Company with responsibility for financial affairs will be reasonably available to answer inquiries from potential purchasers of the Securities.

(b) B. Riley will not have any rights or obligations in connection with the Placement contemplated by this Agreement except as expressly provided herein. The Company agrees that B. Riley's involvement in the contemplated transaction, and the consummation of the Placement, will be subject to B. Riley's satisfaction, in its reasonable discretion and judgment, with prevailing market conditions and the results of its due diligence investigation of the Company and its business.

(c) The Company understands that B. Riley is not undertaking to provide any legal, accounting, tax, regulatory, insurance, executive compensation, environmental or other professional advice or services in connection with this engagement.

(d) Nothing in this Agreement shall be construed to limit the ability of B. Riley or its affiliates to pursue, investigate, analyze, invest in, or engage in investment banking, financial advisory or any other business relationships with

entities other than the Company, notwithstanding that such entities may be engaged in a business which is similar to or competitive with the business of the Company, and notwithstanding that such entities may have actual or potential operations, products, services, plans, ideas, customers or supplies similar or identical to the Company's, or may have been identified by the Company as potential merger or acquisition targets or potential candidates for some other business combination, cooperation or relationship.

(e) The Company acknowledges that all advice (written or oral) given by B. Riley to the Company is intended solely for the benefit and use of the Company. Other than to the extent required to be reflected in Board of Directors and committee meeting minutes, no advice (written or oral) of B. Riley hereunder shall be used, reproduced, disseminated, quoted or referred to at any time, in any manner, or for any purpose, nor shall any public references to B. Riley be made by the Company (or such persons), without the prior written consent of B. Riley. For the avoidance of doubt, the Company is authorized to share all advice given by B. Riley with the Company's legal counsel and accounting firm.

3. ***Fees; Expenses.***

(a) As compensation for B. Riley's services hereunder, the Company agrees to pay to B. Riley fees in the form of cash as follows.

(i) a retainer fee of $150,000, 1/3 of which shall be payable on October 31, 2019, 1/3 of which shall be payable on December 31, 2019, and 1/3 of which shall be payable on January 28, 2020; plus

(ii) a placement fee equal to 4.0% of the gross proceeds raised from the sale of any Securities (including any convertible preferred securities) in the Placement to the investors listed on Appendix I ("Insider Investors"), subject to and payable at closing of the Placement; it being understood that any proceeds raised from the sale of any Securities (including any convertible preferred securities) to KKR Holdings L.P. or its investment fund affiliates shall not be subject to any fees under this Agreement; plus

(iii) a placement fee equal to 7.0% of the gross proceeds raised from the sale of any Securities in the Placement to any investors who are not Insider Investors and who are introduced to the Company by B. Riley as confirmed between the Company and B. Riley in writing (including by email), with the Company's confirmation not to be unreasonably withheld, delayed or conditioned ("B. Riley Introductions"), subject to and payable at closing of the Placement; plus

(iv) an advisory fee equal to 1.0% of the gross proceeds raised from the sale of any Securities to any Insider Investors and to B. Riley Introductions, subject to and payable at closing of the Placement.

(b) If more than one closing is required in connection with the sale of the Securities, only that portion of the fees payable to B. Riley applicable to the Securities sold at the respective closing will be payable at such closing.

(c) The Company acknowledges and agrees that it will be responsible for and shall pay all costs and expenses of the Company incident to the purchase, sale and delivery of Securities in the Placement, including, without limitation, all fees and expenses of filing with the SEC and FINRA; all Blue Sky fees and expenses; all fees and disbursements of counsel and accountants for the Company; all printing costs; all costs of background investigations; all "roadshow" costs (regardless of the form in which the roadshow is conducted) and all costs incident to the travel and accommodation of the Company's personnel, including, without limitation, any roadshow, in connection with the Placement, including, but not limited to, commercial or charter air travel and local hotel accommodations and transportation.

(d) In addition to any fees payable to B. Riley pursuant to this Agreement and regardless of whether the Placement is consummated, the Company agrees to reimburse B. Riley promptly upon written request (which request may be by email) for (i) all reasonable and documented out-of-pocket fees and disbursements of legal counsel and any other professional advisor retained by B. Riley in connection with the Placement (it being understood that the retention of any such advisor, other than legal counsel, shall not be made without the prior approval of the

Company, which approval shall not be unreasonably withheld); (ii) B. Riley's reasonable and documented travel and related expenses arising out of this engagement); and (iii) other reasonable and documented out-of-pocket expenses incurred by B. Riley in connection with the performance of its services hereunder, including, without limitation, any roadshow. The amounts reimbursed pursuant to this Section 3(d) will not exceed $35,000 in the aggregate without the prior written consent of the Company (which may be given by email).

4. ***Representations and Warranties.*** Transphorm represents and warrants to B. Riley as follows:

(a) Except for the offers and sale of securities, the result of which would not cause the offer and sale of the Securities contemplated by this Agreement to fail to (i) qualify for the exemption from registration afforded by Section 4(a)(2) of the Securities Act and Regulation D thereunder or other applicable exemptions from registration that may be available; (ii) comply with applicable state securities and Blue Sky laws; or (iii) otherwise comply with federal and state securities laws, it has not, directly or indirectly, made any offers or sales of any type of securities during the six month period preceding the date of this letter, and has no intention of making an offer or sale of securities for a period of six months after completion of the Placement contemplated by this Agreement. As used herein, the terms "offer" and "sale" have the meanings specified in Section 2(a)(3) of the Securities Act.

(b) Transphorm is duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to enter into and carry out the terms and provisions of this Agreement.

(c) None of Transphorm, any of its predecessors, any affiliated issuer, any director, general partner, managing member, executive officer, other officer of Transphorm in each case participating in the Placement, any beneficial owner of 20% or more of Transphorm's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with Transphorm in any capacity at the time of sale (each, a "Transphorm Covered Person" and, together, "Transphorm Covered Persons") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). Transphorm has exercised reasonable care to determine whether any Transphorm Covered Person is subject to a Disqualification Event. Transphorm has complied, to the extent applicable, with its disclosure obligations under Rule 506(e), and has furnished B. Riley a copy of any disclosures provided thereunder. Transphorm will notify B. Riley in writing, prior to the completion of the Placement of any Disqualification Event relating to any Transphorm Covered Person not previously disclosed to B. Riley in accordance with this Section 4(b).

(d) Nothing contained in Transphorm's charter documents, by-laws, shareholders' agreements, or any other document, agreement, contract or instrument to which Transphorm is a party, to which Transphorm is subject, or in any order, judgment or settlement of any court or governmental agency to which Transphorm is bound conflicts with or in any way restricts or otherwise limits or conditions Transphorm's ability to enter into, and perform under, this Agreement and consummate the transactions contemplated herein. The Company is not required to obtain any consent, waiver, authorization or order of, or make any filing or registration with, any governmental agency to which the Company is subject in order to enter into or consummate the transactions contemplated herein and no payment by the Company to a third party in connection with the entering into of this Agreement or the consummation of the transactions contemplated herein (including, but not limited to, any "tail" payments), other than (i) securities laws filings required under the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any other applicable state or federal securities, takeover and "blue sky" Laws, (ii) any filings and approvals required by Delaware law, (iii) any filings and approvals required by any over-the-counter market or national securities exchange on which the Securities will be listed, or (iv) any other consents, approvals, orders, authorizations, registrations, declarations, filings or notices the failure of which to be obtained or made, individually or in the aggregate, would not have a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and its subsidiaries, taken as a whole.

5. ***Further Obligations of the Company.*** The Company undertakes to and agrees with B. Riley that:

(a) It will not, directly or indirectly, make any offer or sale of any of the Securities or any securities of the same or similar class as the Securities, the result of which would cause the offer and sale of the Securities contemplated by this Agreement to fail to (i) qualify for the exemption from registration afforded by Section 4(a)(2) of the Securities Act and Regulation D thereunder or other applicable exemptions from registration that may be available; (ii) comply with applicable state securities and Blue Sky laws; and (iii) otherwise comply with federal and state securities laws.

(b) During the Placement Engagement Period, it will not solicit or negotiate with any other person to act as financial advisor or to provide other investment banking services to it, provided, however, that the Company may engage one or more additional placement agents to maximize the amount raised in the Placement, subject to B. Riley's prior approval.

(c) The Company will be solely responsible for the contents of the marketing materials, any amendments or supplements thereto, any information incorporated by reference therein and any and all other written or oral communications (collectively, the "Marketing Materials") that have been provided to any actual or potential purchaser of the Securities with the Company's approval. The Company represents and warrants that the Marketing Materials will not, as of the date of the offer or sale of the Securities or the closing date of any such sale, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If at any time prior to the completion of the offer and sale of the Securities an event occurs as a result of which the Marketing Materials (as then amended or supplemented) would or might include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the Company will notify B. Riley promptly of such event and B. Riley will have the right to suspend solicitations of potential investors until such time as the Company shall prepare (and if requested to do so by B. Riley, the Company agrees to prepare promptly) a supplement or amendment to the Marketing Materials which corrects such statement or omission. The Company authorizes B. Riley to provide the approved Marketing Materials to potential investors as contemplated herein. The Company agrees that it will not distribute or otherwise transmit the Marketing Materials to any potential investors without the prior approval of B. Riley.

(d) The Company will comply with all requirements of Section 4(a)(2) of the Securities Act and Regulation D thereunder and the rules promulgated thereunder pursuant to the Securities Act (or with all requirements of any other applicable exemption from registration that the Company chooses to use). The Company agrees to limit offers to sell, and solicitations of offers to buy, the Securities to persons reasonably believed by it to be "accredited investors" (as defined in Rule 501 of Regulation D under the Securities Act). The Company further agrees that it will not engage in any form of general solicitation or general advertising in connection with the contemplated transactions within the meaning of Rule 502 under the Securities Act. If applicable, the Company will make a timely filing of Form D pursuant to the requirements of Rule 503 under Regulation D.

(e) The Company agrees to take such action (if any) as B. Riley may reasonably request to qualify the Securities for offer and sale under the securities laws of such states as B. Riley may specify; provided that in connection therewith the Company will not be required to qualify as a foreign corporation or file a general consent to service of process. The Company agrees that it will make all filings or take all other action required under applicable state securities laws to permit the sale of the Securities.

(f) In order to allow proper coordination of the proposed financing, the Company will promptly notify B. Riley of any potential purchasers of the Securities known to it to be interested in purchasing any Securities. In addition, the Company will keep B. Riley reasonably informed of the status of any discussions or negotiations between the Company and any potential purchaser of Securities.

(g) The Company shall be deemed to make to B. Riley all representations and warranties which it makes to purchasers of the Securities in any Purchase Agreement or other document, and agrees to deliver a letter to B. Riley at each closing date as set forth in a Purchase Agreement, to the extent that the representations and warranties are made as of each closing date pursuant to the applicable Purchase Agreement, addressed to B.

Riley and in form and substance satisfactory to B. Riley, stating that B. Riley is entitled to rely on all representations and warranties of the Company as set forth in such Purchase Agreement.

(h) The Company will cause to be delivered to B. Riley, addressed to B. Riley, the same opinions of legal counsel, accountants' comfort letters and certificates and other documents that it provides to purchasers of the Securities pursuant to any Purchase Agreement.

(i) The Company will obtain a third-party appraisal of its intellectual property portfolio ("IP Report") by a firm mutually acceptable to the Company and B. Riley and cause such appraisal to be delivered to B. Riley within 60 days of the date hereof. For the avoidance of doubt, the IP Report shall not be considered Marketing Materials.

6. ***Indemnification.*** The Company agrees to indemnify B. Riley and its controlling persons, representatives and agents in accordance with the indemnification provisions set forth in Appendix II hereto, which is incorporated herein by reference, and agrees to the other provisions of Appendix II hereto, regardless of whether the proposed Placement is consummated. The obligations of the Company pursuant to this paragraph and Appendix II hereto shall survive any expiration or termination of this agreement or B. Riley's engagement hereunder.

7. ***Information to be Provided; Confidentiality.***

(a) B. Riley and its agents and counsel will be accorded access to and may examine documents, records and other materials and information of the Company and its subsidiaries (all information so furnished being the "Information") as B. Riley reasonably requests and deems necessary to perform its assignment hereunder. All such Information provided by the Company shall to the best of the Company's knowledge be complete and accurate and not misleading. The Company will provide B. Riley with reasonably access to officers, directors, employees, accountants, counsel and other representatives of the Company (collectively, the "Representatives") as necessary to perform its assignment hereunder. B. Riley will maintain the confidentiality of the Information for a period of two (2) years from the date of this Agreement and shall disclose the Information only as authorized in writing in advance by the Company or as required by law, rule or regulation, including, but not limited to, FINRA Rules 2210 and 2241, or by order of a governmental authority or court of competent jurisdiction. The Company recognizes and confirms that B. Riley: (i) will use and rely primarily on the Information and information supplied to B. Riley by or on behalf of the Company or any Representative of the Company in performing the services contemplated by this Agreement without having independently verified the same; (ii) does not assume responsibility for the accuracy or completeness of the Information and such other information; and (iii) will not make an appraisal of any assets or liabilities of the Company or any of their market competitors.

(b) The confidentiality restrictions of Section 7(a) hereof shall not apply to information that:

(i) at the time of disclosure by the Company to B. Riley is, or thereafter becomes, generally available to the public, other than as a result of a breach by B. Riley of its obligations under this Agreement;

(ii) prior to or at the time of disclosure by the Company to B. Riley, was already in the possession of B. Riley or any of its affiliates;

(iii) at the time of disclosure by the Company to B. Riley or thereafter, is obtained by B. Riley or any of its affiliates from a third party whom B. Riley reasonably believes to be in possession of the information not in violation of any contractual, legal or fiduciary obligation to the Company with respect to that information; or

(iv) is or was independently developed by B. Riley or its affiliates (for the avoidance of doubt, such information shall not include any confidential information provided to B. Riley by the Company or the Representatives).

(c) The Company acknowledges and agrees that B. Riley's role in reviewing any information (including, but not limited to, the Information) is limited solely to performing such reviews as B. Riley deems necessary for purposes of its own analysis, and shall not be on behalf or for the benefit of the Company or any other person.

The obligations of B. Riley pursuant to this Section 7 hereto shall survive any expiration or termination of this agreement or B. Riley's engagement hereunder, regardless of whether the proposed Placement is consummated.

8. ***Term of Placement Engagement Period; Survival of Provisions.***

(a) The term of B. Riley's engagement with respect to the Placement (the "Placement Engagement Period") shall be from the date of execution of this Agreement until March 14, 2020 unless extended by mutual agreement of the parties; provided, however, that either party may terminate the Placement Engagement Period at any time upon 10 days written notice to the other party.

(b) This Agreement shall survive any termination of the Placement Engagement Period. With respect to the expenses payable by the Company pursuant to Section 3, upon termination of the Placement Engagement Period, B. Riley shall be entitled to collect all such actual expenses accrued through the date of termination in accordance with the terms of Section 3. If during a period of 9 months following the termination of the Placement Engagement Period, the Company sells any Securities to B. Riley Introductions, then it will pay to B. Riley upon the completion of such a sale a cash fee equal to the fees that would have been payable to B. Riley pursuant to Section 3 if such sale occurred during the term of B. Riley's appointment and authorization hereunder (such fee, the "Fee Tail"); provided, however, that any such Fee Tail shall not apply if the Placement, at least $15,000,000 of which is affirmatively committed to be raised from B. Riley Introductions, is not closed during the Placement Engagement Period, primarily due to the failure of B. Riley to perform the services contemplated by this Agreement.

9. ***Other Advisory Services and Offerings.***

(a) The Company grants B. Riley a right of first refusal ("Right of First Refusal") to act in the following capacities in any of the following transactions entered into or contemplated by the Company during the Placement Engagement Period or within 18 months thereafter (each, an "Other Transaction"), so long as at least one of Craig Krinbring or Jon Merriman is employed by B. Riley and will lead the engagement with the Company on the Other Transaction:

(i) Offerings: Lead underwriter and lead book runner in connection with any public offering of equity, equity-linked or debt securities or other capital markets financing, with B. Riley's name on the cover of any public offering prospectus in the upper left relative to the names of the other underwriters participating in the transaction and B. Riley managing all of the "roadshow" logistics and all stabilization transactions; and lead placement agent in any private offering of equity or equity-linked, or debt or debt-like, securities or other capital markets financing;

(ii) Mergers and Acquisitions: Lead financial advisor in connection with any purchase or sale of assets or stock, merger, acquisition, business combination, joint venture or other strategic transaction; and

(iii) Rights Offerings: Lead book runner or placement agent in connection with any rights offering.

(b) In the event B. Riley chooses to exercise the Right of First Refusal, B. Riley's compensation in connection with any Other Transaction shall be determined by separate agreement between the Company and B. Riley on the basis of compensation customarily paid to financial advisors, underwriters or placement agents in similar transactions.

10. ***Independent Contractor; No Fiduciary Duty.*** The Company acknowledges and agrees that it is a sophisticated business enterprise and that B. Riley has been retained pursuant to this Agreement to act as placement agent in

connection with the Placement. In such capacity, B. Riley shall act as an independent contractor and not as an agent or fiduciary to the Company or its shareholders, and any duties of B. Riley arising out of its engagement pursuant to this Agreement shall be contractual in nature and shall be owed solely to the Company. Each party disclaims any intention to impose any fiduciary duty on the other.

11. ***Announcements of the Placement and Other Transactions.*** If the Placement or an Other Transaction is consummated in which B. Riley acts as a placement agent or otherwise, and to the extent consistent with securities laws governing such transactions, B. Riley may, at its sole option and expense, place an announcement ("Announcement") in such newspapers, periodicals and marketing materials as B. Riley may choose stating that B. Riley has so acted, and the capacity in which it has acted. B. Riley may include the name of the Company and the Company's logo or other identifying mark, in any Announcements without the consent of the Company.

12. ***Amendments; Other Engagements.***

(a) This Agreement may be modified or amended, or its provisions waived, only in a writing signed by each of the parties hereto.

(b) The Company further understands that if B. Riley is asked to act for the Company in any other formal additional capacity relating to this engagement but not specifically addressed in this letter, then such activities shall constitute separate engagements and the terms and conditions of any such additional engagements will be embodied in one or more separate written agreements, containing provisions and terms to be mutually agreed upon, including without limitation appropriate indemnification and contribution provisions. The provisions of Appendix II hereto shall apply to any such additional engagements, unless superseded by similar provisions set forth in a separate document applicable to any such additional engagements, and shall remain in full force and effect regardless of any completion, modification or termination of B. Riley's engagement(s).

13. ***No Commitment.*** This Agreement does not and will not constitute any agreement, commitment or undertaking, express or implied on the part of B. Riley or any of its affiliates to purchase or to sell any securities (including, but not limited to, the Securities) or to provide any financing and does not ensure the successful arrangement or completion of the Placement or any Other Transaction.

14. ***Non-Circumvention***. The Company hereby covenants and agrees that it shall not, by amendment of its charter documents or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other action, avoid or seek to avoid the observance or performance of any of the terms of this Agreement, and each of the Company and will at all times in good faith carry out all of the provisions of this Agreement and take all action as may be reasonably required to protect the rights of the other party herein. Additionally, if the Company is not the party issuing securities pursuant to the Purchase Agreement, the defined term "Company" as used in this Agreement shall also include such issuing party and the Company shall cause such issuing party to acknowledge and agree to the foregoing by causing such issuing party to become a signatory to this Agreement prior to the completion of the Placement. Without limiting the foregoing, TransPhorm shall cause MergerSub and PubCo to become signatories to this Agreement promptly following the closing of the Merger Transaction, and shall cause MergerSub and Pubco to make the representations and warranties made by TransPhorm in Section 4 hereof as to themselves as of such date.

15. ***Entire Agreement.*** This Agreement constitutes the entire Agreement between the parties and supersedes and cancels any and all prior or contemporaneous arrangements, understandings and agreements, written or oral, between them relating to the subject matter hereof.

16. ***Severability.*** If any portion of this Agreement shall be held or made unenforceable or invalid by a statute, rule, regulation, decision of a tribunal or otherwise, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect, and, to the fullest extent, the provisions of the Agreement shall be severable.

17. ***Beneficiaries.*** This Agreement shall inure to the sole and exclusive benefit of B. Riley and the Company and the persons referred to in Appendix II hereto and their respective successors and representatives. The obligations and liabilities under this Agreement shall be binding upon B. Riley and the Company.

18. ***Headings.*** The descriptive headings of the paragraphs, subparagraphs, and Appendixes of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretations of this Agreement.

19. ***Failure or Delay No Waiver.*** It is understood and agreed that failure or delay by either the Company or B. Riley in exercising any right, power or privilege hereunder shall not operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege hereunder.

20. ***Governing Law; Waiver of Trial by Jury.*** This Agreement, all aspects of the relationship created by this engagement and any other agreements relating to the engagement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed therein and, in connection therewith, the parties hereto consent to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County or the United States District Court for the Southern District of New York and agrees to venue in such courts. Notwithstanding the foregoing, solely for purposes of enforcing the Company's obligations under Appendix II hereto, the Company consents to personal jurisdiction, service and venue in any court proceeding in which any claim relating to or arising out of this engagement is brought by or against any Indemnified Person. B. RILEY AND THE COMPANY EACH HEREBY AGREES TO WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR RELATING TO THIS ENGAGEMENT.

21. ***Limitation of Liability.*** Neither party (nor any of its affiliates) shall be liable for any incidental, indirect, special or consequential damages (i.e., lost profits) arising out of, or in connection with, this Agreement, whether or not such party was advised of the possibility of such damage, except gross negligence, bad faith, willful breach or intentional misconduct. The Company further agrees that the liability limit of B. Riley and its affiliates, agents, or contractors shall in no event be greater than the aggregate dollar amount which the Company paid during the term of this Agreement to B. Riley, including any reasonable attorneys' fees and court costs.

22. ***Interpretation.*** No provision of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof.

23. ***Counterparts.*** This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall be considered a single instrument. Facsimile and .pdf signatures to this Agreement shall be acceptable and binding.

24. ***Prevailing Party.*** The prevailing party in any dispute relating to or arising from this Agreement shall have the right to collect from the other party its reasonable costs and attorneys' fees.

If the foregoing terms correctly set forth our agreement, please sign and return to us a duplicate copy of this Agreement. We look forward to working with you toward the successful conclusion of this engagement.

Very truly yours,

B. RILEY FBR, INC.

By: /s/ Craig Krinbring

Confirmed and accepted as of this ____ day of October, 2019:

Transphorm, Inc.

By: /s/ Mario Rivas

Name: Mario Rivas

Title: CEO

APPENDIX I

Insider Investors

APPENDIX II

The Company agrees to indemnify and hold harmless B. Riley and its affiliates (as defined in Rule 405 under the Securities Act of 1933, as amended) and their respective directors, officers, members, managers, employees, agents and controlling persons (B. Riley and each such person being an "Indemnified Party") from and against all losses, claims, damages and liabilities (or actions, including shareholder actions, in respect thereof), joint or several, to which such Indemnified Party may become subject under any applicable federal or state law, or otherwise, which are related to or result from the performance by B. Riley of the services contemplated by or the engagement of B. Riley pursuant to this Agreement, and will promptly reimburse any Indemnified Party for all reasonable and documented out-of-pocket expenses (including reasonable counsel fees and expenses) as they are incurred in connection with the investigation of, preparation for or defense arising from any threatened or pending claim, whether or not such Indemnified Party is a party and whether or not such claim, action or proceeding is initiated or brought by the Company. The Company will not be liable to any Indemnified Party under the foregoing indemnification and reimbursement provisions (i) for any settlement by an Indemnified Party effected without its prior written consent (not to be unreasonably withheld); or (ii) to the extent that any loss, claim, damage, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted primarily from B. Riley's gross negligence, bad faith, willful misconduct. (and B. Riley will promptly repay such portion of any amounts that are attributable to such finding). The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or its security holders or creditors related to or arising out of the engagement of B. Riley pursuant to, or the performance by B. Riley of the services contemplated by, this Agreement except to the extent that any loss, claim, damage or liability (or related expense) is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted primarily from B. Riley's bad faith, willful misconduct or gross negligence.

Promptly after receipt by an Indemnified Party of notice of any intention or threat to commence an action, suit or proceeding or notice of the commencement of any action, suit or proceeding, such Indemnified Party will, if a claim in respect thereof is to be made against the Company pursuant hereto, promptly notify the Company in writing of the same. In case any such action is brought against any Indemnified Party and such Indemnified Party notifies the Company of the commencement thereof, the Company may elect to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party, and an Indemnified Party may employ counsel to participate in the defense of any such action provided, that the employment of such counsel shall be at the Indemnified Party's own expense, unless (i) the employment of such counsel has been authorized in writing by the Company, (ii) the Indemnified Party has reasonably concluded (based upon advice of counsel to the Indemnified Party) that there may be legal defenses available to it or other Indemnified Parties that are different from or in addition to those available to the Company, or that a conflict or potential conflict exists (based upon advice of counsel to the Indemnified Party) between the Indemnified Party and the Company that makes it impossible or inadvisable for counsel to the Indemnifying Party to conduct the defense of both the Company and the Indemnified Party (in which case the Company will not have the right to direct the defense of such action on behalf of the Indemnified Party), or (iii) the Company has not in fact employed counsel reasonably satisfactory to the Indemnified Party to assume the defense of such action within a reasonable time after receiving notice of the action, suit or proceeding, in each of which cases the reasonable and documented out-of-pocket fees, disbursements and other charges of such counsel will be at the expense of the Company; provided, further, that in no event shall the Company be required to pay fees and expenses for more than one firm of attorneys (in addition to local counsel) representing Indemnified Parties unless the defense of one Indemnified Party is unique or separate from that of another Indemnified Party subject to the same claim or action. Any failure or delay by an Indemnified Party to give the notice referred to in this paragraph shall not affect such Indemnified Party's right to be indemnified hereunder, except to the extent that such failure or delay causes actual harm to the Company, or prejudices its ability to defend such action, suit or proceeding on behalf of such Indemnified Party.

If the indemnification provided for in this Agreement is for any reason held unenforceable by or unavailable to an Indemnified Party, the Company agrees to contribute to the losses, claims, damages and liabilities for which such indemnification is held unenforceable or unavailable (i) in such proportion as is appropriate to reflect the relative benefits to the Company, on the one hand, and B. Riley, on the other hand, of the Placement (or Other Transaction) as contemplated whether or not the Placement (or Other Transaction) is consummated or (ii) if (but only if) the allocation provided for in clause (i) is for any reason unenforceable or unavailable, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and B. Riley, on the other hand, as well as any other relevant equitable considerations. The Company agrees that for the purposes of this paragraph the relative benefits to the Company and B. Riley of the Placement (or Other Transactions) as contemplated shall be deemed to be in the same proportion that the total value received or contemplated to be received by the Company or its shareholders, as the case may be, as a result of or in connection with the Placement (or Other Transactions) bear to the fees paid or to be paid to B. Riley under this Agreement. Notwithstanding the foregoing, the Company expressly

agrees that B. Riley shall not be required to contribute any amount in excess of the amount by which fees paid B. Riley hereunder (excluding reimbursable expenses) exceeds the amount of any damages which B. Riley has otherwise been required to pay.

The Company agrees that without B. Riley's prior written consent, which shall not be unreasonably withheld, it will not, and will not permit any of its affiliates to, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification or contribution could be sought under the provisions of this Agreement, unless such settlement, compromise or consent includes an unconditional release of each applicable Indemnified Party from all liability arising out of such claim, action or proceeding.

B. RILEY FBR
Member FINRA/SIPC | a B. Riley Financial company

11100 Santa Monica Blvd., Suite 800
Los Angeles, CA 90025
Tel: (310) 966-1444
www.brileyfbr.com

November 13, 2019

Transphorm, Inc.
75 Castilian Drive
Goleta, CA 93117
Attention: Mario Rivas, CEO

Re: Amendment No. 1 and Consent to Engagement Letter Agreement

Dear Mr. Rivas:

Reference is hereby made to that certain engagement letter agreement (the "Existing Letter Agreement") dated October 22, 2019 by and between Transphorm, Inc. (collectively with MergerSub and PubCo, as the context requires, the "Company") and B. Riley FBR, Inc. ("B. Riley"), a copy of which is attached hereto as Exhibit A. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Existing Letter Agreement. This Amendment No. 1 and Consent (this "Amendment") shall constitute an amendment of the Existing Letter Agreement pursuant to Section 12 of the Existing Letter Agreement.

B. Riley understands that the Company would like to engage Craig-Hallum Capital Group, LLC ("C-H") as an additional placement agent in connection with the Placement, with B. Riley acting as lead placement agent. We understand that C-H, pursuant to separate agreement between the Company and C-H, will be entitled to receive 30% of the placement fee described in Section 3(a)(iii) of the Existing Letter Agreement, as amended by this Amendment.

Subject to the terms and conditions hereof, and pursuant to Section 5(b) of the Existing Letter Agreement, B. Riley hereby consents to the appointment of C-H as an additional placement agent in connection with the Placement.

The Company acknowledges and agrees that nothing contained in this Agreement shall be read or construed so as to create an employee, agent, representative or partner relationship between B. Riley and C-H, nor to create a partnership, joint venture or other type of business entity between B. Riley and C-H. B. Riley shall not be liable for the actions or inactions of C-H whether in connection with the Placement or otherwise. Any liability of B. Riley, on the one hand, and C-H, on the other hand, to the Company shall be several and not joint.

In furtherance of the foregoing, the Existing Letter Agreement shall be amended by:

(a) inserting a new Section 2(f) as follows:

> (f) If the Placement is oversubscribed, the portion of the Placement allocated to Insider Investors on the one hand and any other investors on the other hand shall be reduced on a pro rata basis between the two groups; provided, however, that in no event shall the portion of the Placement allocated to investors who are not Insider Investors be reduced below Fifteen Million Dollars ($15,000,000).

(b) deleting Section 3(a)(iii) and inserting the following in lieu thereof:

> (iii) 70% of a placement fee of 7.0% of the gross proceeds raised from the sale of any Securities in the Placement to any investors who are not Insider Investors, subject to and payable at the closing of the Placement, it being understood that the remaining 30% of such

placement fee shall be paid to Craig-Hallum Capital Group, LLC ("C-H") pursuant to a separate agreement between the Company and C-H; plus

(c) deleting Section 3(a)(iv) and inserting the following in lieu thereof:

(iv) an advisory fee equal to 1.0% of the gross proceeds raised from the sale of any Securities, subject to and payable at closing of the Placement.

(d) deleting Section 8(b) and inserting the following in lieu thereof:

(b) This Agreement shall survive any termination of the Placement Engagement Period. With respect to the expenses payable by the Company pursuant to Section 3, upon termination of the Placement Engagement Period, B. Riley shall be entitled to collect all such actual expenses accrued through the date of termination in accordance with the terms of Section 3. If during a period of 9 months following the termination of the Placement Engagement Period, the Company sells any Securities to investors who are not Insider Investors and who are introduced to the Company by B. Riley or C-H (together, the "Placement Agents") as confirmed between the Company and B. Riley in writing (including by email), with the Company's confirmation not to be unreasonably withheld, delayed or conditioned ("Placement Agent Introductions"), then it will pay to B. Riley upon the completion of such a sale a cash fee equal to the fees that would have been payable to B. Riley pursuant to Section 3 if such sale occurred during the term of B. Riley's appointment and authorization hereunder (such fee, the "Fee Tail"); provided, however, that any such Fee Tail shall not apply if the Placement, at least $15,000,000 of which is affirmatively committed to be raised from Placement Agent Introductions, is not closed during the Placement Engagement Period, primarily due to the failure of B. Riley to perform the services contemplated by this Agreement.

(e) adding the following to the list of Insider Investors on Appendix I:

Any stockholder, employee or director of the Company as of the date hereof.

The terms of this Amendment shall be effective to the extent that, and for so long as, the Company's engagement with C-H shall remain in effect pursuant to separate agreement between the Company and C-H.

Except as set forth in this Amendment, the Existing Letter Agreement shall continue in full force and effect. Please acknowledge your approval and acceptance of the foregoing by signing in the appropriate space below.

[Remainder of page intentionally left blank; signature page follows]

Very truly yours,

B. RILEY FBR, INC.

By: /s/ Craig Krinbring
Name: Craig Krinbring
Title: Managing Director

Agreed to and accepted:

TRANSPHORM, INC.

By: /s/ Primit Parikh
Name: Primit Parikh
Title: Co-founder and COO

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

AWARD/CONTRACT	1. THIS CONTRACT IS RATED ORDER UNDER DPAS (15 CFR 700)	RATING	PAGE OF PAGES 1 35
2. CONTRACT (Proc. Inst. Ident.) NO. N6833519C0107	3. EFFECTIVE DATE 13 Dec 2018	4. REQUISITION/PURCHASE REQUEST/ PROJECT NO. 1300715447-001	

5. ISSUED BY	CODE N68335	6 ADMINISTERED BY *(If other than Item 5)*	CODE S0512A
NAVAL AIR WARFARE CTR AIRCRAFT DIVISION- CONTRACTS ATTN 2.5.2.6.2 HWY547 BLDG 120-207 LAKEHURST NJ 08733-5082		DCMA LOS ANGELES 6230 VAN NUYS BLVD VAN NUYS CA 91401	SCD: C

7. NAME AND ADDRESS OF CONTRACT OR (No., Street , County, State and Zip Code) TRANSPHORM, INC. PRIMIT PARIKH 75 CASTILIAN DR STE 100 GOLETA CA 93117-3212	8. DELIVERY [ ] FOB ORIGIN [X] OTHER *(See below)* 9. DISCOUNT FOR PROMPT PAYMENT Net 30 Days 10. SUBMIT INVOICES *(4 copies unless otherwise specified)* TO THE ADDRESS SHOWN IN:	ITEM **SECTION G**
CODE 4R2L6 FACILITY CODE		

11. SHIP TO/MARK FOR	CODE N00014	12. PAYMENT WILL BE MADE BY	CODE HQ0339
OFFICE OF NAVAL RESEARCH PAUL MAKI 875 NORTH RANDOLPH STREET ARLINGTON VA 22203		DFAS COLUMBUS CENTER DFAS-CO/WEST ENTITLEMENT OPERATION PO BOX 182381 COLUMBUS OH 43218-2381	
13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: [ ] 10 U.S.C. 2304(c)( ) [ ] 41 U.S.C. 253(c)( )		14. ACCOUNTING AND APPROPRIATION DATA **See Schedule**	

15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	SEE SCHEDULE				
				15G. TOTAL AMOUNT OF CONTRACT	**$2,635,303.00**

16. TABLE OF CONTENTS

(X)	SEC.	DESCRIPTION	PAGE(S)	(X)	SEC	DESCRIPTION	PAGE(S)
		PART I - THE SCHEDULE				**PART II - CONTRACT CLAUSES**	
X	A	SOLICITATION/ CONTRACT FORM	1-2	X	I	CONTRACT CLAUSES	24-34
X	B	SUPPLIES OR SERVICES AND PRICES/ COSTS	3-5			**PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.**	
X	C	DESCRIPTION/ SPECS./ WORK STATEMENT	6-10	X	J	LIST OF ATTACHMENTS	35
X	D	PACKAGING AND MARKING	11			**PART IV - REPRESENTATIONS AND INSTRUCTIONS**	
X	E	INSPECTION AND ACCEPTENCE	12		K		
X	F	DELIVERIES OR PERFORMANCE	13			REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
X	G	CONTRACT ADMINISTRATION DATA	14-19		L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
X	H	SPECIAL CONTRACT REQUIREMENTS	20-23		M	EVALUATION FACTORS FOR AWARD	

CONTRACTING OFFICER WILL COMPLETE ITEM 17 (SEALED-BID OR NEGOTIATED PROCUREMENT) OR 18 (SEALED-BID PROCUREMENT) AS APPLICABLE

17. [X] CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any , and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	18. [ ] SEALED-BID AWARD (Contractor is not required to sign this document.) Your bid on Solicitation Number_____ including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the terms listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your bid, and (b) this award/contract. No further contractual document is necessary. (Block 18 should be checked only when awarding a sealed-bid contract.)
19A. NAME AND TITLE OF SIGNER (Type or print) Primit Parikh, Co-Founder & COO	20A. NAME OF CONTRACTING OFFICER JILLIAN KOHLER CONTRACTING OFFICER TEL: [***] EMAIL: [***]

19B. CONTRACTOR/OFFEROR	19C. DATE SIGNED	20B. UNITED STATES OF AMERICA	20C. DATE SIGNED
/s/ Primit Parikh (Signature of person authorized to sign)	12/7/2018	BY /s/ Jillian Kohler (Signature of Contracting Officer)	13-Dec-2018

Section A - Solicitation/Contract Form

POINTS OF CONTACT

Contracts POC:
Naval Air Warfare Center - Aircraft Division - DoDAAC: N68335
LeAnn Spann
Phone: [***]
E-mail: [***]

Procuring Contracting Officer
Naval Air Warfare Center - Aircraft Division - DoDAAC: N68335
Charlie Gill
Phone: [***]
E-mail: [***]

Government/Technical POC:
Office of Naval Research - DoDAAC: N00014
Paul Maki
Phone: [***]
E-mail: [***]

Contractor POC:
Primit Parikh
Phone: [***]
E-mail: pparikh@transphormusa.com

Contractor POC:
Lisa Standring
Phone: [***]
E-mail: lstandring@transphormusa.com

Section B - Supplies or Services and Prices

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001		1	Lot		$2,635,303.00
	Research and Development				
	CPFF				
	Services necessary to conduct Research and Development under ONR BAA N00014-18-S-B001 in accordance with the Statement of Work incorporated into Section C.				
	THE ESTIMATED COST OF THIS CLIN INCLUDES EQUIPMENT TO BE PROCURED BY THE CONTRACTOR THAT SHALL BE CONSIDERED CONTRACTOR ACQUIRED PROPERTY PER FAR PART 45.				
	FOB: Destination				
				ESTIMATED COST	$2,512,994.00
				FIXED FEE	$122,309.00
				TOTAL EST COST + FEE	$2,635,303.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000101					$0.00
	Funding for CLIN 0001				
	CPFF				
	PURCHASE REQUEST NUMBER: 1300715447-0001				
				ESTIMATED COST	$0.00
				FIXED FEE	$0.00
				TOTAL EST COST + FEE	$0.00
	ACRN AA CIN: 130071544700001				$706,000.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002		1	Lot		NSP
	Data for CLIN 0001				
	FFP				
	To be produced in accordance with DD 1423, Contract Data Requirements List, A001 - A002, Exhibit A.				
	FOB: Destination				
				NET AMT	

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
003		1	Lot		$15,869,322.00
	Research and Development - Option 1				
	CPFF				
	Services necessary to conduct Research and Development under ONR BAA N00014-18-S-B001 in accordance with the Statement of Work incorporated into Section C.				
OPTION	THE ESTIMATED COST OF THIS CLIN INCLUDES EQUIPMENT TO BE PROCURED BY THE CONTRACTOR THAT SHALL BE CONSIDERED CONTRACTOR ACQUIRED PROPERTY PER FAR PART 45.				
	FOB: Destination				
				ESTIMATED COST	$15,460,753.00
				FIXED FEE	$408,569.00
				TOTAL EST COST + FEE	$15,869,322.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0004		1	Lot		NSP
	Data for CLIN 0003 FFP To be produced in accordance with DD 1423, Contract Data Requirements List, A001 - A002, Exhibit A. FOB: Destination				
				NET AMT	

Section C - Descriptions and Specifications

STATEMENT OF WORK

This project comprises three base tasks and two optional tasks. The three base tasks develop n-polar epitaxy technology on both silicon and SiC substrates, provides for some initial device feedback and establishes initial pilot production. At the end of Base Task 3, N-polar GaN on 100mm SiC HEMTs will meet Stage 5 Material Specifications and be ready for pilot production (see Table 2. The two optional tasks are detailed in Section 9 and establish Transphorm's epitaxial foundry capability and manufacturing readiness for n-polar HEMTs on both silicon and SiC substrates. As part of the optional tasks, epitaxy process controls will be established along with full manufacturing documentation. A reliability profile will also be created for n-polar HEMTs.

1. Base Task 1: N-Polar GaN on 150mm Si

1.1. *Develop GaN polarity inversion buffer on Si*. Starting with background from UCSB's n-polar process on 2-inch substrates, Transphorm will develop a GaN polarity inversion buffer on 6-inch (150 mm) silicon substrates. This task will begin in Year 1 Q1 and will end by Year 1 Q4. By Q4 of Year 1, the 150mm n-polar GaN on silicon epiwafers will meet foundry input specifications and Stage 2 Material Specifications (see Table 2) with an MOCVD line yield > [***].

1.2. *Develop foundry process for epiwafer evaluation on Power devices and RF test structures*. Concurrent with Task 1.1, Transphorm will design, create fabrication masks, and develop foundry processes for n-polar Power and RF test structures for epiwafers on silicon substrates. This task will begin in Year 1 Q1 and will end by Year 1 Q2. This task is complete when test epiwafers have been successfully processed through the foundry for both RF and Power mask designs.

1.3. *Full fabrication process and characterization*. Transphorm will use the full fabrication process developed in Task 1.2 to process n-polar GaN on 150mm Si HEMT epiwafers. Transphorm will evaluate these processed epiwafers for buffer quality and application suitability using both [***] and [***] DC testing. This task will begin in Year 1 Q3 and will end by Year 1 Q4. This task will be complete when N- polar GaN on Si devices have been processed through the foundry and DC and [***] testing is complete.

1.4. *Epitaxy performance optimization DOE-1*. Using feedback from device performance in Task 1.3, Transphorm will optimize the epiwafer HEMT performance to improve the electrical characteristics of the 2DEG layer reducing the sheet resistance. At this point, the epiwafer buffer designs may become differentiated between the RF and the Power devices. This task will begin in Year 2 Q1 and will end by Year 2 Q2. This task will be

complete when 150mm n-polar GaN on silicon epiwafers will meet Stage 3 Material Specifications (see Table 2).

2. **Base Task 2: N-Polar GaN on 100mm SiC**
   - 2.1. *GaN on 100mm SiC epitaxy development*. Using ongoing feedback from N-polar GaN on silicon in Task 1.1, Transphorm will transfer the current best epitaxy process conditions to benchmark epitaxial layers on GaN on 100mm SiC. This task will begin in Year 1 Q2 and will run through the end of Year 2 Q2. By Q4 of Year 1, the 100mm n-polar GaN on SiC epiwafers will meet foundry input specifications and Stage 3 Material Specifications (see Table 2) with an MOCVD line yield > [***].
     - 2.1.1. *Delivery of preliminary GaN on 100mm SiC epiwafers.* At the end of Task 2.1, Transphorm will deliver preliminary epiwafers of N-polar GaN on SiC HEMTs to ONR customers per Table 3.
   - 2.2. *Develop foundry process for epiwafer evaluation on Power devices and RF test structures*. Concurrent with Task 2.1 and utilizing designs created in Task 1.2, Transphorm will customize the fabrication masks and foundry processes for N-polar Power and RF test structures for epiwafers on SiC substrates. This task will begin in Year 1 Q1 and will end by Year 1 Q2. This task is complete when test epiwafers have been successfully processed through the foundry for with the new mask design.
   - 2.3. *GaN on SiC full device fabrication for epiwafer validation*. Transphorm will use the full fabrication process developed in Task 2.2 to process n- polar GaN on 100mm SiC epiwafers. Transphorm will evaluate these processed epiwafers for buffer quality and application suitability using both [***] and [***] testing. This task will begin in Year 1 Q3 and will end by Year 2 Q1. This task will be complete when analysis is complete on tested wafers.

3. **Base Task 3: N-Polar GaN on 100mm SiC optimization and deliverables demonstrating pilot production**
   - 3.1. *Epitaxy on SiC manufacturability optimization DOE-2*. Using feedback from device performance in Task 2.3 and epiwafer development in Task 1.4, Transphorm will optimize the epiwafer HEMT uniformity and repeatiability to improve the yields and usable wafer area. This task includes three full fabrication cycles of learning and corresponding epitaxy feedback. This task will begin in Year 2 Q2 and will end by Year 3 Q1. This task will be complete when 100mm n-polar GaN on SiC epiwafers meet Stage 5 Material Specifications [see Table 2].
   - 3.2. *GaN on SiC process control and manufacturing readiness.* Based on the buffer results and data gathered from task 3.1, SPC programs, production travelers, and spec limits will be developed. OCAP plans and other process control documentation will be generated. This task begins after Task 3.1 in Year 3 Q2 and ends in Year 3 Q3. This task is complete when documentation and systems work is to complete to enable production relese of GaN on SiC.

3.3. *Growth of N-Polar GaN on 100mm SiC deliverables*. Using theN6833519C0107 optimized epitaxial buffer determined in Task 3.1, and the production systems implemented in Task 3.2 Transphorm will produce final production N-polar GaN deliverables on 100mm SiC substrates for delivery to ONR customers (Table 3). A limited amount of HEMT customization for end customers is possible for these deliveries (e.g.. HEMT-Al%). This task is complete when wafers are delivered and any new data gathered from the production campaign is fed back into continuous improvement programs.

1.Option Task 1: GaN on 150mm SiC Substrates

1.1. *Acquire and set up GaN epitaxy infrastructure for manufacturing*

1.1.1. *Purchase and install MOCVD machine for dedicated US RF and mm-wave epitaxy manufacturing*. Transphorm will acquire and install a commercial-scale MOCVD reactor to enable the capability to deliver volume manufacturing quantities to government customers. This task will begin in Year 1 Q1 and will run through Year 2 Q1. This task will be complete when the reactor is installed and the existing n-polar GaN on 100mm SiC process transferred from the research MOCVD machine.

1.1.2. *Purchase and install characterization tools for RF and mm-wave epitaxy on SiC*. Transphorm will purchase essential materials characterization tools to handle the characterization requirements for GaN on SiC wafers as well as the higher volume and larger diameter substrates. This task will begin in Year 1 Q1 and will run through the end of Year 1 Q3. This task is complete when the equipment is installed and operational.

1.2. *N-Polar GaN on SiC process expansion to 1n0mm*. Transphorm will expand the existing 4-inch (100 mm) process from Base Task 3.2 to 6- inch (150 mm) substrates while meeting the Stage 5 Material Specifications (Table 2). This task will begin in Year 3 Q1 and will run through the end of Year 3 Q3. This task will be complete when N-polar GaN on 150mm SiC epiwafers meet manufacturing targets (Table 9)

1.2.1. *Delivery of N-polar GaN on 1n0mm SiC epiwafers.* In Year 3 Q4, Transphorm will produce N-polar GaN on 150 mm SiC HEMTs for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (i.e. HEMT-Al%).

1.3. *Ga-polar GaN on 1n0mm SiC manufacturing for RF and mm-wave applications*. Leveraging existing 100 mm substrate processes, Transphorm will expand the Ga- polar HEMT process to 150mm substrates while meeting Material stage 4 specifications (Table 2). This task will begin in Year 2 Q1 and will run through the end of Year 2 Q3. This task will be complete when Ga-polar GaN on 150mm SiC epiwafers meet manufacturing targets (Table 9)

1.3.1. *Delivery of Ga-polar GaN on 1n0mm SiC epiwafers.* In Year 2 Q4, Transphorm will produce Ga-polar GaN on 150mm SiC HEMTs for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (for e.g. HEMT-Al%).

2.Option Task 2: GaN on 150 - 200mm Si Substrates

2.1. *Improve n-polar GaN on 1n0mm Si epiwafers for manufacturability*. Continuing the development from Base Task 1.4, Transphorm will improve the N-polar epitaxy on silicon substrates to Stage 5 Material Specifications (Table 2). This will bring the N- polar GaN on Si technology to manufacturing readiness by establishing process capability and controls along with device validation. This task will begin in Year 1 Q3 and will run through Year 2 Q4. This task will be complete when the N-polar GaN on 150mm Si epiwafers meet manufacturing metrics (see Table 9)

2.2. *Large signal performance and reliability for High Voltage devices*. Transphorm will test the N-polar HEMT epiwafers developed in Task 2.1 for their in-circuit performance and establish their reliability profile (i.e. MTTF, acceleration factors) in comparison to Ga-polar material (Transphorm's current production qualified material). This task will begin in Year 2 Q4 and will run through the end of Year 3 Q1 This task will be complete when reliability testing is complete and data is analyzed.

2.2.1. Delivery of N-polar GaN on 1n0mm Si epiwafers. In Year 3 Q2, Transphorm will produce N-polar GaN on 150mm Si HEMTs for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (for e.g. HEMT-Al%).

2.3. Transfer N-polar GaN on Si epitaxy to 200mm diameter substrates.

2.3.1. N-Polar GaN on Si process expansion to 200mm. Transphorm will expand the existing 150mm process from Task 2.2 to 200mm substrates while meeting the Stage 5 Material Specifications [see Table 9]. This task will begin in Year 2 Q4 and will run through the end of Year 3 Q1.

2.3.2. N-Polar GaN on 200mm Si manufacturing readiness. Transphorm will establish process capability and controls for the 200mm line along with device validation. This task will begin in Year 2 Q4 and will run through the end of Year 3 Q1. The manufacture of these N-polar GaN on 150mm Si epiwafers will meet manufacturing yield targets … [see Table 9]

2.3.2.1. Delivery of n-polar GaN on 200mm Si epiwafers. In Year 3 Q2, Transphorm will produce N-polar GaN on 200mm Si HEMTs for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (i.e. HEMT-Al%).

2.3.3. Reliability testing on packaged parts from 200 mm wafers. Transphorm will fabricate devices on 200 mm Si substrates by [***] and then proceeding with wafer processing in Transphorm's production foundry. Transphorm will then test the 200mm N-polar HEMT epiwafers developed in Task 2.3.1 for their in-circuit performance and establish their reliability profile (i.e. MTTF, acceleration factors) in comparison to both 150mm n-polar HEMTs in Task 2.2 and to Ga-polar material (Transphorm's current production qualified material on 150mm). This task will begin in Year 3 Q1 and will run through the end of Year 3 Q3.

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C-T-T-ECMRA REQUIRED ENTERPRISE-WIDE CONTRACTOR MANPOWER REPORTING APPLICATION (ECMRA) INFORMATION (NOV 2017)

The contractor shall report contractor labor hours (including subcontractor labor hours) required for performance of services provided under this contract for the services identified in CLINS 0001 and 0003 via a secure data collection site. Contracted services, excluded from reporting are based on Product Service Codes (PSCs). The excluded PSCs are:

(1) W, Lease/Rental of Equipment;
(2) X, Lease/Rental of Facilities;
(3) Y, Construction of Structures and Facilities;
(4) D, Automatic Data Processing and Telecommunications, IT and Telecom - Telecommunications Transmission (D304) and Internet (D322) ONLY.
(5) S, Utilities ONLY;
(6) V, Freight and Shipping ONLY.

The contractor is required to completely fill in all required data fields using the following web address "https://www.ecmra.mil."

Reporting inputs will be for the labor executed during the period of performance during each Government fiscal year (FY), which runs October 1 through September 30. While inputs may be reported any time during the FY, all data shall be reported no later than October 31 of each calendar year. Contractors may direct questions to the help desk, linked at "https://www.ecmra.mil."

Section D - Packaging and Marking

CLAUSES INCORPORATED BY FULL TEXT

5252.247-9507 PACKAGING AND MARKING OF REPORTS (NAVAIR)(OCT 2005)

(a) All unclassified data shall be prepared for shipment in accordance with best commercial practice. Classified reports, data and documentation, if any, shall be prepared for shipment in accordance with the National Industry Security Program Operating Manual, DoD 5220.22-M.

(b) The contractor shall prominently display on the cover of each report the following information:

(1) Name and business address of contractor.
(2) Contract Number/Delivery/Task order number.
(3) Contract/Delivery/Task order dollar amount.
(4) Whether the contract was competitively or non-competitively awarded.
(5) Name of sponsoring individual.
(6) Name and address of requiring activity.

5252.247-9514 TECHNICAL DATA PACKING INSTRUCTIONS (NAVAIR)(SEP 1999)

Technical Data and Information shall be packed and packaged for domestic shipment in accordance with best commercial practices. The package or envelope should be clearly marked with any special markings specified in this contract (or delivery/task order), e.g., Contract Number, CLIN, Device No., and document title must be on the outside of the package. Classified reports, data and documentation, if applicable, shall be prepared for shipment in accordance with Defense Industrial Manual for Safeguarding Classified Information, DoD 5220.22M.

Section E - Inspection and Acceptance

INSPECTION AND ACCEPTANCE TERMS

Supplies/services will be inspected/accepted at:

CLIN	INSPECT AT	INSPECT BY	ACCEPT AT	ACCEPT BY
0001	Destination	Government	Destination	Government
000101	N/A	N/A	N/A	N/A
0002	Destination	Government	Destination	Government
0003	Destination	Government	Destination	Government
0004	Destination	Government	Destination	Government

CLAUSES INCORPORATED BY REFERENCE

52.246-9	Inspection Of Research And Development (Short Form)	APR 1984

CLAUSES INCORPORATED BY FULL TEXT

5252.246-9514 INSPECTION AND ACCEPTANCE OF TECHNICAL DATA AND INFORMATION (NAVAIR)(FEB 1995)

Inspection and acceptance of technical data and information will be performed by the Procuring Contracting Officer (PCO) or his duly authorized representative. Inspection of technical data and information will be performed by ensuring successful completion of the requirements set forth in the DD Form 1423, Contract Data Requirements List (CDRL) and incorporation/resolution of Government review comments on the data items. Acceptance will be evidenced by execution of an unconditional DD Form 250, Material Inspection and Receiving Report, as appropriate, and/or upon receipt of a second endorsement acceptance by the PCO on the attachment to this contract entitled N/A. The attached form will not be used for high cost data such as drawings, specifications, and technical manuals.

5252.246-9517 CONSTRUCTIVE ACCEPTANCE PERIOD (NAVAIR) (MAR 1999)

For the purpose of FAR Clause 52.232-25, "Prompt Payment", paragraph (a)(5)(i), Government acceptance shall be deemed to have occurred constructively on the 30th day after the contractor delivered the supplies or performed the services.

Section F - Deliveries or Performance

DELIVERY INFORMATION

CLIN	DELIVERY DATE	QUANTITY	SHIP TO ADDRESS	DODAAC / CAGE
0001	POP 14-DEC-2018 TO 13-DEC-2021	N/A	OFFICE OF NAVAL RESEARCH PAUL MAKI 875 NORTH RANDOLPH STREET ARLINGTON VA 22203 [***] FOB: Destination	N00014
000101	N/A	N/A	N/A	N/A
0002	POP 14-DEC-2018 TO 13-DEC-2021	N/A	OFFICE OF NAVAL RESEARCH PAUL MAKI 875 NORTH RANDOLPH STREET ARLINGTON VA 22203 [***] FOB: Destination	N00014
0003	POP 14-JUN-2019 TO 13-JUN-2022	N/A	(SAME AS PREVIOUS LOCATION) FOB: Destination	N00014
0004		N/A	(SAME AS PREVIOUS LOCATION) FOB: Destination	N00014

CLAUSES INCORPORATED BY REFERENCE

52.242-15 Alt I	Stop-Work Order (Aug 1989) -Alternate I	APR 1984
52.247-34	F.O.B. Destination	NOV 1991

Section G - Contract Administration Data

ACCOUNTING AND APPROPRIATION DATA

[***]
COST CODE: [***]
AMOUNT: $706,000.00

ACRN	CLIN/SLIN	CIN	AMOUNT
AA	[***]	[***]	$706,000.00

CLAUSES INCORPORATED BY REFERENCE

252.232-7003	Electronic Submission of Payment Requests and Receiving Reports	JUN 2012

CLAUSES INCORPORATED BY FULL TEXT

252.227-7030 TECHNICAL DATA--WITHHOLDING OF PAYMENT (MAR 2000)

(a) If technical data specified to be delivered under this contract, is not delivered within the time specified by this contract or is deficient upon delivery (including having restrictive markings not identified in the list described in the clause at 252.227-7013(e)(2) or 252.227-7018(e)(2) of this contract), the Contracting Officer may until such data is accepted by the Government, withhold payment to the Contractor of ten percent (10%) of the total contract price or amount unless a lesser withholding is specified in the contract. Payments shall not be withheld nor any other action taken pursuant to this paragraph when the Contractor's failure to make timely delivery or to deliver such data without deficiencies arises out of causes beyond the control and without the fault or negligence of the Contractor.

(b) The withholding of any amount or subsequent payment to the Contractor shall not be construed as a waiver of any rights accruing to the Government under this contract.

(End of clause)

252.232-7006 WIDE AREA WORKFLOW PAYMENT INSTRUCTIONS (MAY 2013)

(a) Definitions. As used in this clause--

Department of Defense Activity Address Code (DoDAAC) is a six position code that uniquely identifies a unit, activity, or organization.

Document type means the type of payment request or receiving report available for creation in Wide Area WorkFlow (WAWF).

Local processing office (LPO) is the office responsible for payment certification when payment certification is done external to the entitlement system.

(b) Electronic invoicing. The WAWF system is the method to electronically process vendor payment requests and receiving reports, as authorized by DFARS 252.232-7003, Electronic Submission of Payment Requests and Receiving Reports.

(c) WAWF access. To access WAWF, the Contractor shall--

(1) Have a designated electronic business point of contact in the System for Award Management at https://www.acquisition.gov; and

(2) Be registered to use WAWF at https://wawf.eb.mil/ following the step-by-step procedures for self-registration available at this Web site.

(d) WAWF training. The Contractor should follow the training instructions of the WAWF Web-Based Training Course and use the Practice Training Site before submitting payment requests through WAWF. Both can be accessed by selecting the “Web Based Training” link on the WAWF home page at https://wawf.eb.mil/.

(e) WAWF methods of document submission. Document submissions may be via Web entry, Electronic Data Interchange, or File Transfer Protocol.

(f) WAWF payment instructions. The Contractor must use the following information when submitting payment requests and receiving reports in WAWF for this contract/order:

(1) Document type. The Contractor shall use the following document type(s).

COMBO

(2) Inspection/acceptance location. The Contractor shall select the following inspection/acceptance location(s) in WAWF, as specified by the contracting officer.

I/A DESTINATION

(3) Document routing. The Contractor shall use the information in the Routing Data Table below only to fill in applicable fields in WAWF when creating payment requests and receiving reports in the system.

Routing Data Table*

Field Name in WAWF	Data to be entered in WAWF
Pay Official DoDAAC	[***]
Issue By DoDAAC	[***]
Admin DoDAAC	[***]
Inspect By DoDAAC	[***]
Ship To Code	[***]
Ship From Code	—
Mark For Code	—
Service Approver (DoDAAC)	—
Accept at Other DoDAAC	—
LPO DoDAAC	
DCAA Auditor DoDAAC	[***]
Other DoDAAC(s)	—

(4) Payment request and supporting documentation. The Contractor shall ensure a payment request includes

appropriate contract line item and subline item descriptions of the work performed or supplies delivered, unit price/cost per unit, fee (if applicable), and all relevant back-up documentation, as defined in DFARS Appendix F, (e.g. timesheets) in support of each payment request.

(5) WAWF email notifications. The Contractor shall enter the email address identified below in the “Send Additional Email Notifications” field of WAWF once a document is submitted in the system. [***]

(g) WAWF point of contact. (1) The Contractor may obtain clarification regarding invoicing in WAWF from the following contracting activity's WAWF point of contact.

For Navy WAWF questions, call DFAS Customer Care [***].

(2) For technical WAWF help, contact the WAWF helpdesk at [***].

(End of clause)

252.246-7000 MATERIAL INSPECTION AND RECEIVING REPORT (MAR 2008)

(a) At the time of each delivery of supplies or services under this contract, the Contractor shall prepare and furnish to the Government a material inspection and receiving report in the manner and to the extent required by Appendix F, Material Inspection and Receiving Report, of the Defense FAR Supplement.

(b) Contractor submission of the material inspection and receiving information required by Appendix F of the Defense FAR Supplement by using the Wide Area WorkFlow (WAWF) electronic form (see paragraph (b) of the clause at 252.232-7003) fulfills the requirement for a material inspection and receiving report (DD Form 250). Two copies of the receiving report (paper copies of either the DD Form 250 or the WAWF report) shall be distributed with the shipment, in accordance with Appendix F, Part 4, F-401, Table 1, of the Defense FAR Supplement.Appendix F--Material Inspection and Receiving Report

5252.201-9500 TECHNICAL POINT OF CONTACT (TPOC)(NAVAIR)(SEP 2012)

(a) The Technical Point of Contact (TPOC) for this contract is:

Paul Maki - DoDAAC: N00014
Office of Naval Research
875 Liberty Center
Arlington, VA 22203
[***]
[***]

(b) This individual is not a Contracting Officer nor a Contracting Officer's Representative (COR)/Task Order COR (TOCOR) and has no authority to make changes, verbally or otherwise, to the existing contract or order. Further, no authority has been delegated to this individual by the Procuring Contracting Officer (PCO).

(c) The contractor may use this technical POC for technical questions related to the existing contract or order. Also, as a representative of the requiring activity, the TPOC may perform or assist in such areas as: base access forms, security related issues, IT access requirements, Contractor Performance Assessment Reporting System (CPARS), clarification of technical requirements, and statement of work inquires.

(d) The contractor shall immediately notify the Procuring Contracting Officer in writing if the contractor interprets any action by the TPOC to be a change to the existing contract.

5252.204-9503 E-PEDITING CONTRACT CLOSEOUT (NAVAIR) (JAN 2007)

(a) As part of the negotiated fixed price or total estimated amount of this contract, both the Government and the
Contractor have agreed to waive any entitlement that otherwise might accrue to either party in any residual dollar amount of $1,000 or less at the time of final contract closeout. The term "residual dollar amount" shall include all money that would otherwise be owed to either party at the end of the contract, except that, amounts connected in any

way with taxation, allegations of fraud and/or antitrust violations shall be excluded. For purposes of determining residual dollar amounts, offsets of money owed by one party against money that would otherwise be paid by that party might be considered to the extent permitted by law.

(b) This agreement to waive entitlement to residual dollar amounts has been considered by both parties. It is agreed that the administrative costs for either party associated with collecting such small dollar amounts could exceed the amount to be recovered.

5252.232-9510 PAYMENT OF FI-ED FEE (NAVAIR) (OCT 2005)

(a) The fixed fee, as specified in Section B of this contract, subject to any adjustment required by other provisions of this contract, will be paid in installments. The fixed fee will be paid not more frequently than bi-weekly based on the allowable cost. The amount of each such installment shall be in the same ratio to the total fixed fee as the related provisional payment on account of allowable cost is to the total estimated cost of the contract or order if a completion contract. Payment shall be made in accordance with FAR Clauses 52.216-7, "Allowable Cost and Payment," and 52.216-8, "Fixed Fee."

(b) In the event of termination of the work in accordance with the FAR Clause 52.232-22, "Limitation of Funds," the fixed fee shall be redetermined by mutual agreement equitably to reflect the reduction of the work performed. The amount by which such fixed fee is less than or exceeds payments previously made on account of fee, shall be paid to (or repaid by) the contractor.

(c) The balance of the fixed fee shall be payable in accordance with other clauses of this contract.

(d) For indefinite delivery type contracts the terms of this clause apply to each delivery/task order there under.

5252.232-9524 ALLOTMENT OF FUNDS (NAVAIR)(OCT 2005)

(a) This contract is incrementally funded with respect to both cost and fee.

(b) The amounts presently available and allotted to this contract for payment of fee, as provided in the Section I clause of this contract entitled “FIXED FEE”, are as follows:

ITEM(S)	ALLOTTED TO FIXED FEE
CLIN 0001	$32,766.69

(c) The amounts presently available and allotted to this contract for payment of cost, subject to the Section I “LIMITATION OF FUNDS” clause, the items covered thereby and the period of performance which it is estimated the allotted amount will cover are as follows:

ITEM(S)	ALLOTTED TO COST	PERIOD OF PERFORMANCE
CLIN 0001	$673,233.31	Approximately 9.6 months

(d) The parties contemplate that the Government will allot additional amounts to this contract from time to time by unilateral contract modification, and any such modification shall state separately the amounts allotted for cost and for fee, the items covered thereby, and the period of performance the amounts are expected to cover.

G-T-T-PAY PAYMENT INSTRUCTIONS (APR 2018)

For Government Use Only					
Contract/Order Payment Clause	Type of Payment Request	Supply	Service	Construction	Payment Office Allocation Method
52.212-4 (Alt I), Contract Terms and Conditions—Commercial Items 52.216-7, Allowable Cost and Payment 52.232-7, Payments under Time-and-Materials and Labor- Hour Contracts	Cost Voucher	X	X	N/A	Line item specific proration. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the deliverable line or deliverable subline item for which payment is requested.
52.232-1, Payments	Navy Shipbuilding Invoice (Fixed Price)	x	N/A	N/A	Line Item specific by fiscal year. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds. In the event of a deliverable line or deliverable subline item with two ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year.
52.232-1, Payments; 52.232-2, Payments under Fixed-Price Research and Development Contracts; 52.232-3, Payments under Personal Services Contracts; 52.232-4, Payments under Transportation Contracts and Transportation-Related Services Contracts; and 52.232-6, Payments under Communication Service Contracts with Common Carriers	Invoice	X	X	N/A	Line Item Specific proration. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the deliverable line or deliverable subline item for which payment is requested.

52.232-5, Payments Under Fixed-Price Construction Contracts	Construction Payment Invoice	N/A	N/A	X	Line Item specific by fiscal year. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds. In the event of a deliverable line or deliverable subline item with two ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year.
52.232-16, Progress Payments	Progress Payment*	X	X	N/A	Contract-wide proration. Funds shall be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN. Progress Payments are considered contract level financing, and the “contract price” shall reflect the fixed price portion of the contract per FAR 32.501-3.
52.232-29, Terms for Financing of Purchases of Commercial Items; 52.232-30, Installment Payments for Commercial Items	Commercial Item Financing*	X	X	N/A	Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.207(b)(2) and 32.1007(b)(2).
52.232-32, Performance-Based Payments	Performance- Based Payments*	X	X	N/A	Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.207(b)(2) and 32.1007(b)(2).
252.232-7002, Progress Payments for Foreign Military Sales Acquisitions	Progress Payment*	X	X	N/A	Allocate costs among line items and countries in a manner acceptable to the Administrative Contracting Officer.

*Liquidation of Financing Payments. Liquidation will be applied by the payment office against those ACRNs which are identified by the payment instructions for the delivery payment and in keeping with the liquidation provision of the applicable contract financing clause (i.e., progress payment, performance-based payment, or commercial item financing).

Section H - Special Contract Requirements

SPECIAL CONTRACT REQUIREMENTS

H.1 Exercise of Option
The Government, at any time after the effective date of the contract, may require the contractor to perform work under Option Items 0003 through 0004 during the time and place and at the prices set forth herein. This option may be exercised by either a unilateral or bilateral modification to this contract signed by the Contracting Officer depending on whether the negotiations for the option SOW and the option price have been completed or the SOW, as written, fully describes the option effort. The unilateral right of the Government to invoke the option will expire within 6 months following the completion of the base effort. The right to invoke a unilateral option shall be maintained by the Government up until the last day of the expiration period and no advance notice is required.

H.2 Limitation of Liability - Incremental Funding
This contract is incrementally funded and the amount currently available for payment thereunder is limited to **$706,000** which includes **5.0%** of fixed fee applied to total costs excluding equipment. Subject to the provisions of the clause entitled Limitation of Funds, 52.232-22 of the general provisions of this contract, no legal liability on the part of the Government for payment in excess of **$706,000** shall arise unless additional funds are made available and are incorporated as a modification to this contract. The amount available is estimated to cover the period of performance through **approximately 9.6 months**.

H.3 1) Any request for a period of performance extension shall be submitted in writing to the Contracting Officer and Contracting Officer Representative (COR)/Program Officer no later than thirty (30) days prior to the expiration of the contract to allow the Government time to consider, and if approved, process the request. Requests submitted less than thirty (30) prior to the expiration of the contract may be rejected and not processed by the Government. 2) The request shall include (a) Contract number, (b) Contract Line Item Number (CLIN) associated with the extension, (c) current expiration date of the CLIN associated with the extension, (d) revised date for which the extension is requested, (e) the rationale as to why the extension is required, (f) status of the remaining task(s) to be completed during the extension period, (g) plan of action for completing the effort, and (h) evidence of sufficient funding under the CLIN to ensure remaining task(s) may be completed during the extension.

H.4 Clauses

ONR 5252.235-9700 ACKNOWLEDGEMENT OF SPONSORSHIP (DEC 1988)

(a) The Contractor agrees that in the release of information relating to this contract, such release shall include a statement to the effect that the project or effort depicted was or is sponsored by the agency set forth in the Schedule of this contract, and that the content of the information does not necessarily reflect the position or policy of the Government and no official endorsement should be inferred.
(b) For the purpose of this clause, “information” includes but is not limited to, news releases, articles, manuscripts, brochures, advertisements, still and motion pictures, speeches, trade association meetings, symposia, etc.
(c) Nothing in the foregoing shall affect compliance with the requirements of the clause of this contract entitled “Security Requirements” (FAR 52.204-2 and Alternate I) if such clause is a part of the contract.
(d) The Contractor further agrees to include this provision in any subcontract awarded as a result of this contract.

ONR 5252.210-9708 - Metrication Requirements (DEC 1988)

(a) All scientific and technical reports delivered pursuant to the terms of this contract shall identify units of measurement in accordance with the International System of Units (SI) commonly referred to as the "Metric System". Conversion to U.S. customary units may also be given where additional clarity is deemed necessary. Guidance for application of the metric system is contained in the American Society of Testing Materials document

entitled "Standard Practice for Use of the International System of Units (The Modernized Metric System)" (ASTM Designation E380-89A).N6833519C0107

(b) This provision also applies to journal article preprints, reprints, commercially published books or chapters of books, theses or dissertations submitted in lieu of a scientific and/or technical report.

ONR 5252.237-9705 KEY PERSONNEL (DEC 88)

(a) The Contractor agrees to assign to the contract tasks those persons whose resumes were submitted with its proposal and who are necessary to fulfill the requirements of the contract as "key personnel". No substitutions may be made except in accordance with this clause.

(b) The Contractor understands that during the first ninety (90) days of the contract performance period, no personnel substitutions will be permitted unless these substitutions are unavoidable because of the incumbent's sudden illness, death or termination of employment. In any of these events, the Contractor shall promptly notify the Contracting Officer and provide the information described in paragraph (c) below. After the initial ninety (90) day period the Contractor must submit to the Contracting Officer all proposed substitutions, in writing, at least thirty (30) days in advance forty-five (45) days if security clearance must be obtained, of any proposed substitution and provide the information required by paragraph (c) below.

(c) Any request for substitution must include a detailed explanation of the circumstances necessitating the proposed substitution, a resume for the proposed substitute, and any other information requested by the Contracting Officer. Any proposed substitute must have qualifications equal to or superior to the qualifications of the incumbent. The Contracting Officer or his/her authorized representative will evaluate such requests and promptly notify the Contractor in writing of his/her approval or disapproval thereof.

(d) In the event that any of the identified key personnel cease to perform under the contract and the substitute is disapproved, the contract may be immediately terminated in accordance with the Termination clause of the contract.

The following are identified as key personnel:

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

ONR 5252.242-9718 TECHNICAL DIRECTION (FEB 2002)

(a) Performance of the work hereunder is subject to the technical direction of the Program Officer/COR designated in this contract, or duly authorized representative. For the purposes of this clause, technical direction includes the following:

(1) Direction to the Contractor which shifts work emphasis between work areas or tasks, requires pursuit of certain lines of inquiry, fills in details or otherwise serves to accomplish the objectives described in the statement of work;

(2) Guidelines to the Contractor which assist in the interpretation of drawings, specifications technical portions of work description.

(b) Technical direction must be within the general scope of work stated in the contract. Technical direction may not be used to:

(1) Assign additional work under the contract;

(2) Direct a change as defined in the contract clause entitled "Changes";

(3) Increase or decrease the estimated contract cost, the fixed fee, or the time required for contract performance; or

(4) Change any of the terms, conditions or specifications of the contract.

(c) The only individual authorized to in any way amend or modify any of the terms of this contract shall be the Contracting Officer. When, in the opinion of the Contractor, any technical direction calls for effort outside the scope of the contract or inconsistent with this special provision, the Contractor shall notify the Contracting Officer in writing within ten working days after its receipt. The Contractor shall not proceed with the work affected by the technical direction until the Contractor is notified by the Contracting Officer that the technical direction is within the scope of the contract.

(d) Nothing in the foregoing paragraphs may be construed to excuse the Contractor from performing that portion of the work statement which is not affected by the disputed technical direction.

ONR 5252.235-9715 RESEARCH RESPONSIBILITY (DEC 1988)

(a) In the conduct of the research effort identified in this contract, the Contractor shall bear primary responsibility for the conduct of the research and will exercise judgment towards attaining the stated research objectives within the limits of the terms and conditions of the contract; provided, however, that the Contractor will obtain the Contracting Officer's approval to change (i) the methodology or experiment when such is stated in the contract as a specific objective; (ii) the stated objectives of the research effort; or (iii) the phenomenon or phenomena under study. Consistent with the foregoing, the Contractor shall conduct the work as set forth in this contract.

(b) When the decision to enter into this contract is based to a considerable extent upon the Principal Investigator's knowledge of the field of study and his capabilities to manage the research project in an effective and productive manner, the Principal Investigator identified in the contract shall be continuously responsible for the conduct of the research project and shall be closely involved with the research efforts.

(c) The Contractor shall advise the Contracting Officer if the Principal Investigator identified in this contract plans to devote substantially less effort to the work than anticipated.

(d) The Contractor shall obtain the Contracting Officer's approval prior to changing the Principal Investigator identified in this contract, or prior to continuing the research work during a continuous period in excess of three months without the participation of an approved Principal Investigation.

ONR 5252.204-9722 ELECTRONIC DOCUMENT ACCESS (AUG 2012)

The Office of Naval Research (ONR) award and modification documents are now available via the Electronic Document Access System (EDA). EDA is a web-based system that provides secure online access, storage, and retrieval of awards and modifications to Department of Defense (DoD) employees and vendors. An ONR

representative will enter the contact information for vendor notification of up to two (2) vendor representatives into EDA for each contract. Once an executed ONR contract document is loaded into EDA, the designated vendor representative(s) will automatically receive an email notification that the document is available in EDA. The vendor is responsible for retrieving the document from EDA; ONR will no longer mail hard copies to vendors.

Each vendor is responsible for providing ONR with their vendor representatives' contact information as well as any changes to their contact information for each ONR contract. Vendors shall submit EDA vendor representative contact information changes to the cognizant ONR Contract Specialist or Contracting Officer of each ONR contract. Each request to change EDA vendor representative contact information shall include the following information:

1. Contract number
2. Email address
3. First name
4. Last name
5. Organization

Users must be aware that EDA inactivates user accounts for non-use after 90 days. Failure to use your account will result in inactivation. A password reset and EDA POC approval is required to reactivate account.

CLAUSES INCORPORATED BY FULL TEXT

5252.211- 9510 CONTRACTOR EMPLOYEES (NAVAIR)(MAY 2011)

(a) In all situations where contractor personnel status is not obvious, all contractor personnel are required to identify themselves to avoid creating an impression to the public, agency officials, or Congress that such contractor personnel are Government officials. This can occur during meeting attendance, through written (letter or email) correspondence or verbal discussions (in person or telephonic), when making presentations, or in other situations where their contractor status is not obvious to third parties. This list is not exhaustive. Therefore, the contractor employee(s) shall:

(1) Not by word or deed give the impression or appearance of being a Government employee;

(2) Wear appropriate badges visible above the waist that identify them as contractor employees when in Government spaces, at a Government-sponsored event, or an event outside normal work spaces in support of the contract/order;

(3) Clearly identify themselves as contractor employees in telephone conversations and in all formal and informal written and electronic correspondence. Identification shall include the name of the company for whom they work;

(4) Identify themselves by name, their company name, if they are a subcontractor the name of the prime contractor their company is supporting, as well as the Government office they are supporting when participating in meetings, conferences, and other interactions in which all parties are not in daily contact with the individual contractor employee; and

(5) Be able to provide, when asked, the full number of the contract/order under which they are performing, and the name of the Contracting Officer’s Representative.

(b) If wearing a badge is a risk to safety and/or security, then an alternative means of identification maybe utilized if endorsed by the Contracting Officer’s Representative and approved by the Contracting Officer.

(c) The Contracting Officer will make final determination of compliance with regulations with regard to proper identification of contractor employees.

5252.228-9501 LIABILITY INSURANCE (NAVAIR) (MAR 1999)

The following types of insurance are required in accordance with the clause entitled, 52.228-7,"Insurance--Liability to Third Persons" and shall be maintained in the minimum amounts shown:

(a) Comprehensive General Liability: $200,000 per person and $500,000 per accident for bodily injury.

(b) Automobile Insurance: $200,000 per person and $500,000 per accident for bodily injury and $500,000 or other appropriate amount per accident for property damage.

(c) Standard Workman's Compensation and Employer's Liability Insurance (or, where maritime employment is involved, Longshoremen's and Harbor Worker's Compensation Insurance) in the minimum amount of $100,000.

(d) Aircraft public and passenger liability: N/A per person and N/A per occurrence for bodily injury, other than passenger liability; N/A per occurrence for property damage. Passenger bodily injury liability limits of N/A per passenger, multiplied by the number of seats or number of passengers, whichever is greater.

Section I - Contract Clauses

CLAUSES INCORPORATED BY REFERENCE

52.202-1	Definitions	NOV 2013
52.203-3	Gratuities	APR 1984
52.203-5	Covenant Against Contingent Fees	MAY 2014
52.203-6	Restrictions On Subcontractor Sales To The Government	SEP 2006
52.203-7	Anti-Kickback Procedures	MAY 2014
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity	MAY 2014
52.203-10	Price Or Fee Adjustment For Illegal Or Improper Activity	MAY 2014
52.203-12	Limitation On Payments To Influence Certain Federal Transactions	OCT 2010
52.203-17	Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights	APR 2014
52.203-19	Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements	JAN 2017
52.204-2	Security Requirements	AUG 1996
52.204-4	Printed or Copied Double-Sided on Postconsumer Fiber Content Paper	MAY 2011
52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards	OCT 2016
52.204-13	System for Award Management Maintenance	OCT 2016
52.204-19	Incorporation by Reference of Representations and Certifications.	DEC 2014
52.204-21	Basic Safeguarding of Covered Contractor Information Systems	JUN 2016
52.204-23	Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities.	JUL 2018
52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment	OCT 2015
52.209-9	Updates of Publicly Available Information Regarding Responsibility Matters	JUL 2013
52.209-10	Prohibition on Contracting With Inverted Domestic Corporations	NOV 2015
52.211-5	Material Requirements	AUG 2000
52.215-2	Audit and Records--Negotiation	OCT 2010
52.215-8	Order of Precedence--Uniform Contract Format	OCT 1997
52.215-10	Price Reduction for Defective Certified Cost or Pricing Data	AUG 2011
52.215-11	rice Reduction for Defective Certified Cost or Pricing Data Modifications	AUG 2011
52.215-12 (Dev)	Subcontractor Certified Cost or Pricing Data (Deviation 2018-O0015)	JUL 2018
52.215-13 (Dev)	Subcontractor Certified Cost or Pricing Data - Modifications (Deviation 2018-O0015)	JUL 2018
52.215-14	Integrity of Unit Prices	OCT 2010
52.215-15	Pension Adjustments and Asset Reversions	OCT 2010
52.215-17	Waiver of Facilities Capital Cost of Money	OCT 1997
52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other than Pensions	JUL 2005
52.215-19	Notification of Ownership Changes	OCT 1997
52.215-23	Limitations on Pass-Through Charges	OCT 2009

52.216-8	Fixed Fee	JUN 2011
52.219-4	Notice of Price Evaluation Preference for HUBZone Small Business Concerns	OCT 2014
52.219-8	Utilization of Small Business Concerns	NOV 2016
52.222-3	Convict Labor	JUN 2003
52.222-21	Prohibition Of Segregated Facilities	APR 2015
52.222-26	Equal Opportunity	SEP 2016
52.222-37	Employment Reports on Veterans	FEB 2016
52.222-40	Notification of Employee Rights Under the National Labor Relations Act	DEC 2010
52.222-50	Combating Trafficking in Persons	MAR 2015
52.222-54	Employment Eligibility Verification	OCT 2015
52.223-6	Drug-Free Workplace	MAY 2001
52.223-18	Encouraging Contractor Policies To Ban Text Messaging While Driving	AUG 2011
52.225-13	Restrictions on Certain Foreign Purchases	JUN 2008
52.227-1 Alt I	Authorization And Consent (Dec 2007) - Alternate I	APR 1984
52.227-2	Notice And Assistance Regarding Patent And Copyright Infringement	DEC 2007
52.227-10	Filing Of Patent Applications--Classified Subject Matter	DEC 2007
52.227-11	Patent Rights--Ownership By The Contractor	MAY 2014
52.228-7	Insurance--Liability To Third Persons	MAR 1996
52.232-9	Limitation On Withholding Of Payments	APR 1984
52.232-17	Interest	MAY 2014
52.232-20	Limitation Of Cost	APR 1984
52.232-22	Limitation Of Funds	APR 1984
52.232-23	Assignment Of Claims	MAY 2014
52.232-25	Prompt Payment	JAN 2017
52.232-33	Payment by Electronic Funds Transfer--System for Award Management	JUL 2013
52.232-39	Unenforceability of Unauthorized Obligations	JUN 2013
52.232-40	Providing Accelerated Payments to Small Business Subcontractors	DEC 2013
52.233-1	Disputes	MAY 2014
52.233-3 Alt I	Protest After Award (Aug 1996) - Alternate I	JUN 1985
52.233-4	Applicable Law for Breach of Contract Claim	OCT 2004
52.242-1	Notice of Intent to Disallow Costs	APR 1984
52.242-3	Penalties for Unallowable Costs	MAY 2014
52.242-4	Certification of Final Indirect Costs	JAN 1997
52.242-13	Bankruptcy	JUL 1995
52.243-2 Alt II	Changes--Cost Reimbursement (Aug 1987) - Alternate II	APR 1984
52.244-5	Competition In Subcontracting	DEC 1996
52.244-6	Subcontracts for Commercial Items	JUL 2018
52.245-1	Government Property	JAN 2017
52.245-9	Use And Charges	APR 2012
52.246-23	Limitation Of Liability	FEB 1997
52.249-6	Termination (Cost Reimbursement)	MAY 2004
52.249-14	Excusable Delays	APR 1984

52.252-6	Authorized Deviations In Clauses	APR 1984
52.253-1	Computer Generated Forms	JAN 1991
252.203-7000	Requirements Relating to Compensation of Former DoD Officials	SEP 2011
252.203-7001	Prohibition On Persons Convicted of Fraud or Other Defense-Contract-Related Felonies	DEC 2008
252.203-7002	Requirement to Inform Employees of Whistleblower Rights	SEP 2013
252.204-7000	Disclosure Of Information	OCT 2016
252.204-7002	Payment For Subline Items Not Separately Priced	DEC 1991
252.204-7003	Control Of Government Personnel Work Product	APR 1992
252.204-7005	Oral Attestation of Security Responsibilities	NOV 2001
252.204-7006	Billing Instructions	OCT 2005
252.204-7008	Compliance With Safeguarding Covered Defense Information Controls	OCT 2016
252.204-7012	Safeguarding Covered Defense Information and Cyber Incident Reporting	OCT 2016
252.204-7015	Notice of Authorized Disclosure of Information for Litigation Support	MAY 2016
252.205-7000	Provision Of Information To Cooperative Agreement Holders	DEC 1991
252.209-7004	Subcontracting With Firms That Are Owned or Controlled By The Government of a Country that is a State Sponsor of Terrorism	OCT 2015
252.211-7007	Reporting of Government-Furnished Property	AUG 2012
252.215-7002	Cost Estimating System Requirements	DEC 2012
252.223-7004	Drug Free Work Force	SEP 1988
252.223-7006	Prohibition On Storage, Treatment, and Disposal of Toxic or Hazardous Materials	SEP 2014
252.225-7001	Buy American And Balance Of Payments Program-- Basic	DEC 2017
252.225-7002	Qualifying Country Sources As Subcontractors	DEC 2017
252.225-7012	Preference For Certain Domestic Commodities	DEC 2017
252.225-7048	Export-Controlled Items	JUN 2013
252.226-7001	Utilization of Indian Organizations and Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns	SEP 2004
252.227-7013	Rights in Technical Data--Noncommercial Items	FEB 2014
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation	FEB 2014
252.227-7016	Rights in Bid or Proposal Information	JAN 2011
252.227-7019	Validation of Asserted Restrictions--Computer Software	SEP 2016
252.227-7027	Deferred Ordering Of Technical Data Or Computer Software	APR 1988
252.227-7037	Validation of Restrictive Markings on Technical Data	SEP 2016
252.227-7039	Patents--Reporting Of Subject Inventions	APR 1990
252.231-7000	Supplemental Cost Principles	DEC 1991
252.232-7004	DOD Progress Payment Rates	OCT 2014
252.232-7010	Levies on Contract Payments	DEC 2006
252.235-7011	Final Scientific or Technical Report	JAN 2015
252.242-7004	Material Management And Accounting System	MAY 2011
252.242-7005	Contractor Business Systems	FEB 2012
252.242-7006	Accounting System Administration	FEB 2012
252.243-7002	Requests for Equitable Adjustment	DEC 2012

252.244-7000	Subcontracts for Commercial Items	JUN 2013
252.244-7001	Contractor Purchasing System Administration	MAY 2014
252.245-7001	Tagging, Labeling, and Marking of Government-Furnished Property	APR 2012
252.245-7002	Reporting Loss of Government Property	DEC 2017
252.245-7003	Contractor Property Management System Administration	APR 2012
252.245-7004	Reporting, Reutilization, and Disposal	DEC 2017
252.247-7023	Transportation of Supplies by Sea	APR 2014
252.247-7024	Notification Of Transportation Of Supplies By Sea	MAR 2000

CLAUSES INCORPORATED BY FULL TEXT

52.216-7 ALLOWABLE COST AND PAYMENT (JUN 2013)

(a) Invoicing.

(1) The Government will make payments to the Contractor when requested as work progresses, but (except for small business concerns) not more often than once every 2 weeks, in amounts determined to be allowable by the Contracting Officer in accordance with Federal Acquisition Regulation (FAR) Subpart 31.2 in effect on the date of this contract and the terms of this contract. The Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this contract.

(2) Contract financing payments are not subject to the interest penalty provisions of the Prompt Payment Act.

Interim payments made prior to the final payment under the contract are contract financing payments, except interim payments if this contract contains Alternate I to the clause at 52.232-25.

(3) The designated payment office will make interim payments for contract financing on the 30th day after the designated billing office receives a proper payment request. In the event that the Government requires an audit or other review of a specific payment request to ensure compliance with the terms and conditions of the contract, the
designated payment office is not compelled to make payment by the specified due date.

(b) Reimbursing costs.

(1) For the purpose of reimbursing allowable costs (except as provided in subparagraph (b)(2) of this section, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term “costs” includes only --

(i) Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the contract;

(ii) When the Contractor is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for --

(A) Supplies and services purchased directly for the contract and associated financing payments to subcontractors, provided payments determined due will be made-

(1) In accordance with the terms and conditions of a subcontract or invoice; and

(2) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government;

(B) Materials issued from the Contractor's inventory and placed in the production process for use on the contract;

(C) Direct labor;

(D) Direct travel;

(E) Other direct in-house costs; and

(F) Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts; and

(iii) The amount of financing payments that have been paid by cash, check or other form of payment to subcontractors.

(2) Accrued costs of Contractor contributions under employee pension plans shall be excluded until actually paid unless-

(i) The Contractor's practice is to make contributions to the retirement fund quarterly or more frequently; and

(ii) The contribution does not remain unpaid 30 days after the end of the applicable quarter or shorter payment period (any contribution remaining unpaid shall be excluded from the Contractor's indirect costs for payment purposes).

(3) Notwithstanding the audit and adjustment of invoices or vouchers under paragraph (g) of this clause, allowable indirect costs under this contract shall be obtained by applying indirect cost rates established in accordance with paragraph (d) of this clause.

(4) Any statements in specifications or other documents incorporated in this contract by reference designating performance of services or furnishing of materials at the Contractor's expense or at no cost to the Government shall be disregarded for purposes of cost-reimbursement under this clause.

(c) Small business concerns. A small business concern may receive more frequent payments than every 2 weeks

(d) Final indirect cost rates.

(1) Final annual indirect cost rates and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (FAR) in effect for the period covered by the indirect cost rate proposal.

(2)(i) The Contractor shall submit an adequate final indirect cost rate proposal to the Contracting Officer (or cognizant Federal agency official) and auditor within the 6-month period following the expiration of each of its fiscal years. Reasonable extensions, for exceptional circumstances only, may be requested in writing by the Contractor and granted in writing by the Contracting Officer. The Contractor shall support its proposal with adequate supporting data.

(ii) The proposed rates shall be based on the Contractor's actual cost experience for that period. The appropriate Government representative and the Contractor shall establish the final indirect cost rates as promptly as practical after receipt of the Contractor's proposal.

(iii) An adequate indirect cost rate proposal shall include the following data unless otherwise specified by the cognizant Federal agency official:

(A) Summary of all claimed indirect expense rates, including pool, base, and calculated indirect rate.

(B) General and Administrative expenses (final indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts).

(C) Overhead expenses (final indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts) for each final indirect cost pool.

(D) Occupancy expenses (intermediate indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts) and expense reallocation to final indirect cost pools.

(E) Claimed allocation bases, by element of cost, used to distribute indirect costs. (F) Facilities capital cost of money factors computation.

(G) Reconciliation of books of account (i.e., General Ledger) and claimed direct costs by major cost element.

(H) Schedule of direct costs by contract and subcontract and indirect expense applied at claimed rates, as well as a subsidiary schedule of Government participation percentages in each of the allocation base amounts.

(I) Schedule of cumulative direct and indirect costs claimed and billed by contract and subcontract.

(J) Subcontract information. Listing of subcontracts awarded to companies for which the contractor is the prime or upper-tier contractor (include prime and subcontract numbers; subcontract value and award type; amount claimed during the fiscal year; and the subcontractor name, address, and point of contact information).

(K) Summary of each time-and-materials and labor-hour contract information, including labor categories, labor rates, hours, and amounts; direct materials; other direct costs; and, indirect expense applied at claimed rates.

(L) Reconciliation of total payroll per IRS form 941 to total labor costs distribution.

(M) Listing of decisions/agreements/approvals and description of accounting/organizational changes.

(N) Certificate of final indirect costs (see 52.242-4, Certification of Final Indirect Costs).

(O) Contract closing information for contracts physically completed in this fiscal year (include contract number, period of performance, contract ceiling amounts, contract fee computations, level of effort, and indicate if the contract is ready to close).

(iv) The following supplemental information is not required to determine if a proposal is adequate, but may be required during the audit process:

(A) Comparative analysis of indirect expense pools detailed by account to prior fiscal year and budgetary data.

(B) General Organizational information and limitation on allowability of compensation for certain contractor personnel. See 31.205-6(p). Additional salary reference information is available at http://www.whitehouse.gov/omb/procurement_index_exec_comp/.

(C) Identification of prime contracts under which the contractor performs as a subcontractor.

(D) Description of accounting system (excludes contractors required to submit a CAS Disclosure Statement or contractors where the description of the accounting system has not changed from the previous year's submission).

(E) Procedures for identifying and excluding unallowable costs from the costs claimed and billed (excludes contractors where the procedures have not changed from the previous year's submission).

(F) Certified financial statements and other financial data (e.g., trial balance, compilation, review, etc.).

(G) Management letter from outside CPAs concerning any internal control weaknesses.

(H) Actions that have been and/or will be implemented to correct the weaknesses described in the management letter from subparagraph (G) of this section.

(I) List of all internal audit reports issued since the last disclosure of internal audit reports to the Government.

(J) Annual internal audit plan of scheduled audits to be performed in the fiscal year when the final indirect cost rate submission is made.

(K) Federal and State income tax returns.

(L) Securities and Exchange Commission 10-K annual report. (M) Minutes from board of directors meetings.

(N) Listing of delay claims and termination claims submitted which contain costs relating to the subject fiscal year.

(O) Contract briefings, which generally include a synopsis of all pertinent contract provisions, such as: Contract type, contract amount, product or service(s) to be provided, contract performance period, rate ceilings, advance approval requirements, pre-contract cost allowability limitations, and billing limitations.

(v) The Contractor shall update the billings on all contracts to reflect the final settled rates and update the schedule of cumulative direct and indirect costs claimed and billed, as required in paragraph (d)(2)(iii)(I) of this section, within 60 days after settlement of final indirect cost rates.

(3) The Contractor and the appropriate Government representative shall execute a written understanding setting forth the final indirect cost rates. The understanding shall specify

(i) the agreed-upon final annual indirect cost rates, (ii) the bases to which the rates apply,

(iii) the periods for which the rates apply,

(iv) any specific indirect cost items treated as direct costs in the settlement, and

(v) the affected contract and/or subcontract, identifying any with advance agreements or special terms and the applicable rates.

The understanding shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this contract. The understanding is incorporated into this contract upon execution.

(4) Failure by the parties to agree on a final annual indirect cost rate shall be a dispute within the meaning of the Disputes clause.

(5) Within 120 days (or longer period if approved in writing by the Contracting Officer) after settlement of the final annual indirect cost rates for all years of a physically complete contract, Contractor shall submit a completion invoice or voucher to reflect the settled amounts and rates. The completion invoice or voucher shall include settled subcontract amounts and rates. The prime contractor is responsible for settling subcontractor amounts and rates included in the completion invoice or voucher and providing status of subcontractor audits to the contracting officer upon request.

(6)(i) If the Contractor fails to submit a completion invoice or voucher within the time specified in paragraph (d)(5) of this clause, the Contracting Officer may--

(A) Determine the amounts due to the Contractor under the contract; and

(B) Record this determination in a unilateral modification to the contract.

(ii) This determination constitutes the final decision of the Contracting Officer in accordance with the Disputes clause.

(e) Billing rates. Until final annual indirect cost rates are established for any period, the Government shall reimburse the Contractor at billing rates established by the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established. These billing rates --

(1) Shall be the anticipated final rates; and

(2) May be prospectively or retroactively revised by mutual agreement, at either party's request, to prevent substantial overpayment or underpayment.

(f) Quick-closeout procedures. Quick-closeout procedures are applicable when the conditions in FAR 42.708(a) are satisfied.

(g) Audit. At any time or times before final payment, the Contracting Officer may have the Contractor's invoices or vouchers and statements of cost audited. Any payment may be --

(1) Reduced by amounts found by the Contracting Officer not to constitute allowable costs; or

(2) Adjusted for prior overpayments or underpayments.

(h) Final payment.

(1) Upon approval of a completion invoice or voucher submitted by the Contractor in accordance with

paragraph (d)(5) of this clause, and upon the Contractor's compliance with all terms of this contract, the Government shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.

(2) The Contractor shall pay to the Government any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by the Contractor or any assignee under this contract, to the extent that those amounts are properly allocable to costs for which the Contractor has been reimbursed by the Government. Reasonable expenses incurred by the Contractor for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by the Contracting Officer. Before final payment under this contract, the Contractor and
each assignee whose assignment is in effect at the time of final payment shall execute and deliver --

(i) An assignment to the Government, in form and substance satisfactory to the Contracting Officer, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract; and

(ii) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract, except --

(A) Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;

(B) Claims (including reasonable incidental expenses) based upon liabilities of the Contractor to third parties arising out of the performance of this contract; provided, that the claims are not known to the Contractor on the date of the execution of the release, and that the Contractor gives notice of the claims in writing to the Contracting Officer within 6 years following the release date or notice of final payment date, whichever is earlier; and

(C) Claims for reimbursement of costs, including reasonable incidental expenses, incurred by the Contractor under the patent clauses of this contract, excluding, however, any expenses arising from the Contractor's indemnification of the Government against patent liability.

52.219-28 POST-AWARD SMALL BUSINESS PROGRAM REREPRESENTATION (JUL 2013)

(a) Definitions. As used in this clause--Long-term contract means a contract of more than five years in duration, including options. However, the term does not include contracts that exceed five years in duration because the period of performance has been extended for a cumulative period not to exceed six months under the clause at 52.217-8, Option to Extend Services, or other appropriate authority.

Small business concern means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and the size standard in paragraph (c) of this clause. Such a concern is “not dominant in its field of operation” when it does not exercise a controlling or major influence on a national basis in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration shall be given to all appropriate factors, including volume of business, number of employees, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreements, facilities, sales territory, and nature of business activity.

(b) If the Contractor represented that it was a small business concern prior to award of this contract, the Contractor shall rerepresent its size status according to paragraph (e) of this clause or, if applicable, paragraph (g) of this clause, upon the occurrence of any of the following:

(1) Within 30 days after execution of a novation agreement or within 30 days after modification of the contract to include this clause, if the novation agreement was executed prior to inclusion of this clause in the contract.

(2) Within 30 days after a merger or acquisition that does not require a novation or within 30 days after modification of the contract to include this clause, if the merger or acquisition occurred prior to inclusion of this clause in the contract.

(3) For long-term contracts--

(i) Within 60 to 120 days prior to the end of the fifth year of the contract; and

(ii) Within 60 to 120 days prior to the date specified in the contract for exercising any option thereafter.

(c) The Contractor shall rerepresent its size status in accordance with the size standard in effect at the time of this rerepresentation that corresponds to the North American Industry Classification System (NAICS) code assigned to

this contract. The small business size standard corresponding to this NAICS code can be found at http://www.sba.gov/content/table-small-business-size-standards/ .

(d) The small business size standard for a Contractor providing a product which it does not manufacture itself, for a contract other than a construction or service contract, is 500 employees.

(e) Except as provided in paragraph (g) of this clause, the Contractor shall make the rerepresentation required by paragraph (b) of this clause by validating or updating all its representations and Certification section of the System for Award Management (SAM) and its other data in SAM, as necessary, to ensure that they reflect the Contractor's current status. The Contractor shall notify the contracting office in writing within the timeframes specified in paragraph (b) of this clause that the data have been validated or updated, and provide the date of the validation or update.

(f) If the Contractor represented that it was other than a small business concern prior to award of this contract, the Contractor may, but is not required to, take the actions required by paragraphs (e) or (g) of this clause.

(g) If the Contractor does not have representations and certifications in SAM, or does not have a representation in SAM for the NAICS code applicable to this contract, the Contractor is required to complete the following rerepresentation and submit it to the contracting office, along with the contract number and the date on which the rerepresentation was completed:

The Contractor represents that it [ ] is, [ ] is not a small business concern under NAICS Code 541715 assigned to contract number N68335-19-C-0107.

[Contractor to sign and date and insert authorized signer's name and title].

Signature	Date

Signer's Printed Name	Signer's Title

52.222-2 PAYMENT FOR OVERTIME PREMIUMS (JUL 1990)

(a) The use of overtime is authorized under this contract if the overtime premium cost does not exceed $0 or the overtime premium is paid for work --

(1) Necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottlenecks of a sporadic nature;

(2) By indirect-labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting;

(3) To perform tests, industrial processes, laboratory procedures, loading or unloading of transportation conveyances, and operations in flight or afloat that are continuous in nature and cannot reasonably be interrupted or completed otherwise; or

(4) That will result in lower overall costs to the Government.

(b) Any request for estimated overtime premiums that exceeds the amount specified above shall include all estimated overtime for contract completion and shall--

(1) Identify the work unit; e.g., department or section in which the requested overtime will be used, together with present workload, staffing, and other data of the affected unit sufficient to permit the Contracting Officer to evaluate the necessity for the overtime;

(2) Demonstrate the effect that denial of the request will have on the contract delivery or performance schedule;

(3) Identify the extent to which approval of overtime would affect the performance or payments in connection with other Government contracts, together with identification of each affected contract; and

(4) Provide reasons why the required work cannot be performed by using multishift operations or by employing additional personnel.

52.222-35 EQUAL OPPORTUNITY FOR VETERANS (OCT 2015)

(a) Definitions. As used in this clause--

“Active duty wartime or campaign bade veteran”, “Armed Forces service medal veteran”, “disabled veteran”, “protected veteran”, “qualified disabled veteran”, and “recently separated veteran” have the meanings given at FAR 22.1301.

(b) Equal opportunity clause. The Contractor shall abide by the requirements of the equal opportunity clause at 41 CFR 60-300.5(a), as of March 24, 2014. This clause prohibits discrimination against qualified protected veterans, and requires affirmative action by the Contractor to employ and advance in employment qualified protected veterans.

(c) Subcontracts. The Contractor shall insert the terms of this clause in subcontracts of $150,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs, to enforce the terms, including action for noncompliance. Such necessary changes in language may be made as shall be appropriate to identify properly the parties and their undertakings.

52.222-36 EQUAL OPPORTUNITY FOR WORKERS WITH DISABILITIES (JULY 2014)

(a) Equal opportunity clause. The Contractor shall abide by the requirements of the equal opportunity clause at 41 CFR 60-741.5(a), as of March 24, 2014. This clause prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by the Contractor to employ and advance in employment qualified individuals with disabilities.

(b) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of $15,000 unless exempted by rules, regulations, or orders of the Secretary, so that such provisions will be binding upon each subcontractor or vendor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs of the U.S. Department of Labor, to enforce the terms, including action for noncompliance. Such necessary changes in language may be made as shall be appropriate to identify properly the parties and their undertakings.

52.244-2 SUBCONTRACTS (OCT 2010)

(a) Definitions. As used in this clause--

“Approved purchasing system” means a Contractor's purchasing system that has been reviewed and approved in accordance with Part 44 of the Federal Acquisition Regulation (FAR).

“Consent to subcontract” means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

“Subcontract” means any contract, as defined in FAR Subpart 2.1, entered into by a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced contract actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (c) or (d) of this clause.

(c) If the Contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that--

(1) Is of the cost-reimbursement, time-and-materials, or labor- hour type; or

(2) Is fixed-price and exceeds--

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the National Aeronautics and Space Administration, the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of the contract; or

(ii) For a contract awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold or 5 percent of the total estimated cost of the contract.

(d) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts: [Enter subcontractor's names, if applicable]

(e)

(1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (b), (c), or (d) of this clause, including the following information:

(i) A description of the supplies or services to be subcontracted.

(ii) Identification of the type of subcontract to be used.

(iii) Identification of the proposed subcontractor.N6833519C0107

(iv) The proposed subcontract price.

(v) The subcontractor's current, complete, and accurate certified cost or pricing data and Certificate of Current Certified Cost or Pricing Data, if required by other contract provisions.

(vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.

(vii) A negotiation memorandum reflecting--

(A) The principal elements of the subcontract price negotiations;

(B) The most significant considerations controlling establishment of initial or revised prices;

(C) The reason certified cost or pricing data were or were not required;

(D) The extent, if any, to which the Contractor did not rely on the subcontractor's certified cost or pricing data in determining the price objective and in negotiating the final price;

(E) The extent to which it was recognized in the negotiation that the subcontractor's certified cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and the subcontractor; and the effect of any such defective data on the total price negotiated;

(F) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and

(G) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and a summary of all trade-off possibilities considered.

(2) The Contractor is not required to notify the Contracting Officer in advance of entering into any subcontract for which consent is not required under paragraph (b), (c), or (d) of this clause.

(f) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontract nor approval of the Contractor's purchasing system shall constitute a determination--

(1) Of the acceptability of any subcontract terms or conditions;

(2) Of the allowability of any cost under this contract; or

(3) To relieve the Contractor of any responsibility for performing this contract.

(g) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a- percentage-of- cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR 15.404- 4(c)(4)(i).

(h) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(i) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

(j) Paragraphs (c) and (e) of this clause do not apply to the following subcontracts, which were evaluated during negotiations:

None Identified

52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(es): https://www.acquisition.gov/far/ or http://farsite.hill.af.mil.

252.235-7010 ACKNOWLEDGMENT OF SUPPORT AND DISCLAIMER (MAY 1995)

(a) The Contractor shall include an acknowledgment of the Government's support in the publication of any material based on or developed under this contract, stated in the following terms: This material is based upon work supported by the Office of Naval Research under Contract No. N68335-19-C-0107.

(b) All material, except scientific articles or papers published in scientific journals, must, in addition to any notices or disclaimers by the Contractor, also contain the following disclaimer: Any opinions, findings and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the Office of Naval Research.

Section J - List of Documents, Exhibits and Other Attachments

CONTRACT ATTACHMENTS

Exhibit/Attachment Table of Contents

DOCUMENT TYPE	DESCRIPTION	PAGES	DATE
DATE Exhibit A	CDRLS A001 [A002	1	
Attachment 1	Data Rights Assertions	1	6/6/2018

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
J	1 of 7

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/ PURCHASE REQ. NO.	5. PROJECT NO.(If applicable)
P00001	14-Feb-2019	SEE SCHEDULE	

6. ISSUED BY	CODE	7. ADMINISTERED BY (If other than item 6)	CODE
NAVAL AIR WARFARE CTR AIRCRAFT DIVISION- CONTRACTS ATTN 2.5.2.6.2 HWY547 BLDG 120-207 LAKEHURST NJ 08733-5082	N68335	DCMA LOS ANGELES 6230 VAN NUYS BLVD. VAN NUYS CA 91401 SCD: C	S0512A

8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code)		
TRANSPHORM, INC. PRIMIT PARIKH 75 CASTILIAN DR STE 100 GOLETA CA 93117-3212		9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (SEE ITEM 11)
	X	10A. MOD. OF CONTRACT /ORDER NO. N6833519C0107
CODE 4R2L6 FACILITY CODE	X	10B. DATED (SEE ITEM 13) 13-Dec-2018

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer ☐ is extended, ☐ is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods:
(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted;
or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE
RECEIVED AT THE P LACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN
REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter,
provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS.
IT MODIFIES THE CONTRACT /ORDER NO. AS DESCRIBED IN ITEM 14.

	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT /ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D. OTHER (Specify type of modification and authority) FAR 43.103(a)(3), Mutual Agreement of the Parties

E. IMPORTANT: Contractor ☐ is not , ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT /MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
Modification Control Number: spannls194754
SEE SUMMARY OF CHANGES

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect .

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
Primit Parikh, Co-founder and COO	CHARLES J. GILL / CONTRACT SPECIALIST TEL: [***] EMAIL: [***]

15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
/s/ Primit Parikh (Signature of person authorized to sign)	2/11/2019	BY /s/ Charles Gill (Signature of Contracting Officer)	14-Feb-2019

SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

SECTION SF 30 - BLOCK 14 CONTINUATION PAGE

The following have been added by full text:
P00001

Contracts POC:
Naval Air Warfare Center – Aircraft Division – DoDAAC: N68335
LeAnn Spann
Phone: [***]
E-mail: [***]

Procuring Contracting Officer
Naval Air Warfare Center – Aircraft Division – DoDAAC: N68335
Charlie Gill
Phone: [***]
E-mail: [***]

Government/Technical POC:
Office of Naval Research – DoDAAC: N00014
Paul Maki
Phone: [***]
E-mail: [***]

Contractor POC:
Primit Parikh
Phone: [***]
E-mail: pparikh@transphormusa.com

Contractor POC:
Lisa Standring
Phone: [***]
E-mail: lstandring@transphormusa.com

The purpose of this modification is to:

1. Incrementally fund CLIN 0001 of contract N68335-19-C-0107 pursuant to FAR 52.232-22 “Limitation of Funds” by a total of $900,000 per PR 1300715447-0002;
2. Change the status of CLIN 0004 to “Option”;
3. Revise Clause 252.232-7006; and,
4. Add Clause 5252.247-9505 to Section F.

This modification acts as a complete equitable adjustment for the changes described herein. The Contractor hereby releases the Government from any and all liability for further equitable adjustments arising from these changes.

All other terms and conditions remain unchanged.

SECTION B - SUPPLIES OR SERVICES AND PRICES

CLIN 0004

The option status has changed from No Status to Option.

SUBCLIN 000102 is added as follows:

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000102					$0.00
	Funding for CLIN0001 CPFF Funding for CLIN0001 PURCHASE REQUEST NUMBER: 1300715447-0002				
				ESTIMATED COST	$0.00
				FIXED FEE	$0.00
					$0.00
				TOTAL EST COST + FEE	$900,000.00
	ACRN AB CIN: 130071544700002				

SECTION E - INSPECTION AND ACCEPTANCE

The following Acceptance/Inspection Schedule was added for SUBCLIN 000102:

INSPECT AT	INSPECT BY	ACCEPT AT	ACCEPT BY
N/A	N/A	N/A	N/A

SECTION F - DELIVERIES OR PERFORMANCE

The following have been added by full text:

5252.247-9505 TECHNICAL DATA AND INFORMATION (NAVAIR)(FEB 1995)

Technical Data and Information shall be delivered in accordance with the requirements of the Contract Data Requirements List, DD Form 1423, Exhibit A, attached hereto, and the following:

(a) The contractor shall concurrently deliver technical data and information per DD Form 1423, Blocks 12 and 13 (date of first/subsequent submission) to all activities listed in Block 14 of the DD Form 1423 (distribution and addresses) for each item. Complete addresses for the abbreviations in Block 14 are shown in paragraph (g) below. Additionally, the technical data shall be delivered to the following cognizant codes, who are listed in Block 6 of the DD Form 1423.

(1) PCO, Code 2.5.2.6.2.

(2) ACO, Code N/A.

(b) Partial delivery of data is not acceptable unless specifically authorized on the DD Form 1423, or unless approved in writing by the PCO.

(c) The Government review period provided on the DD Form 1423 for each item commences upon receipt of all required data by the technical activity designated in Block 6.

(d) A copy of all other correspondence addressed to the Contracting Officer relating to data item requirements (i.e., status of delivery) shall also be provided to the codes reflected above and the technical activity responsible for the data item per Block 6, if not one of the activities listed above.

(e) The PCO reserves the right to issue unilateral modifications to change the destination codes and addresses for all technical data and information at no additional cost to the Government.

(f) Unless otherwise specified in writing, rejected data items shall be resubmitted within thirty (30) days after receipt of notice of rejection.

(g) DD Form 1423, Block 14 Mailing Addresses: See CDRL Distribution List

SECTION G - CONTRACT ADMINISTRATION DATA

Accounting and Appropriation

Summary for the Payment Office

As a result of this modification, the total funded amount for this document was increased by $900,000.00 from $706,000.00 to $1,606,000.00.

SUBCLIN 000102:
Funding on SUBCLIN 000102 is initiated as follows:

ACRN: AB

CIN: [***]

Acctng Data: [***]

Increase: $900,000.00

Total: $900,000.00

Cost Code: [***]

The following have been modified:

252.232-7006 WIDE AREA WORKFLOW PAYMENT INSTRUCTIONS (MAY 2013)

(a) Definitions. As used in this clause--

Department of Defense Activity Address Code (DoDAAC) is a six position code that uniquely identifies a unit, activity, or organization.

Document type means the type of payment request or receiving report available for creation in Wide Area WorkFlow (WAWF).

Local processing office (LPO) is the office responsible for payment certification when payment certification is done external to the entitlement system.

(b) Electronic invoicing. The WAWF system is the method to electronically process vendor payment requests and receiving reports, as authorized by DFARS 252.232-7003, Electronic Submission of Payment Requests and Receiving Reports.

(c) WAWF access. To access WAWF, the Contractor shall--

(1) Have a designated electronic business point of contact in the System for Award Management at https://www.acquisition.gov; and

(2) Be registered to use WAWF at https://wawf.eb.mil/ following the step-by-step procedures for self-registration available at this Web site.

(d) WAWF training. The Contractor should follow the training instructions of the WAWF Web-Based Training Course and use the Practice Training Site before submitting payment requests through WAWF. Both can be accessed by selecting the “Web Based Training” link on the WAWF home page at https://wawf.eb.mil/.

(e) WAWF methods of document submission. Document submissions may be via Web entry, Electronic Data Interchange, or File Transfer Protocol.

(f) WAWF payment instructions. The Contractor must use the following information when submitting payment requests and receiving reports in WAWF for this contract/order:

(1) Document type. The Contractor shall use the following document type(s).

COST VOUCHER

(2) Inspection/acceptance location. The Contractor shall select the following inspection/acceptance location(s) in WAWF, as specified by the contracting officer.

I/A DESTINATION

(3) Document routing. The Contractor shall use the information in the Routing Data Table below only to fill in applicable fields in WAWF when creating payment requests and receiving reports in the system.

Routing Data Table*

Field Name in WAWF	Data to be entered in WAWF
Pay Official DoDAAC	[***]
Issue By DoDAAC	[***]
Admin DoDAAC	[***]
Inspect By DoDAAC	[***]
Ship To Code	[***]
Ship From Code	—
Mark For Code	—
Service Approver (DoDAAC)	—
Service Acceptor (DoDAAC)	—
Accept at Other DoDAAC	—
LPO DoDAAC	—
DCAA Auditor DoDAAC	[***]
Other DoDAAC(s)	—

(4) Payment request and supporting documentation. The Contractor shall ensure a payment request includes appropriate contract line item and subline item descriptions of the work performed or supplies delivered, unit price/cost per unit, fee (if applicable), and all relevant back-up documentation, as defined in DFARS Appendix F, (e.g. timesheets) in support of each payment request.

(5) WAWF email notifications. The Contractor shall enter the email address identified below in the “Send Additional Email Notifications” field of WAWF once a document is submitted in the system. [***]

(g) WAWF point of contact. (1) The Contractor may obtain clarification regarding invoicing in WAWF from the following contracting activity's WAWF point of contact.

For Navy WAWF questions, call DFAS Customer Care [***].

(2) For technical WAWF help, contact the WAWF helpdesk at [***].

(End of clause)

5252.232-9524 ALLOTMENT OF FUNDS (NAVAIR)(OCT 2005)

(a) This contract is incrementally funded with respect to both cost and fee.

(b) The amounts presently available and allotted to this contract for payment of fee, as provided in the Section I clause of this contract entitled “FIXED FEE”, are as follows:

ITEM(S)	ALLOTTED TO FIXED FEE
CLIN 0001	$74,537

(c) The amounts presently available and allotted to this contract for payment of cost, subject to the Section I “LIMITATION OF FUNDS” clause, the items covered thereby and the period of performance which it is estimated the allotted amount will cover are as follows:

ITEM(S)	ALLOTTED TO COST	PERIOD OF PERFORMANCE
CLIN 0001	$1,531,463	Approximately 21.9 months

(d) The parties contemplate that the Government will allot additional amounts to this contract from time to time by unilateral contract modification, and any such modification shall state separately the amounts allotted for cost and for fee, the items covered thereby, and the period of performance the amounts are expected to cover.

SECTION H - SPECIAL CONTRACT REQUIREMENTS

The following have been added by full text:
P00001 SPECIAL REQUIREMENTS

Paragraph H.2 has changed from:

H.2 Limitation of Liability - Incremental Funding
This contract is incrementally funded and the amount currently available for payment thereunder is limited to **$706,000** which includes **5.0%** of fixed fee applied to total costs excluding equipment. Subject to the provisions of the clause entitled Limitation of Funds, 52.232-22 of the general provisions of this contract, no legal liability on the part of the Government for payment in excess of **$706,000** shall arise unless additional funds are made available and are incorporated as a modification to this contract. The amount available is estimated to cover the period of performance through **approximately 9.6 months**.

To:

H.2 Limitation of Liability - Incremental Funding
This contract is incrementally funded and the amount currently available for payment thereunder is limited to **$1,606,000** which includes **5.0%** of fixed fee applied to total costs excluding equipment. Subject to the provisions of the clause entitled Limitation of Funds, 52.232-22 of the general provisions of this contract, no legal liability on the part of the Government for payment in excess of **$1,606,000** shall arise unless additional funds are made available and are incorporated as a modification to this contract. The amount available is estimated to cover the period of performance through **approximately 21.9 months**.

(End of Summary of Changes)

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
J	1 of 6

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/ PURCHASE REQ. NO.	5. PROJECT NO.(If applicable)
P00002	06-Jun-2019	SEE SCHEDULE	

6. ISSUED	CODE	7. ADMINISTERED BY (If other than item 6)	CODE
NAVAL AIR WARFARE CTR AIRCRAFT DIVISION- CONTRACTS ATTN 2.5.2.6.2 HWY547 BLDG 120-207 LAKEHURST NJ 08733-5082	N68335	DCMA VAN NUYS 6230 VAN NUYS BLVD. VAN NUYS CA 91401-2713 SCD: C	S0512A

8. NAME AND ADDRESS OF CONTRACT OR (No., Street, County, State and Zip Code)		
TRANSPHORM, INC. PRIMIT PARIKH 75 CASTILIAN DR STE 100 GOLETA CA 93117-3212		9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (SEE ITEM 11)
	X	10A. MOD. OF CONTRACT /ORDER NO. N6833519C0107
CODE 4R2L6 FACILITY CODE	X	10B. DATED (SEE ITEM 13) 13-Dec-2018

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer ☐ is extended, ☐ is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning ____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE P LACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS.
IT MODIFIES THE CONTRACT /ORDER NO. AS DESCRIBED IN ITEM 14.

	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT /ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 52.217-7 and FAR 52.232-22
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not , ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT /MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
Modification Control Number: spannls198762

SEE SUMMARY OF CHANGES

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect .

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) JILLIAN KOHLER / CONTRACTING OFFICER TEL: [***] EMAIL: [***]	
Primit Parikh, Co-founder & COO			
15B. CONTRACTOR/OFFEROR /s/ Primit Parikh (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY /s/ Jillian Kohler (Signature of Contracting Officer)	16C. DATE SIGNED 06-Jun-2019

EXCEPTION TO SF 30
APPROVED BY OIRM 11-84

30-105-04

STANDARD FORM 30 (Rev. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

SECTION SF 30 - BLOCK 14 CONTINUATION PAGE

The following have been added by full text:
P00002

Contracts POC:
Naval Air Warfare Center – Aircraft Division
LeAnn Spann
Phone: [***]
E-mail: [***]

Procuring Contracting Officer
Naval Air Warfare Center – Aircraft Division
Charlie Gill
Phone: [***]
E-mail: [***]

Government/Technical POC:
Office of Naval Research
Paul Maki
Phone: [***]
E-mail: [***]

Contractor POC:
Primit Parikh
Phone: [***]
E-mail: pparikh@transphormusa.com

Lisa Standring
Phone: [***]
E-mail: lstandring@transphomusa.com

The purpose of this modification is to:

1. Add FAR 52.217-7 “Option for Increased Quantity – Separately Priced Line Item” by reference to Section I,
2. Exercise Option CLINS 0003 and 0004 pursuant to FAR 52.217-7 “Option for Increased Quantity – Separately Priced Line Item” and
3. Incrementally fund CLIN 0003 pursuant to FAR 52.232-22 “Limitation of Funds” by a total of $10,000,000 per PR 1300790710.

This modification acts as a complete equitable adjustment for the changes described herein. The Contractor hereby releases the Government from any and all liability for further equitable adjustments arising from these changes.

All other terms and conditions remain unchanged.

SECTION A - SOLICITATION/CONTRACT FORM

The total cost of this contract was increased by $15,869,322.00 from $2,635,303.00 to $18,504,625.00.

SECTION B - SUPPLIES OR SERVICES AND PRICES

CLIN 0003
The option status has changed from Option to Option Exercised.

CLIN 0004
The option status has changed from Option to Option Exercised.

SUBCLIN 000301 is added as follows:

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000301					$0.00
	Funding for CLIN 0003 CPFF PURCHASE REQUEST NUMBER: 130079071000001				
				ESTIMATED COST	$0.00
				FIXED FEE	$0.00
				TOTAL EST COST + FEE	$0.00
					$10,000,000.00
	ACRN AC CIN: 130079071000001				

SECTION E - INSPECTION AND ACCEPTANCE

The following Acceptance/Inspection Schedule was added for SUBCLIN 000301:

INSPECT AT	INSPECT BY	ACCEPT AT	ACCEPT BY
N/A	N/A	N/A	N/A

SECTION F - DELIVERIES OR PERFORMANCE

The following Delivery Schedule item for CLIN 0003 has been changed from:

DELIVERY DATE	QUANTITY	SHIP TO ADDRESS	DODAAC / CAGE
POP 14-JUN-2019 TO 13-JUN-2022	N/A	OFFICE OF NAVAL RESEARCH PAUL MAKI 875 NORTH RANDOLPH STREET ARLINGTON VA 22203 [***] FOB: Destination	N00014

To:

DELIVERY DATE	QUANTITY	SHIP TO ADDRESS	DODAAC / CAGE
POP 10-JUN-2019 TO 09-JUN-2022	N/A	OFFICE OF NAVAL RESEARCH PAUL MAKI 875 NORTH RANDOLPH STREET ARLINGTON VA 22203 [***] FOB: Destination	N00014

The following Delivery Schedule item for CLIN 0004 has been changed from:

DELIVERY DATE	QUANTITY	SHIP TO ADDRESS	DODAAC / CAGE
POP 14-JUN-2019 TO 13-JUN-2022	N/A	OFFICE OF NAVAL RESEARCH PAUL MAKI 875 NORTH RANDOLPH STREET ARLINGTON VA 22203 [***] FOB: Destination	N00014

To:

DELIVERY DATE	QUANTITY	SHIP TO ADDRESS	DODAAC / CAGE
POP 10-JUN-2019 TO 09-JUN-2022	N/A	OFFICE OF NAVAL RESEARCH PAUL MAKI 875 NORTH RANDOLPH STREET ARLINGTON VA 22203 [***] FOB: Destination	N00014

SECTION G - CONTRACT ADMINISTRATION DATA

Accounting and Appropriation

Summary for the Payment Office

As a result of this modification, the total funded amount for this document was increased by $10,000,000.00 from $1,606,000.00 to $11,606,000.00.

SUBCLIN 000301:
Funding on SUBCLIN 000301 is initiated as follows:

ACRN: AC

CIN: [***]

Acctng Data: [***]

Increase: $10,000,000.00

Total: $10,000,000.00

The following have been modified:

5252.232-9524 ALLOTMENT OF FUNDS (NAVAIR)(OCT 2005)
(a) This contract is incrementally funded with respect to both cost and fee.
(b) The amounts presently available and allotted to this contract for payment of fee, as provided in the Section I clause of this contract entitled “FIXED FEE”, are as follows:

ITEM(S)	ALLOTTED TO FIXED FEE
CLIN 0001	$74,537.26
CLIN 0003	$257,458.38

(c) The amounts presently available and allotted to this contract for payment of cost, subject to the Section I “LIMITATION OF FUNDS” clause, the items covered thereby and the period of performance which it is estimated the allotted amount will cover are as follows:

ITEM(S)	ALLOTTED TO COST	PERIOD OF PERFORMANCE
CLIN 0001	$1,531,462.74	Approximately 21.9 months
CLIN 0003	$9,742,541.62	Approximately 22.69 months

(d) The parties contemplate that the Government will allot additional amounts to this contract from time to time by unilateral contract modification, and any such modification shall state separately the amounts allotted for cost and for fee, the items covered thereby, and the period of performance the amounts are expected to cover.

SECTION H - SPECIAL CONTRACT REQUIREMENTS The following have been added by full text:

The following have been added by full text:
P00002 SPECIAL REQUIREMENTS

Paragraph H.2 has changed from:

H.2 Limitation of Liability - Incremental Funding
This contract is incrementally funded and the amount currently available for payment thereunder is limited to **$1,606,000** which includes **5.0%** of fixed fee applied to total costs excluding equipment. Subject to the provisions of the clause entitled Limitation of Funds, 52.232-22 of the general provisions of this contract, no legal liability on the part of the Government for payment in excess of **$1,606,000** shall arise unless additional funds are made available and are incorporated as a modification to this contract. The amount available is estimated to cover the period of performance through **approximately 21.9 months**.

To:

H.2 Limitation of Liability - Incremental Funding
This contract is incrementally funded and the amount currently available for payment thereunder is limited to **$1,606,000 for CLIN 0001 and $10,000,000 for CLIN 0003** which includes **5.0%** of fixed fee applied to total costs excluding equipment. Subject to the provisions of the clause entitled Limitation of Funds, 52.232-22 of the general provisions of this contract, no legal liability on the part of the Government for payment in excess of **$1,606,000 for CLIN 0001 and $10,000,000 for CLIN 0003** shall arise unless additional funds are made available and are incorporated as a modification to this contract. The amount available is estimated to cover the period of performance through **approximately 21.9 months for CLIN 0001 and approximately 22.69 months for CLIN 0003**.

SECTION I - CONTRACT CLAUSES

The following have been added by reference:

52.217-7 Option For Increased Quantity-Separately Priced Line Item MAR 1989

(End of Summary of Changes)

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
J	1 of 3

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/ PURCHASE REQ. NO.	5. PROJECT NO.(If applicable)
P00003	12-Sep-2019	SEE SCHEDULE	

6. ISSUED BY	CODE	7. ADMINISTERED BY (If other than item 6)	CODE
NAVAL AIR WARFARE CTR AIRCRAFT DIVISION- CONTRACTS ATTN 2.5.2.6.2 HWY547 BLDG 120-207 LAKEHURST NJ 08733-5082	N68335	DCMA VAN NUYS 6230 VAN NUYS BLVD. VAN NUYS CA 91401-2713 SCD: C	S0512A

8. NAME AND ADDRESS OF CONTRACT OR (No., Street, County, State and Zip Code)		
TRANSPHORM, INC. PRIMIT PARIKH 75 CASTILIAN DR STE 100 GOLETA CA 93117-3212		9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (SEE ITEM 11)
	X	10A. MOD. OF CONTRACT /ORDER NO. N6833519C0107
CODE 4R2L6 FACILITY CODE	X	10B. DATED (SEE ITEM 13) 13-Dec-2018

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer ☐ is extended, ☐ is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods:
(a) By completing Items 8 and 15, and returning ____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted;
or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE
RECEIVED AT THE P LACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN
REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter,
provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS.
IT MODIFIES THE CONTRACT /ORDER NO. AS DESCRIBED IN ITEM 14.

	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
X	B. THE ABOVE NUMBERED CONTRACT /ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☒ is not , ☐ is required to sign this document and return ____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT /MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
Modification Control Number: spannls1913187

THE PURPOSE OF THIS MODIFICATION IS TO REVISE THE EXTENDED CLIN DESCRIPTION OF SUBCLIN 000301 TO INCLUDE MIPR CIN HQ06429236930001.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect .

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
Primit Parikh, Co-founder & COO		CHARLES J. GILL / CONTRACT SPECIALIST TEL: [***] EMAIL: [***]	
15B. CONTRACTOR/OFFEROR /s/ Primit Parikh (Signature of person authorized to sign)	15C. DATE SIGNED 9/16/2019	16B. UNITED STATES OF AMERICA BY /s/ Charles Gill (Signature of Contracting Officer)	16C. DATE SIGNED 12-Sep-2019

SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

SECTION SF 30 - BLOCK 14 CONTINUATION PAGE

The following have been added by full text:
P00003

Contracts POC:
Naval Air Warfare Center – Aircraft Division
LeAnn Spann
Phone: [***]
E-mail: [***]

Procuring Contracting Officer
Naval Air Warfare Center – Aircraft Division
Charlie Gill
Phone: [***]
E-mail: [***]

Government/Technical POC:
Office of Naval Research
Paul Maki
Phone: [***]
E-mail: [***]

Contractor POC:
Primit Parikh
Phone: [***]
E-mail: pparikh@transphormusa.com

Lisa Standring
Phone: [***]
E-mail: lstandring@transphomusa.com

SECTION B - SUPPLIES OR SERVICES AND PRICES

SUBCLIN 000301
The CLIN extended description has changed from:

To:

MIPR CIN: HQ06429236930001
.

(End of Summary of Changes)

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
J	1 of 7

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/ PURCHASE REQ. NO.	5. PROJECT NO.(If applicable)
P00004	27-Nov-2019	SEE SCHEDULE	

6. ISSUED BY	CODE	7. ADMINISTERED BY (If other than item 6)	CODE
NAVAL AIR WARFARE CTR AIRCRAFT DIVISION- CONTRACTS ATTN 2.5.2.6.2 HWY547 BLDG 120-207 LAKEHURST NJ 08733-5082	N68335	DCMA VAN NUYS 6230 VAN NUYS BLVD. VAN NUYS CA 91401-2713	S0512A SCD: C

8. NAME AND ADDRESS OF CONTRACT OR (No., Street, County, State and Zip Code)		
TRANSPHORM, INC. PRIMIT PARIKH 75 CASTILIAN DR STE 100 GOLETA CA 93117-3212		9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (SEE ITEM 11)
	X	10A. MOD. OF CONTRACT /ORDER NO. N6833519C0107
CODE 4R2L6 FACILITY CODE	X	10B. DATED (SEE ITEM 13) 13-Dec-2018

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer ☐ is extended, ☐ is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning ____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE P LACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS.
IT MODIFIES THE CONTRACT /ORDER NO. AS DESCRIBED IN ITEM 14.

	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT /ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 43.103(a)(3), Mutual Agreement of the Parties
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not , ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT /MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
Modification Control Number: spannls201385

SEE SUMMARY OF CHANGES

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect .

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
Primit Parikh, Co-founder & COO		CHARLES J. GILL / CONTRACT SPECIALIST TEL: [***] EMAIL: [***]	
15B. CONTRACTOR/OFFEROR /s/ Primit Parikh (Signature of person authorized to sign)	15C. DATE SIGNED 11/19/2019	16B. UNITED STATES OF AMERICA BY /s/ Charles Gill (Signature of Contracting Officer)	16C. DATE SIGNED 27-Nov-2019

EXCEPTION TO SF 30
APPROVED BY OIRM 11-84

30-105-04

STANDARD FORM 30 (Rev. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

SECTION SF 30 - BLOCK 14 CONTINUATION PAGE

The following have been added by full text:
P00004

Contracts POC:
Naval Air Warfare Center – Aircraft Division
LeAnn Spann
Phone: [***]
E-mail: [***]

Procuring Contracting Officer
Naval Air Warfare Center – Aircraft Division
Charlie Gill
Phone: [***]
E-mail: [***]

Government/Technical POC:
Office of Naval Research
Paul Maki
Phone: [***]
E-mail: [***]

Contractor POC:
Primit Parikh
Phone: [***]
E-mail: pparikh@transphormusa.com

Lisa Standring
Phone: [***]
E-mail: lstandring@transphomusa.com

The purpose of this modification is to revise the Statement of Work (Section C) of Contract N6833519C0107 at no additional cost to the Government.

This modification acts as a complete equitable adjustment for the changes described herein. The Contractor hereby releases the Government from any and all liability for further equitable adjustments arising from these changes.

All other terms and conditions remain unchanged.

SECTION C - DESCRIPTIONS AND SPECIFICATIONS

The following have been modified:

STATEMENT OF WORK

This project comprises three base tasks and two optional tasks. The three base tasks develop n- polar epitaxy technology on both silicon and SiC substrates, provides for some initial device feedback and establishes initial pilot production. At the end of Base Task 3, N-polar GaN on 100mm SiC HEMTs will meet Stage 5 Material Specifications and be ready for pilot production. The two optional tasks are detailed in Sections Option Task 1 and Option Task 2 and establish Transphorm's epitaxial foundry capability and manufacturing readiness for n-polar HEMTs on both silicon and SiC substrates. As part of the optional tasks, epitaxy process controls will be established along with full manufacturing documentation. A reliability profile will also be created for n-polar HEMTs.

1. **Base Task 1: N-Polar GaN on 150mm Si**

1.1. *Develop GaN polarity inversion buffer on Si*. Starting with background from UCSB's n-polar process on 2-inch substrates, Transphorm will develop a GaN polarity inversion buffer on 6-inch (150 mm) silicon substrates. This task will begin in Year 1 Q1 and will end by Year 1 Q4.

1.2. *Develop foundry process for epiwafer evaluation on Power devices and RF test structures*. Concurrent with Task 1.1, Transphorm will design, create fabrication masks, and develop foundry processes for n-polar Power and RF test structures for epiwafers on silicon substrates. This task will begin in Year 1 Q1 and will end by Year 1 Q2. This task is complete when test epiwafers have been successfully processed through the foundry for both RF and Power mask designs.

1.3. *Full fabrication process and characterization*. Transphorm will use the full fabrication process developed in Task 1.2 to process n-polar GaN on 150mm Si HEMT epiwafers. Transphorm will evaluate these processed epiwafers for buffer quality and application suitability using both [***] and [***] DC testing. This task will begin in Year 1 Q3 and will end by Year 1 Q4. This task will be complete when N-polar GaN on Si devices have been processed through the foundry and DC and [***] testing is complete.

1.4. *Epitaxy performance optimization DOE-1*. Using feedback from device performance in Task 1.3, Transphorm will optimize the epiwafer HEMT performance to improve the electrical characteristics of the 2DEG layer reducing the sheet resistance. At this point, the epiwafer buffer designs may become differentiated between the RF and the Power devices. This task will begin in Year 2 Q1 and will end by Year 2 Q2. This task will be complete when 150mm n-polar GaN on sapphire epiwafers will meet Stage 3 Material Specifications.

1.5. **GaN on Sapphire Material Characterization:** By Q4 of Year 1, the N-polar GaN on sapphire epiwafers will meet foundry input specifications and Stage 2 Material Specifications with an MOCVD line yield >[***].

2. Base Task 2: N-Polar GaN on 100mm SiC

2.1. *GaN on 100mm SiC epitaxy development*. Using ongoing feedback from N-polar GaN on sapphire in Tasks 1.4, 1.5 , Transphorm will transfer the current best epitaxy process conditions to benchmark epitaxial layers on GaN on 100mm SiC. This task will begin in Year 1 Q4 and will run through the end of Year 2 Q2. By Q2 of Year 2, the 100mm n-polar GaN on SiC epiwafers will meet foundry input specifications and Stage 3 Material Specifications with an MOCVD line yield >[***].

2.1.1. *Delivery of preliminary GaN on 100mm SiC epiwafers.* At the end of Task 2.1, Transphorm will deliver preliminary epiwafers of N-polar GaN on SiC HEMTs to ONR customers.

2.2. *Develop foundry process for epiwafer evaluation on Power devices and RF test structures*. Concurrent with Task 2.1 and utilizing designs created in Task 1.2, Transphorm will customize the fabrication masks and foundry processes for N- polar Power and RF test structures for epiwafers on SiC and sapphire substrates. This task will begin in Year 1 Q1 and will end by Year 1 Q2. This task is complete when test epiwafers have been successfully processed through the foundry for with the new mask design.

2.3. *GaN on SiC full device fabrication for epiwafer validation*. Transphorm will use the full fabrication process developed in Task 2.2 to process n-polar GaN on 100mm SiC epiwafers. Transphorm will evaluate these processed epiwafers for buffer quality and application suitability using both [***] and [***] DC testing. This task will begin in Year 2 Q2 and will end by Year 2 Q4. This task will be complete when analysis is complete on tested wafers.

3. **Base Task 3: N-Polar GaN on 100mm SiC optimization and deliverables demonstrating pilot production**

3.1. *Epitaxy on SiC manufacturability optimization DOE-2*. Using feedback from device performance in Task 2.3 and epiwafer development in Task 1.4, Transphorm will optimize the epiwafer HEMT uniformity and repeatiability to improve the yields and usable wafer area. This task includes three full fabrication cycles of learning and corresponding epitaxy feedback. This task will begin in Year 2 Q2 and will end by Year 3 Q1. This task will be complete when 100mm n-polar GaN on SiC epiwafers meet Stage 5 Material Specifications.

3.2. *GaN on SiC process control and manufacturing readiness.* Based on the buffer results and data gathered from task 3.1, SPC programs, production travelers, and spec limits will be developed. OCAP plans and other process control documentation will be generated. This task begins after Task 3.1 in Year 3 Q2 and ends in Year 3 Q3. This task is complete when documentation and systems work is to complete to enable production relese of GaN on SiC.

3.3. *Growth of N-Polar GaN on 100mm SiC deliverables.* Using the optimized epitaxial buffer determined in Task 3.1, and the production systems implemented in Task 3.2 Transphorm will produce final production N-polar GaN deliverables on 100mm SiC substrates for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (e.g.. HEMT-Al%). This task is complete when wafers are delivered and any new data gathered from the production campaign is fed back into continuous improvement programs.

Option Task 1:

1. **Option Task 1: GaN on 150mm SiC Substrates**

1.1. Acquire and set up GaN epitaxy infrastructure for manufacturing

1.1.1. *Purchase and install MOCVD machine for dedicated US RF and mm- wave epitaxy manufacturing*. Transphorm will acquire and install a commercial-scale MOCVD reactor to enable the capability to deliver volume manufacturing quantities to government customers. This task will begin in Year 1 Q1 and will run through Year 2 Q1. This task will be complete when the reactor is installed and the existing n-polar GaN on 100mm SiC process transferred from the research MOCVD machine.

1.1.2. *Purchase and install characterization tools for RF and mm-wave epitaxy on SiC.* Transphorm will purchase essential materials characterization tools to handle the characterization requirements for GaN on SiC wafers as well as the higher volume and larger diameter substrates. This task will begin in Year 1 Q1 and will run through the end of Year 1 Q3. This task is complete when the equipment is installed and operational.

1.2. *N-Polar GaN on SiC process expansion to 150mm*. Transphorm will expand the existing 4-inch (100 mm) process from Base Task 3.2 to 6-inch (150 mm) substrates while meeting the Stage 5 Material Specifications. This task will begin in Year 3 Q1 and will run through the end of Year 3 Q3. This task will be complete when N-polar GaN on 150mm SiC epiwafers meet manufacturing targets.

1.2.1. *Delivery of N-polar GaN on 150mm SiC epiwafers.* In Year 3 Q4, Transphorm will produce N-polar GaN on 150 mm SiC HEMTs for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (i.e. HEMT-Al%).

1.3. *Ga-polar GaN on 150mm SiC manufacturing for RF and mm-wave applications*. Leveraging existing 100 mm substrate processes, Transphorm will expand the Ga-polar HEMT process to 150mm substrates while meeting Material stage 4 specifications. This task will begin in Year 2 Q1 and will run through the

end of Year 2 Q3. This task will be complete when Ga-polar GaN on 150mm SiC epiwafers meet manufacturing targets.

1.3.1. *Delivery of Ga-polar GaN on 150mm SiC epiwafers.* In Year 2 Q4, Transphorm will produce Ga-polar GaN on 150mm SiC HEMTs for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (for e.g. HEMT-Al%).

Option Task 2:

2. **Option Task 2: GaN on 150 - 200mm Si Substrates**

2.1. *Improve n-polar GaN on 150mm Sapphire epiwafers for manufacturability*. Continuing the development from Base Task 1.4, Transphorm will improve the N-polar epitaxy on sapphire substrates to Stage 5 Material Specifications. This will bring the N-polar GaN on sapphire technology to manufacturing readiness by establishing process capability and controls along with device validation. This task will begin in Year 1 Q3 and will run through Year 2 Q4. This task will be complete when the N-polar GaN on 150mm Sapphire epiwafers meet manufacturing metrics.

2.2. *Large signal performance and reliability for High Voltage devices*. Transphorm will test the N-polar HEMT epiwafers developed in Task 2.1 for their in-circuit performance in comparison to Ga-polar material (Transphorm's current production qualified material). This task will begin in Year 2 Q4 and will run through the end of Year 3 Q1 This task will be complete when reliability testing is complete and data is analyzed.

2.2.1. *Delivery of N-polar GaN on 150mm Sapphire epiwafers.* In Year 3 Q2, Transphorm will produce N-polar GaN on 150mm Sapphire HEMT epiwafers for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (for e.g. HEMT-Al%).

2.3. Transfer Ga-polar GaN on Si epitaxy to 200mm diameter substrates.

2.3.1. *Ga-Polar GaN on Si process expansion to 200mm*. Transphorm will expand the existing 150mm process from Task 2.2 to 200mm substrates while meeting the Stage 5 Material Specifications. This task will begin in Year 2 Q4 and will run through the end of Year 3 Q1.

2.3.2. *Ga-Polar GaN on 200mm Si manufacturing readiness*. Transphorm will improve manufacturability of the 150mm products to improve performance, yield, capacity and cost. Transphorm will utilize the learning from the 150 mm process to establish process capability and controls for the 200mm line along with device validation. This task will begin in Year 1 Q1 and will run

through the end of Year 3 Q1. The manufacture of these Ga-polar GaN on 150mm Si epiwafers will meet manufacturing yield targets.

2.3.2.1. *Delivery of Ga-polar GaN on 200mm Si epiwafers.* In Year 3 Q2, Transphorm will produce Ga-polar GaN on 200mm Si HEMTs for delivery to ONR customers. A limited amount of HEMT customization for end customers is possible for these deliveries (i.e. HEMT-Al%).

2.3.3. *Reliability testing on packaged parts from 200 mm wafers.* Transphorm will fabricate devices on 200 mm Si substrates by [***] and then proceeding with wafer processing in Transphorm's production foundry. Transphorm will then test the 200mm Ga-polar HEMT epiwafers developed in Task 2.3.1 for their in-circuit performance and establish their reliability profile (i.e. MTTF, acceleration factors) in comparison to both 150mm n-polar HEMTs in Task 2.2 and to Ga-polar material (Transphorm's current production qualified material on 150mm). This task will begin in Year 3 Q1 and will run through the end of Year 3 Q3.

(End of Summary of Changes)

Exhibit 10.12.1

Confidential
Execution Version

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

JOINT VENTURE AGREEMENT

by and among

Aizu Fujitsu Semiconductor Limited

Fujitsu Semiconductor Limited

and

Transphorm, Inc.

Date

May 23, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT ("**Agreement**") is made as of this 23rd day of May, 2017 by and among Aizu Fujitsu Semiconductor Limited ("**AFSL**"), a *kabushiki kaisha* incorporated in Japan, with an address at No.4 Kogyo Danchi, Monden-Machi, Aizu Wakamatsu, Fukushima, Japan, Fujitsu Semiconductor Limited ("**FSL**"), a *kabushiki kaisha* incorporated in Japan, with an address at Shin-Yokohama Chuo Building, 2-100-45, Shin-Yokohama, Kohoku-Ku, Yokohama, Kanagawa, Japan, as a one hundred percent (100%) shareholder of AFSL, and Transphorm, Inc. ("**TPH**"), a corporation incorporated in Delaware, with an address at 75 Castilian Drive, Goleta, California 93117, U.S.A. (collectively referred to as the "**Parties**" and individually, a "**Party**").

W I T N E S S E T H:

WHEREAS, Aizu Fujitsu Semiconductor Wafer Solution Limited ("**AFSW**" or the "**Company**"), a *kabushiki kaisha* incorporated in Japan, with an address at No.3 Kogyo Danchi, Monden-Machi, Aizu Wakamatsu, Fukushima, Japan has been engaged with the business of 150mm wafer foundry services and other services related thereto (the "**Business**").

WHEREAS, prior to the Effective Date (as defined below), TPH intends to incorporate a new wholly-owned subsidiary ("**TPH-A**") and make it a Party hereto.

WHEREAS, with the consent of the Parties and the board of directors of the Company, AFSL has entered into the Shares Purchase Agreement dated May 23, 2017 (the "**SPA**"), by and among the Parties hereof, pursuant to which AFSL will sell and transfer [***] shares of the issued and outstanding shares in the Company (representing [***] of the issued and outstanding shares in the Company) to TPH-A; and

WHEREAS, the Parties intend to regulate and agree upon the organization and operation of the Company and each Party's rights and obligations and other matters regarding the Company; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 "**Affiliate**" of AFSL, FSL, TPH-A or TPH, as the case may be, means a Person or group of Persons: (a) which owns or Controls, directly or indirectly, AFSL, FSL, TPH-A or TPH; (b) which is owned or Controlled, directly or indirectly, by AFSL, FSL, TPH-A or TPH; or (c) which is owned or Controlled, directly or indirectly, by any Person described in Section 1.1(a) or (b).

1.2 "**AFSW Secondment Agreement**" has the meaning ascribed to that term in the SPA.

1.3 "**Amended Process Development Agreement**" has the meaning ascribed to that term in Section 2.1.7.

1.4 "**Ancillary Agreements**" means the SPA, the AFSW Secondment Agreement, the TPH-J Secondment Agreement, the Wafer Supply Agreement, the Joinder Agreement, the Process Development Amendment and the Services Agreement Amendment.

1.6 "**Board**" means the board of directors of the Company.

1.7 "**Business**" has the meaning ascribed to that term in the Recitals.

1.8 "**Business Day**" means any day other than a Saturday, Sunday or public holiday under the laws of Japan, or any other day on which banking institutions are authorized to close in Tokyo, Japan or in New York, New York, USA.

1.9 "**Business Plan**" has the meaning ascribed to that term in Section 3.3.1.

1.10 "**Call Shares**" means any and all Shares held by AFSL or FSL or any other Person Controlled by AFSL or FSL, as the case may be, on the date of the Call Exercise Notice.

1.11 "**Change of Control Transaction**" means either (a) the acquisition of the Company by an entity not affiliated with FSL or TPH by means of any transaction or series of related transactions (including, without limitation, any stock acquisition, merger, demerger or share exchange but excluding any sale of stock for capital raising purposes) other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, as a result of shares in the Company held by such holders prior to such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity (or if the Company or such other surviving or resulting entity is a wholly-owned Subsidiary (hereinafter defined) immediately following such acquisition, its parent); or (b) a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole by means of any transaction or series of related transactions with a party other than FSL or its Affiliates or TPH or its Affiliates, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned Subsidiary of the Company.

1.12 "**Company Assets**" has the meaning ascribed to that term in the SPA.

1.13 "**Control**" means the power, right or authority to direct or cause the direction of the management or policies of a Person, or to elect a majority of the board of directors or similar governing body of a Person, whether through the ownership of securities or similar ownership interest, by contract or otherwise, and references to "change of control" include the transfer, disposition or relinquishment, whether directly or indirectly, of Control.

1.14 "**Designated Individuals**" has the meaning ascribed to that term in Section 4.9.

1.15 "**Designated Nuclear Waste**" has the meaning ascribed to that term in the SPA.

1.16 "**Director**" has the meaning ascribed to that term in Section 4.2.

1.17 "**Effective Date**" means the date that the Initial Closing occurs.

1.18 "**Encumbrance**" has the meaning ascribed to that term in the SPA.

1.19 "**Funded Work**" has the meaning ascribed to that term in Section 2.1.7.

1.20 "**GaN Equipment**" has the meaning ascribed to that term in Section 5.3.

1.21 "**GaN Wafers**" has the meaning ascribed to that term in the Amended Process Development Agreement.

1.22 "**Governmental Authority**" means any government, state (or any subunit thereof), political subdivision or regulatory authority, whether domestic, foreign or multinational, or any agency, authority, bureau, commission, department, or court of any government state, political subdivision or regulatory authority or similar body or instrumentality thereof, or any federal state, local, governmental, foreign or arbitral tribunal.

1.23 "**Governmental Approvals**" mean all consents, approvals, orders, permits or authorizations of, and registrations, declarations and filings with, and expirations of waiting periods imposed by, any court, legislative body, administrative agency, commission or other Governmental Authority and required in connection with the transactions contemplated herein.

1.24 "**Harmful Materials**" has the meaning ascribed to that term in the SPA.

1.25 "**Initial Closing**" has the meaning ascribed to that term in the SPA.

1.26 "**Intellectual Property Rights**" has the meaning ascribed to that term in the SPA.

1.27 "**Japanese GAAP**" means generally accepted accounting principles in Japan.

1.28 "**Joinder Agreement**" has the meaning ascribed to that term in Section 6.3.

1.29 "**Joint Venture**" means the operation of the Company pursuant to this Agreement from the Effective Date to the earliest to occur of: (i) the Put Closing Date (hereinafter defined), (ii) the Call Closing Date (hereinafter defined), or (iii) termination of this Agreement pursuant to Article VII hereof.

1.30 "**Laws**" means laws, statutes, ordinances, rules requirements, decrees, orders or regulations.

1.31 "**Net Book Value**" has the meaning ascribed to that term in the SPA.

1.32 "**Option Starting Date**" means February 1, 2020.

1.33 "**Person**" includes any individual, company, corporation, firm, partnership, joint venture, association, organization or trust in each case whether or not having a separate legal identity.

1.34 "**Pro Rata Ownership**" means for any Shareholder, the ratio equal to the total number of Shares held by such Shareholder at any given time to the total number of outstanding Shares at such time.

1.35 "**Process Development Amendment**" has the meaning ascribed to that term in the SPA.

1.36 "**Put Shares**" means any and all Shares held by AFSL or FSL or any other Person Controlled by AFSL or FSL, as the case may be, on the date of the Put Exercise Notice.

1.37 "**Sale Shares**" has the meaning ascribed to that term in the SPA.

1.38 "**Section**" means a section of this Agreement.

1.39 "**Seller Disclosure Schedule**" has the meaning ascribed to that term in the SPA.

1.40 "**Services Agreement Amendment**" has the meaning ascribed to that term in the SPA.

1.41 "**Shareholder**" means each Person that holds Shares.

1.42 "**Shares**" means the shares of authorized and outstanding capital of the Company.

1.43 "**Shares Purchase Price**" has the meaning ascribed to that term in the SPA.

1.44 "**SPA**" has the meaning ascribed to that term in the Recitals.

1.45 "**Subsidiary**" means a Person in which a Party hereto beneficially owns at least fifty percent (50%) of the equity interest or voting power of such Person.

1.46 "**Tax**" has the meaning ascribed to that term in the SPA.

1.47 "**Tax Return**" has the meaning ascribed to that term in the SPA.

1.48 "**TPH-J**" means Transphorm Japan, Inc., a *kabushiki kaisha* incorporated in Japan, which is a wholly-owned Subsidiary of TPH.

1.49 "**TPH-J Secondment Agreement**" has the meaning ascribed to that term in the SPA.

1.50 "**Wafer Supply Agreement**" has the meaning ascribed to that term in the SPA.

Unless the context clearly requires otherwise, reference to the singular shall include the plural, reference to the plural shall include the singular and reference to a gender shall include all genders.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

2.1 Representations and Warranties of AFSL and FSL. AFSL and FSL hereby represent and warrant to TPH-A and TPH as of the date hereof and as of the Effective Date as follows:

2.1.1 Organization. Each of AFSL and FSL is a *kabushiki kaisha*, duly organized, validly existing and in good standing under the laws of Japan, and has the corporate power and authority to execute, deliver and perform its obligations under this Agreement.

2.1.2 Authorization; Execution and Delivery; Enforceability. All corporate action on the part of AFSL and FSL necessary for the authorization, execution and delivery of this Agreement and for the performance of all of their respective obligations hereunder has been taken. This Agreement has been duly executed and delivered by each of AFSL and FSL and constitutes a valid and legally binding obligation of each of them.

2.1.3 Government and Other Consents. No consent, authorization, license, permit, registration or approval of, or exemption or other action by, any Governmental Authority, or any other Person, is required in connection with AFSL's or FSL's execution, delivery and performance of this Agreement.

2.1.4 Effect of Agreement. Except as set forth in Section 3.2.3 of the Seller Disclosure Schedule, each of AFSL's and FSL's execution, delivery and performance of this Agreement will not (i) violate the Articles of Incorporation of either of them or any provision of Law, (ii) violate any judgment, order, writ, injunction or decree of any court applicable to AFSL, FSL or the Company, (iii) result in the breach of, give rise to a right of termination, cancellation or acceleration of any obligation with respect to (presently or with the giving of notice, the passage of time or both), or otherwise be in conflict with any term of, or affect the validity or enforceability of, any agreement or other commitment to which AFSL, FSL or the Company is a party and which would materially and adversely affect either of them or the Company, or (iv) result in the creation of any lien, pledge, mortgage, claim, charge or encumbrance upon any assets of AFSL, FSL or the Company.

2.1.5 Litigation. There are no actions, suits or proceedings pending or, to either AFSL's or FSL's knowledge, threatened, against AFSL or FSL before any Governmental Authority which question AFSL's or FSL's right to enter into or perform this Agreement, or which question the validity of this Agreement.

2.1.6 Equipment. FSL (as of the date hereof) and the Company (as of the Effective Date) have valid and perfected ownership of all GaN Equipment, free and clear of any Encumbrances. There are no third party agreements or licenses with respect to any software or firmware required to operate any GaN Equipment.

2.1.7 Sufficiency of IP. As of the Effective Date, the Intellectual Property Rights owned by the Company, together with the Intellectual Property Rights licensed to TPH pursuant to (i) that certain Process Technology Development Services Agreement, dated as of November 28, 2013, by and between FSL and TPH, and (ii) the Process Development Amendment ((i) and (ii) collectively, the "**Amended Process Development Agreement**"), shall constitute all Intellectual Property Rights owned by FSL, AFSL, Fujitsu Limited or their Affiliates that are or will be necessary for the continued operation of the Business for GaN Wafers following the Effective Date in the manner conducted as of the Effective Date. For the avoidance of doubt, the Business does not include the Company's performance of the GaN work commissioned and funded by Fujitsu Limited and its Affiliates

(including Fujitsu Laboratories Ltd., but excluding FSL and AFSL) to the Company (such work, the "**Funded Work**").

2.2 Representations and Warranties of TPH-A and TPH.

2.2.1 TPH hereby represents and warrants to AFSL and FSL as of the date hereof and as of the Effective Date as follows:

(i) Organization. TPH is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the corporate power and authority to execute, deliver and perform its obligations under this Agreement.

(ii) Authorization; Execution and Delivery; Enforceability. All corporate action on the part of TPH necessary for the authorization, execution and delivery of this Agreement and for the performance of all its obligations hereunder has been taken. This Agreement has been duly executed and delivered by TPH and constitutes a valid and legally binding obligation of TPH.

(iii) Government and Other Consents. No consent, authorization, license, permit, registration or approval of, or exemption or other action by, any Governmental Authority, or any other Person, is required in connection with TPH's execution, delivery and performance of this Agreement.

(iv) Effect of Agreement. TPH's execution, delivery and performance of this Agreement will not (i) violate the Certificate of Incorporation or Bylaws of TPH, or any provision of Law, (ii) violate any judgment, order, writ, injunction or decree of any court applicable to TPH, (iii) result in the breach of, give rise to a right of termination, cancellation or acceleration of any obligation with respect to (presently or with the giving of notice, the passage of time or both), or otherwise be in conflict with any term of, or affect the validity or enforceability of, any agreement or other commitment to which TPH is a party and which would materially and adversely affect it or the Company, or (iv) result in the creation of any lien, pledge, mortgage, claim, charge or encumbrance upon any assets of TPH.

(v) Litigation. There are no actions, suits or proceedings pending or, to TPH's knowledge, threatened, against TPH before any Governmental Authority which question TPH's right to enter into or perform this Agreement, or which question the validity of this Agreement.

2.2.2 TPH-A hereby represents and warrants to AFSL and FSL as of the date of the Joinder Agreement and as of the Effective Date as follows:

(i) Organization. TPH-A is a *kabushiki kaisha*, duly organized, validly existing and in good standing under the laws of Japan, and has the corporate power and authority to execute, deliver and perform its obligations under this Agreement.

(ii) Authorization; Execution and Delivery; Enforceability. All corporate action on the part of TPH-A necessary for the authorization, execution and delivery of the Joinder Agreement, and for the performance of all its obligations thereunder and hereunder has been taken.

The Joinder Agreement has been duly executed and delivered by TPH-A and constitutes a valid and legally binding obligation of TPH-A.

(iii) Government and Other Consents. No consent, authorization, license, permit, registration or approval of, or exemption or other action by, any Governmental Authority, or any other Person, is required in connection with TPH-A's execution, delivery and performance of the Joinder Agreement and this Agreement.

(iv) Effect of Agreement. TPH-A's execution, delivery and performance of the Joinder Agreement and this Agreement, as applicable, will not (i) violate the Articles of Incorporation of TPH-A, or any provision of Law, (ii) violate any judgment, order, writ, injunction or decree of any court applicable to TPH-A, (iii) result in the breach of, give rise to a right of termination, cancellation or acceleration of any obligation with respect to (presently or with the giving of notice, the passage of time or both), or otherwise be in conflict with any term of, or affect the validity or enforceability of, any agreement or other commitment to which TPH-A is a party and which would materially and adversely affect it or the Company, or (iv) result in the creation of any lien, pledge, mortgage, claim, charge or encumbrance upon any assets of TPH-A.

(v) Litigation. There are no actions, suits or proceedings pending or, to TPH-A's knowledge, threatened, against TPH-A before any Governmental Authority which question TPH-A's right to enter into or perform this Agreement and the Joinder Agreement, or which question the validity of this Agreement and the Joinder Agreement.

ARTICLE III
OPERATION OF THE COMPANY

3.1 Activities. The Company shall manufacture the semiconductor products for which AFSL/FSL or TPH-A/TPH-J/TPH places an order to the Company from time to time during the term of this Agreement, using the technologies made available by AFSL/FSL and TPH-A/TPH-J/TPH, respectively. With the consent of the Board in compliance with Section 4.7, the Company may manufacture semiconductor products directly for Persons who are not parties to this Agreement.

3.2 Cash Requirement of the Company. All cash requirements of the Company shall be satisfied from cash generated by the operations of the Company, from external financing (on a non-recourse basis and without guarantees of the Shareholders or their Affiliates) procured by the Company in its own name, from financing by the Shareholders (the burden of such financing shall be allocated to a Shareholder based on Pro Rata Ownership) and from the initial capitalization.

3.3 Business Plan.

3.3.1 Conduct of Business. The Company shall conduct its Business in conformity with a business plan jointly prepared and agreed to by the Parties on or prior to the Effective Date, as may be amended from time to time after the Effective Date with the unanimous approval of the Board (the "**Business Plan**"). In case where the Parties have not agreed on the Business Plan as of the date hereof, then the Parties shall continue to discuss in good faith immediately following the execution of this Agreement and agree on the Business Plan prior to the Effective Date.

3.3.2 Treatment of the Business Plan. The Parties expect the Company to comply with the Business Plan; provided, however, deviations from the Business Plan that result in an increase or decrease of less than twenty percent (20%) of the original cost or revenue to the Company attributable to such item as set forth in the Business Plan shall not require the consent of the Parties, so long as all such deviations in any given quarter do not represent a deviation of more than ten percent (10%) of total revenue or total expense, as the case may be, in the aggregate for the quarter in which the deviation occurs. No Party shall, however, have any assurance that the Company will achieve the Business Plan, except as to the number of wafers that each of FSL/AFSL and TPH/TPH-A commits to purchase in the Business Plan. In the event that FSL/AFSL or TPH/TPH-A, as applicable, has failed to purchase its applicable number of wafers in accordance with the Business Plan, then such Party shall compensate the Company for the shortfalls in the actual revenue of the Company attributable to its failure to purchase such wafers versus its share of the planned revenue set forth in the Business Plan. As soon as it becomes practicable after the end of each quarter, but not later than thirty (30) days thereafter, the Parties shall review the actual revenue of the Company versus the Business Plan based on the wafer loading by each of FSL/AFSL and TPH/TPH-A for the previous quarter, and if there are any shortfalls in revenue from the Business Plan in such quarter, the compensation for such shortfalls shall be made by a Party who caused such shortfalls to the Company within sixty (60) days after the end of the fiscal year of the Company where such quarter resides. For the avoidance of doubt, (i) if a Party, its Affiliate or another third party purchases such Party's committed number of wafers in the Business Plan, such Party shall not be deemed to have caused a shortfall in the revenue of the Company and (ii) the revenue attributable to a Party's failure to purchase its number of wafers in accordance with the Business Plan shall equal (A) the number of wafers not purchased, multiplied by (B) the agreed price (as set forth in the Business Plan) per wafer.

3.3.3 Revised Budget. The budget of the Company shall be reviewed quarterly and may be revised by the Company with the unanimous approval of the Board. Such revised budget shall be deemed as the then-current Business Plan.

3.4 Independent Entity. The Company shall be operated as an independent business entity, even though the Parties may provide products, personnel and services.

ARTICLE IV
MANAGEMENT OF THE COMPANY

4.1 Board. Except where the approval of the Shareholders is required by applicable Laws, the Articles of Incorporation or this Agreement, the business and affairs of the Company shall be managed by the Board.

4.2 Composition of the Board. The Board shall consist of five (5) members (each, a "**Director**"), three (3) of whom shall be nominated by AFSL and two (2) of whom shall be nominated by TPH-A, and each Shareholder shall vote all of its Shares in favor of the election of the Directors nominated by the other. Each of AFSL and TPH-A shall have the right to nominate a replacement for any Director previously nominated by it, and each shall vote all of its Shares in favor of the election of such replacement. A Director nominated by AFSL shall be a Chairman of the Board for all meetings. In the event that a Shareholder who is entitled to nominate a Director seeks to remove such

Director by written notice to the Company, all Shareholders shall be obligated to vote their Shares in favor of such removal.

4.3 Board Observers. Representatives of TPH and FSL may attend and participate in any meeting of the Board, but shall in all other respects be a nonvoting observer.

4.4 Meetings; Quorum.

4.4.1 Regular meetings of the Board shall be held at least once per three (3) months at such place and time as set forth in notices provided to the Directors at least ten (10) Business Days in advance of such meeting. Special meetings of the Board shall be held upon notice of not less than three (3) Business Days setting forth an agenda or purpose for the meeting; provided, however, that any Director may waive compliance with such notice requirement before or after the meeting. Special meetings of the Board may be called by at least two (2) Directors upon three (3) Business Days' notice to the Chairman, which notice shall include an agenda for such meeting.

4.4.2 Any Director may propose items for the agendas of any meeting of the Board whether in advance or at such meeting.

4.4.3 A quorum shall be deemed to exist for purposes of Board actions so long as at least a majority of the total number of Directors then in office are present, provided that proper notice of such Board meeting has been given, in accordance with Section 4.4.1, to each of the Directors then in office. Directors may participate in Board meetings in person or electronically (including video or audio conference) in accordance with the Japanese Companies Act.

4.4.4 Proceedings of Board meetings shall be in Japanese/English, as the case may be, and a record of each Board meeting shall be made in Japanese and English, and sent promptly to each Shareholder. In the event of a conflict between the English and Japanese versions, the Japanese version shall control.

4.4.5 Minutes of the meetings of the Board shall be placed and duly maintained at the office of the Company.

4.4.6 Any action that may be taken at a meeting of the Board may be taken in writing in accordance with the Company's Articles of Incorporation.

4.5 Personnel; Representative Director. One of the Directors to be nominated by AFSL shall be the manager of the Company, who shall also be the Representative Director (as defined under the Japanese Companies Act).

4.6 Statutory Auditors. The Company shall have one (1) statutory auditor. The statutory auditor shall be appointed by AFSL, subject to the approval of TPH-A, which approval shall not be unreasonably withheld.

4.7 Actions Requiring Unanimous Board Approval. The Parties agree that the following matters require the unanimous approval of the Directors present at a properly-noticed Board meeting,

and no Shareholder shall convene a shareholders meeting with respect to the following matters without the prior written consent of the other Shareholder:

4.7.1 revising the budget or Business Plan of the Company;

4.7.2 making any capital contribution in excess of the capital required pursuant to the Business Plan;

4.7.3 manufacturing semiconductor products directly for Persons who are not parties to this Agreement;

4.7.4 selling, transferring, leasing, assigning or otherwise disposing of the property or assets of the Company, or contracting to do so, whether in a single transaction or series of related transactions;

4.7.5 consummating a Change of Control Transaction including without limitation merger, demerger, share exchange, liquidating or dissolving the Company, the entering into of a composition with creditors or the authorization of any filing for bankruptcy by the Company or the transformation of the Company into another type of legal entity;

4.7.6 entering into any agreement to effect a Change of Control Transaction or undertaking any action which effects a Change of Control Transaction, except pursuant to the exercise of the Put Option or Call Option, calls pursuant to Sections 7.5 and 7.6 and transfers permitted pursuant to Sections 8.1 and 8.2;

4.7.7 issuing any shares of the authorized capital of the Company or the authorization or issuance of any new class or series of capital of the Company or any securities convertible into or exchangeable for any class or series of capital of the Company;

4.7.8 recapitalizing, reclassifying, consolidating, subdividing or converting, or altering of any rights attaching to, any class or series of authorized capital of the Company;

4.7.9 entering into any joint venture, partnership or profit-sharing agreement with any third party;

4.7.10 purchasing or otherwise acquiring, or agreeing to purchase or otherwise acquire material assets of any other Person or any shares of capital stock of, or similar interest in, any other Person, or any other asset or group of assets, in a single transaction or series of related transactions;

4.7.11 removing any Director during his/her term of office, unless such Director was requested to be removed by the Shareholder that nominated him/her;

4.7.12 amending or repealing any provision of the Articles of Incorporation or other constituent documents of the Company, including, without limitation, the changing of the business purpose of the Company;

4.7.13 declaring or paying any dividend or distribution;

4.7.14 adopting or changing a significant tax or accounting practice or principle of the Company or making any significant tax or accounting election by the Company;

4.7.15 making or changing any election in respect of Taxes, filing any amendment to a Tax Return, entering into any agreement in respect of Taxes, settling, responding to, or making any filing or submission in respect of any audit, claim or assessment in respect of Taxes, or consenting to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes, other than those approved by the Directors nominated by TPH-A as immaterial or in the ordinary course of the Business, such approval not to be unreasonably withheld;

4.7.16 settling or abandoning, on the part of the Company or any Party or Affiliate of any Party, any legal action that is in the name of the Company or that directly affects the Company, which legal action (A) involves a claim or claims for monetary damages, (B) involves a claim or claims by or against any Governmental Authority, (C) involves any claims raising antitrust issues, or (D) involves a request for injunctive relief;

4.7.17 instituting or determining the strategy of any legal action in the name of the Company that (A) involves a claim or claims for monetary damages, (B) involves a claim or claims by or against any Governmental Authority, (C) involves any claims raising antitrust issues, or (D) involves a request for injunctive relief;

4.7.18 entering into or amending an agreement between the Company and a Party or its Affiliates, other than (A) as expressly contemplated by this Agreement or the SPA, or (B) such amendments that result in an increase or decrease of less than 20% of the original cost or revenue to the Company attributable to such agreement as set forth in the Business Plan, so long as all such deviations in any given quarter do not represent a deviation of more than 10% of total revenue or total expense, as the case may be, in the aggregate for the quarter in which the deviation occurs;

4.7.19 incorporating, liquidating, acquiring or transferring any legal entities;

4.7.20 carrying on any business other than the Business and the businesses currently conducted by the Company as of the Effective Date;

4.7.21 creating, incurring, assuming or permitting to exist any indebtedness, except to the extent consistent with the then-current Business Plan;

4.7.22 creating, incurring, assuming or permitting to exist, directly or indirectly, any lien or other encumbrance upon any property, now owned or hereafter acquired, other than incidental liens or liens to secure indebtedness authorized pursuant to Section 4.7.21;

4.7.23 making any loan or advance or the giving of any credit by the Company (other than normal trade credit) to any Person or the giving of any guarantee or indemnity to secure the liabilities or obligations of any Person or the creation of any mortgage, claim, charge, lien, security interest, easement, right of way, pledge or other encumbrance over the whole or any part of the property or assets of the Company;

4.7.24 entering into any contract, agreement, commitment, transaction or series of transactions requiring the expenditure by the Company, or the making of any investment, which would exceed thirty million Japanese Yen (¥30,000,000) in the aggregate, except for operational expenditures approved in the Business Plan;

4.7.25 making any material change in (A) the role and responsibility of certain Company employees specified as "Key Employees" in the Appendix 1 attached hereto or (B) the Company's organization;

4.7.26 adopting, materially amending or terminating any Employee Plan, entering into any change in control, severance or similar agreement or any retention or similar agreement with any officer, employee, director or consultant of the Company (including seconded employees), or hiring or making an offer to hire any new employee;

4.7.27 increasing or making any other change that would result in increased cost to the Company to the salary, wage rate, incentive compensation opportunity, employment status, title of other compensation payable or to be become payable to any current or former employee, officer, director, or consultant of the Company (including seconded employees);

4.7.28 entering into, amending or terminating any collective bargaining agreement, labor union contract, works council agreement or other contract with any labor organization or union;

4.7.29 using any Company Assets for (A) the storage, manufacture, processing or disposal of any Harmful Materials, except for the storage of the Designated Nuclear Waste to the extent and in the manner set forth in Article 3.18 of the SPA, or (B) the processing or disposal of industrial waste; or

4.7.30 increasing or decreasing the size of the Board.

Notwithstanding the above, at the request of TPH or TPH-A, the Board shall, without following the procedures set forth in this subsection, approve and direct management to make operational changes to portions of the Company that (i) are specific solely to GaN operation or GaN Equipment and (ii) do not have a material and adverse effect on the Company's profit and loss.

4.8 Agreement Regarding Board. Each Shareholder shall take all actions necessary to cause the Directors nominated by it to abide by and implement all of the provisions of this Agreement.

4.9 Procedure in the Event of Failure to Agree. In the event that the Board has been unable to resolve any matter set forth in Section 4.7 within thirty (30) Business Days after such matter was referred to the Board, then any Party may bring the matter to the attention of the Chief Executive Officer of FSL and the Chief Executive Officer of TPH (the "**Designated Individuals**") for a decision, which joint decision of the Designated Individuals shall be final and binding on the Company, and the Parties shall direct the Directors nominated by them to exercise their voting rights and take all other necessary steps to ensure that such resolution is fully and promptly carried into effect. Should no solution be agreed upon within sixty (60) days after submission of the matter to the Designated Individuals, then any Party may refer the matter for resolution in accordance with the dispute resolution procedure set forth in Section 11.15.

ARTICLE V
COVENANTS

5.1 Capital Accounts. The capital accounts of each Shareholder shall be updated in proportion to such Shareholder's Pro Rata Ownership.

5.2 Provision of Support Services.

5.2.1 AFSL shall provide support services agreed upon by AFSL/FSL and the Company to the Company, with adequate consideration to FSL/AFSL and/or FSL's/AFSL's designees, the detailed terms and conditions of which services shall be the same as already have been provided in the applicable agreement(s) by and between AFSL/FSL and the Company (if any) or shall be discussed and determined by the Parties.

5.2.2 TPH and TPH-A shall cause the Company to provide support services agreed upon by AFSL/FSL and the Company to FSL/AFSL and/or FSL's/AFSL's designees, with adequate consideration to the Company, the detailed terms and conditions of which services shall be the same as already have been provided in the applicable agreement(s) by and between AFSL/FSL and the Company (if any) or shall be discussed and determined by the Parties.

5.3 GaN Equipment. During the term of this Agreement, TPH-A/TPH shall be responsible for the costs and expenses agreed by the Parties to maintain and/or procure the equipment for wafer processing specified in the Appendix 2 attached hereto and as amended from time to time upon the mutual agreement of the Parties (the "**GaN Equipment**"). At TPH's sole option, TPH or TPH-A may purchase the GaN Equipment by completion of payment of the purchase price or depreciation cost for such equipment as set forth in Appendix 2. In such case: (i) TPH-A or TPH, as the case may be, shall acquire sole and exclusive title to the GaN Equipment, free and clear of all Encumbrances, and none of FSL, AFSL or the Company shall have any right, title or interest in such GaN Equipment, (ii) such GaN Equipment shall be clearly labeled as the property of TPH-A or TPH, as the case may be, and (iii) FSL and AFSL shall cause to be assigned to TPH-A or TPH, as the case may be, all licenses and warranties for such GaN Equipment and the software or firmware required to operate such GaN Equipment that are attached to, installed on, or embodied in such GaN Equipment as of the Effective Date. During the term if this Agreement, the GaN Equipment shall be used exclusively in GaN wafer processing, and shall not be used in the silicon wafer processing for AFSL's or FSL's current products. In the event that the Company needs to use the GaN Equipment to provide products or services to any customer other than TPH-A or TPH or their Affiliates prior to the Put Closing Date or the Call Closing Date, the Company shall reimburse TPH-A or TPH for the use of such equipment in the manner to be discussed in good faith and agreed upon by the Parties, which reimbursement may be offset against amounts otherwise owing from TPH-A or TPH, as the case may be, to the Company.

5.4 Ancillary Agreements. Prior to the Effective Date, the Parties shall take any actions necessary to cause the Wafer Supply Agreement, the AFSW Secondment Agreement, TPH-J Secondment Agreement, the Joinder Agreement and the Process Development Amendment to go into effect as of the Effective Date.

5.5 Other Existing Agreements. The Parties shall ensure that the following agreements stay in full force and effect without modification during the term of this Agreement unless they are terminated or modified pursuant to the terms and conditions thereunder:

5.5.1 the Intellectual Property License Agreement, dated November 28, 2013, by and between TPH and Fujitsu Limited;

5.5.2 the Secondment Agreement, dated as of January 31, 2014, by and between Fujitsu Limited and TPH-J; and

5.5.3 the Fujitsu intercompany license agreement and Fujitsu intercompany services agreement.

5.6 Ownership of IP. The Parties agree that the ownership of Intellectual Property Rights in technology developed by or for the Company pursuant to an Ancillary Agreement shall be governed by such Ancillary Agreement.

5.7 Sufficiency of IP. FSL and AFSL represent and warrant that, as of the Put Closing Date or the Call Closing Date, the Intellectual Property Rights owned by the Company, together with the Intellectual Property Rights licensed to TPH pursuant to the Amended Process Development Agreement shall constitute all Intellectual Property Rights owned by FSL, AFSL, Fujitsu Limited or their Affiliates that are or will be necessary for the continued operation of the Business for GaN Wafers following the Put Closing Date or Call Closing Date in the manner conducted as of the Put Closing Date or Call Closing Date, as applicable. For the avoidance of doubt, the Business does not include the Company's performance of the Funded Work.

5.8 Cooperation. The Parties shall cooperate reasonably with each other to obtain and maintain all necessary approvals and registrations to effect this Agreement and all related agreements and documents; provided, however, that the Parties shall not be required to change any provision of this Agreement to obtain or maintain any such approvals or registrations.

5.9 Delivery of Financial Statements; Inspection Rights. The Parties shall cause the Company to deliver to each Party, at the Company's expense, (i) annual audited and quarterly and monthly unaudited financial statements prepared in accordance with Japanese GAAP consistently applied, including any independent auditor's report or opinion thereon, if any, and (ii) any information necessary to enable a Party to prepare consolidated financial statements, in each case within sixty (60) days after the end of each fiscal year of the Company and within thirty (30) days after the end of each quarterly accounting period of the Company and calendar month. Each Party will indemnify the Company and hold it harmless for, from and against any claims, demands, costs or expenses arising out of or relating to such consolidated financial statements, provided that such indemnity shall not apply to claims, demands, costs or expenses to the extent they are related to the Company's financial statements provided to such Party. In addition to any inspection rights granted under Law, upon notice to the Company of at least twenty-four (24) hours, each Party shall have full access to all properties, books of account, and records of the Company.

5.10 TPH's Stockholder Approval. TPH shall obtain approval of the acquisition of the Option Shares (as defined in the SPA) from the requisite stockholders of TPH in accordance with Delaware Law and TPH's Certificate of Incorporation and Bylaws, which approval shall have been obtained prior to the Effective Date, to the extent such an approval is permissible under Delaware Law.

ARTICLE VI
RIGHTS AND OBLIGATIONS OF FSL, TPH AND TPH-A

6.1 FSL. FSL, as a one hundred percent (100%) shareholder of AFSL, shall cause AFSL to perform all obligations of AFSL hereunder.

6.2 TPH. Until TPH-A is incorporated and made a party hereto, TPH shall assume all obligations of TPH-A hereunder. After TPH-A is incorporated and made a party hereto, TPH, as a one hundred percent (100%) shareholder of TPH-A, shall cause TPH-A to perform all obligations of TPH-A hereunder.

6.3 TPH-A. TPH shall cause TPH-A to execute and deliver a joinder agreement to the Parties substantially in the form attached hereto as Exhibit A (the "**Joinder Agreement**"), and TPH-A shall agree to be bound by the terms and conditions of this Agreement and the SPA to be performed and complied with by TPH-A by executing and delivering the Joinder Agreement.

ARTICLE VII
TERM AND TERMINATION

7.1 Termination Prior to the Effective Date. This Agreement may be terminated prior to the Effective Date, and the Joint Venture and the other transactions contemplated by this Agreement may be abandoned at any time prior to the Effective Date (by written notification with respect to Sections 7.1.2 to 7.1.5 below), notwithstanding any requisite approval of this Agreement and the transactions contemplated by this Agreement, as follows:

7.1.1 by mutual written consent duly executed by FSL and AFSL on the one hand, and TPH-A and TPH on the other hand;

7.1.2 by either FSL or AFSL on the one hand, and TPH-A or TPH on the other hand, if the Effective Date shall not have occurred on or before September 30, 2017 (the "**Long Stop Date**"), provided, however, that the right to terminate this Agreement under this Section 7.1.2 shall not be available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Date to occur on or before the Long Stop Date; provided, however, in the event that any required waiting period (and any extension thereof) under the applicable Laws relating to the transactions contemplated hereby shall not have expired or terminated early before the Long Stop Date, the Long Stop Date shall be extended until December 31, 2017;

7.1.3 by either FSL or AFSL on the one hand, and TPH-A or TPH on the other hand, upon the issuance of any Order which is final and nonappealable which would (i) prevent the consummation of the sale of the Shares under the SPA, (ii) prohibit TPH or TPH-A's ownership or operation of any portion of the business of the Company, or (iii) compel FSL, AFSL or the Company

on the one hand, and TPH-A or TPH on the other hand, to dispose of or hold separate, as a result of the Joint Venture, any portion of the business or assets of the Company;

7.1.4 by FSL or AFSL upon a breach of any representation, warranty, covenant or agreement on the part of TPH or TPH-A set forth in this Agreement or the SPA, or if any representation or warranty of TPH or TPH-A in this Agreement or the SPA shall have become untrue, in either case such that the conditions set forth in Article 7.2 of the SPA would not be satisfied ("**Terminating TPH Breach**"); provided, however, that, if such Terminating TPH Breach is curable by TPH or TPH-A through the exercise of such Party's reasonable best efforts and for so long as such Party continues to exercise such reasonable best efforts, FSL or AFSL may not terminate this Agreement under this Section 7.1.4 unless such breach is not cured within thirty (30) days after written notice thereof is provided by FSL or AFSL to TPH and TPH-A pursuant to Section 11.7 (but no cure period is required for a breach which, by its nature, cannot be cured); or

7.1.5 by TPH or TPH-A upon a breach of any representation, warranty, covenant or agreement on the part of FSL or AFSL set forth in this Agreement or the SPA, or if any representation or warranty of FSL or AFSL in this Agreement or the SPA shall have become untrue, in either case such that the conditions set forth in Article 7.1 of the SPA would not be satisfied ("**Terminating FSL Breach**"); provided, however, that, if such Terminating FSL Breach is curable by FSL or AFSL through the exercise of such Party's reasonable best efforts and for so long as such Party continues to exercise such reasonable best efforts, TPH or TPH-A may not terminate this Agreement under this Section 7.1.5 unless such breach is not cured within thirty (30) days after written notice thereof is provided by TPH or TPH-A to FSL and AFSL pursuant to Section 11.7 (but no cure period is required for a breach which, by its nature, cannot be cured).

7.2 Effect of Termination Prior to the Effective Date. In the event of termination of this Agreement pursuant to Section 7.1, this Agreement shall forthwith become void and of no further force and effect, there shall be no liability under this Agreement on the part of any Party or any of their respective officers or directors, and all rights and obligations of each Party hereto shall cease; provided, however, that (i) Section 11.4 and Section 11.6 shall remain in full force and effect and survive any termination of this Agreement and (ii) nothing herein shall relieve any Party from liability for the willful breach of any of its representations or warranties or the breach of any of its covenants or agreements set forth in this Agreement.

7.3 Termination After the Effective Date.

7.3.1 After the Effective Date, this Agreement may be terminated on the date that the first of the following shall occur:

(i) by mutual written consent duly executed by FSL and AFSL on the one hand, and TPH-A and TPH on the other hand;

(ii) By FSL/AFSL or TPH/TPH-A, if there is only one (1) shareholder, whatsoever the reason, in the Company;

(iii) If the Put Option or Call Option is exercised, one (1) Business Day after the Put Closing Date or Call Closing Date, as applicable;

(iv) By TPH/TPH-A, if FSL/AFSL has not exercised the Put Option within one hundred eighty (180) days of the Option Starting Date; or

(v) By FSL/AFSL and TPH/TPH-A, if there is a change in the Control of the other and the acquiring/succeeding entity causing such change in the Control is an entity that may be reasonably believed to be objectionable to the Japanese Government and/or FSL including FSL's Affiliates in case of the termination by FSL/AFSL or the US Government and/or TPH in case of the termination by TPH/TPH-A, termination to be effective upon thirty (30) days' notice of termination. By way of example only, an entity that deals in weapons or weapon systems directly or indirectly may be deemed as such objectionable entity.

7.3.2 In the event that any one of the following events applies to a Party, the other Party(ies) shall have the right to terminate this Agreement at any time:

(i) it has breached any provisions of this Agreement and, after having received a written notice to cure the breach from the other Party(ies), has failed to cure such breach within thirty (30) days after the receipt of such notice;

(ii) it has been subject to attachment, provisional disposition or has been subject to a procedure for the collection of a tax delinquency; or

(iii) a petition for the commencement of any bankruptcy, civil rehabilitation, or corporation liquidation procedure has occurred.

7.4 Dissolution and Winding-up. In case where this Agreement is terminated pursuant to Section 7.3 (except for the cases of Section 7.3.1(ii) and (iii), and the cases where a Shareholder has exercised the right as specified in Section 7.4 or 7.5), the Company shall be dissolved and wound up unless otherwise agreed by the Parties. In the absence of mutual agreement of the Parties to dissolve and wind up the Company on such terms and conditions as they shall determine, the business and affairs of the Company shall be dissolved and wound up in accordance with the Laws then in effect.

7.5 Shareholder Calls Upon Breach.

7.5.1 Calls by AFSL. If, after the Effective Date, TPH or TPH-A shall have materially breached any of its representations or warranties contained in this Agreement or shall have failed to comply in any material respect with any of the other covenants or agreements contained in this Agreement, which breach or failure shall not have been remedied within thirty (30) days after written notice thereof (the "**Default Notice**") has been given by AFSL to TPH/TPH-A, then AFSL shall have the option of purchasing from TPH-A, and TPH-A shall be obligated to sell, all of the Shares then owned by TPH-A at a purchase price per Share equal to the lesser of: (i) the Net Book Value as of the most recent month end (*provided that*, if the Net Book Value is a negative amount, the product of the Net Book Value multiplied by such Sale Shares shall be deemed to be one Japanese Yen (¥1)), or (ii) the Shares Purchase Price, *divided by* the number of Sale Shares. AFSL shall provide written notice of its election (the "**Election Notice**") to purchase the Shares owned by TPH-A within ten (10) Business Days following the expiration of the thirty (30) day cure period set forth in the Default Notice. The closing of the purchase of the Shares owned by TPH-A

shall take place within thirty (30) Business Days following the date of the Election Notice, or at such other time as the Parties may mutually agree. At such closing, AFSL shall deliver to TPH-A, by wire transfer, the full amount of the purchase price in Japanese Yen for such Shares as provided in this Section 7.5.1 against delivery by TPH-A of the following: (a) a sale agreement in form reasonably satisfactory to AFSL containing among other things, a representation and warranty of TPH-A that it is, and AFSL shall be, the beneficial owner of such Shares, with good title thereto, free and clear of all liens and other encumbrances; (b) documentary evidence reasonably satisfactory to AFSL of the transfer to it of all of TPH-A's Shares and (c) resignations of all Directors, if any, on the Board appointed by TPH-A. Notwithstanding the remedies provided in this Section 7.5.1, AFSL/FSL shall be entitled to all other remedies against TPH/TPH-A available at law or equity or under this Agreement.

7.5.2 Calls by TPH-A. If, after the Effective Date, FSL or AFSL shall have materially breached any of its representations or warranties contained in this Agreement or shall have failed to comply in any material respect with any of the other covenants or agreements contained in this Agreement, which breach or failure shall not have been remedied within thirty (30) days after the Default Notice has been given by TPH-A to FSL/AFSL, then TPH-A shall have the option of purchasing from AFSL, and AFSL shall be obligated to sell, all of the Shares then owned by AFSL at a purchase price per Share equal to the lesser of: (i) the Net Book Value as of the most recent month end (*provided that*, if the Net Book Value is a negative amount, the product of the Net Book Value multiplied by such Sale Shares shall be deemed to be one Japanese Yen (¥1)), or (ii) the Shares Purchase Price, *divided by* the number of Sale Shares. TPH-A shall provide the Election Notice to purchase the Shares owned by AFSL within ten (10) Business Days following the expiration of the thirty (30) day cure period set forth in the Default Notice. The closing of the purchase of the Shares owned by AFSL shall take place within thirty (30) Business Days following the date of the Election Notice, or at such other time as the Parties may mutually agree. At such closing, TPH-A shall deliver to AFSL, by wire transfer, the full amount of the purchase price in Japanese Yen for such Shares as provided in this Section 7.5.2 against delivery by AFSL of the following: (a) a sale agreement in form reasonably satisfactory to TPH-A containing among other things, a representation and warranty of AFSL that it is, and TPH-A shall be, the beneficial owner of such Shares, with good title thereto, free and clear of all liens and other encumbrances; (b) documentary evidence reasonably satisfactory to TPH-A of the transfer to it of all of AFSL's Shares and (c) resignations of all Directors, if any, on the Board appointed by AFSL. Notwithstanding the remedies provided in this Section 7.5.2, TPH/TPH-A shall be entitled to all other remedies against FSL/AFSL available at law or equity or under this Agreement.

7.6 Shareholder Calls Upon Bankruptcy After the Effective Date.

7.6.1 Calls by AFSL. After the Effective Date, in the event of (a) any distress, execution, sequestration or other process being levied or enforced upon TPH or TPH-A; (b) the adjudication of TPH or TPH-A as a bankrupt or insolvent subject to any insolvency or bankruptcy law; (c) the making by the TPH or TPH-A of an assignment for the benefit of creditors; (d) the suspension of payments or a moratorium on payments to creditors; or (e) the appointment of a receiver or judicial manager or trustee for the business or properties of TPH or TPH-A, then AFSL shall have the right to purchase the Shares of TPH-A in the same manner and subject to the same terms and conditions as specified in Section 7.5.1.

7.6.2 Calls by TPH-A. After the Effective Date, in the event of (a) any distress, execution, sequestration or other process being levied or enforced upon FSL or AFSL; (b) the adjudication of FSL or AFSL as a bankrupt or insolvent subject to any insolvency or bankruptcy law; (c) the making by the FSL or AFSL of an assignment for the benefit of creditors; (d) the suspension of payments or a moratorium on payments to creditors; or (e) the appointment of a receiver or judicial manager or trustee for the business or properties of FSL or AFSL, then TPH-A shall have the right to purchase the Shares of AFSL in the same manner and subject to the same terms and conditions as specified in Section 7.5.2.

7.7 Survival of Provisions After the Effective Date. Sections 11.4, 11.6, 11.7, 11.14 and 11.15 shall specifically survive the termination of this Agreement after the Effective Date. In case where this Agreement is terminated pursuant to Section 7.3.1(ii) and (iii), Section 9.4, Article X, and Section 11.5 shall also specifically survive the termination of this Agreement after the Effective Date.

7.8 Cooperation. During the term of the Joint Venture, each Party shall cooperate with the other and shall take all actions necessary in order to consummate any sale and purchase of Shares, or dissolution and winding up of the Company.

ARTICLE VIII
TRANSFER RESTRICTIONS

8.1 Restrictions on Transfers. Except as set forth in this Article VIII, prior to the Option Starting Date, without the prior written consent of the other Shareholders, no Shareholder may sell, assign, transfer, pledge, encumber or otherwise dispose of, by operation of Law or otherwise, any of its Shares, or rights in or associated with such Shares, and any purported sale, assignment, transfer, pledge, encumbrance or disposition by a Shareholder of its Shares in violation of this Article VIII shall be invalid and of no force and effect.

8.2 Permissible Transfers. AFSL shall be entitled at any time to transfer all but not a portion of the Shares registered in its name to FSL or any other entity Controlled by FSL, and TPH-A shall be entitled at any time to transfer all but not a portion of the Shares registered in its name to TPH or any other entity Controlled by TPH; provided that FSL (or such other entity Controlled by FSL) and TPH (or such other entity Controlled by TPH), as applicable, shall assume the obligations of AFSL and TPH-A, as applicable, hereunder, as set forth in Article VI.

ARTICLE IX
PUT OPTION AND CALL OPTION

9.1 AFSL's Right to Require the Purchase of the Shares by TPH or TPH-A.

9.1.1 As longs as AFSL and FSL are not in material and continuing breach of this Agreement or the Ancillary Agreements, FSL or AFSL may trigger the option to sell the Put Shares to TPH-A or its designee (the "**Put Option**") by providing a written notice of the exercise of the Put Option (the "**Put Exercise Notice**") simultaneously to the Company, TPH and TPH-A, which notice states (i) such Party's bona fide intention to exercise the Put Option, and (ii) the date on which such Party intends that the Put Closing Date occur.

9.1.2 FSL or AFSL may not exercise the Put Option for less than one hundred percent (100%) of the Shares held by both FSL and AFSL or any Affiliate of FSL or AFSL, as the case may be.

9.1.3 FSL and AFSL may not exercise the Put Option prior to the Option Starting Date nor more than one hundred eighty (180) days after the Option Starting Date.

9.1.4 The purchase price for the Put Shares (the "**Put Option Price**") shall be the greater of (x) the amount in Japanese Yen equal to the Net Book Value as of the most recently completed month end prior to the Put Closing Date, minus the Net Book Value as of the most recently completed month end prior to the Effective Date, multiplied by the number of Put Shares, or (y) one Japanese Yen (¥1).

9.1.5 Upon FSL's or AFSL's exercise of the Put Option, TPH-A shall be obliged to purchase or cause TPH-A's designees to purchase, and TPH shall be obliged to cause TPH-A or TPH-A's designees to purchase, the Put Shares in accordance with this Section 9.1. For the avoidance of doubt, the Put Option is the right of AFSL/FSL, and AFSL/FSL is not obliged to exercise the Put Option.

9.1.6 Completion of the sale and purchase of the Put Shares pursuant to the exercise of the Put Option by AFSL/FSL shall take place on the date specified in the Put Exercise Notice (which shall be a date after at least sixty (60) days from the date of the Put Exercise Notice) (the "**Put Closing Date**") and on which date:

(i) TPH-A shall, or shall cause its designees to, and TPH shall cause TPH-A or TPH-A's designees to, pay to AFSL the Put Option Price for the Put Shares by way of a bank transfer to the bank account as separately designated by AFSL; and

(ii) in exchange for which, AFSL shall deliver to TPH-A or its designees duly executed a letter of request to enter in the shareholder register of the Company the information that is required to be registered with regard to the Put Shares; and

9.1.7 AFSL and TPH-A shall cause the Board to approve the share transfer of the Put Shares on or prior to the Put Closing Date.

9.2 TPH-A's Right to Require the Purchase of the Shares from FSL or AFSL.

9.2.1 As longs as TPH-A and TPH are not in material and continuing breach of this Agreement or the Ancillary Agreements, TPH-A or TPH may trigger the option to purchase the Call Shares (the "**Call Option**") by providing a written notice of the exercise of the Call Option (the "**Call Exercise Notice**") simultaneously to the Company, FSL and AFSL, which notice states (i) such Party's bona fide intention to exercise the Call Option, and (ii) the date on which such Party intends that the Call Closing Date occur.

9.2.2 TPH or TPH-A may not exercise the Call Option for less than one hundred percent (100%) of the Shares held by both FSL and AFSL or any Affiliate of FSL or AFSL, as the case may be.

9.2.3 TPH-A and TPH may not exercise the Call Option prior to the Option Starting Date nor more than one hundred eighty (180) days after the Option Starting Date.

9.2.4 The purchase price for the Call Shares (the "**Call Option Price**") shall be the greater of (x) the amount in Japanese Yen equal to the Net Book Value as of the most recently completed month end prior to the Call Closing Date, minus the Net Book Value as of the most recently completed month end prior to the Effective Date, multiplied by the number of Call Shares, or (y) one Japanese Yen (¥1).

9.2.5 Upon TPH-A's or TPH's exercise of the Call Option, AFSL/FSL shall be obliged to sell, or cause the holder of the Call Shares to sell, the Call Shares to TPH-A or its designee in accordance with this Section 9.2. For the avoidance of doubt, the Call Option is the right of TPH-A and TPH-A is not obliged to exercise the Call Option.

9.2.6 Completion of the sale and purchase of the Call Shares pursuant to the exercise of the Call Option by TPH-A/TPH shall take place on the date specified in the Call Exercise Notice (which shall be a date after at least sixty (60) days from the date of the Call Exercise Notice) (the "**Call Closing Date**") and on which date:

(i) TPH-A shall, or shall cause its designees to, and TPH shall cause TPH-A or TPH-A's designees to, pay to AFSL the Call Option Price for the Call Shares by way of a bank transfer to the bank account as separately designated by AFSL; and

(ii) in exchange for which, AFSL shall deliver to TPH-A or its designees duly executed a letter of request to enter in the shareholder register of the Company the information that is required to be registered with regard to the Call Shares.

9.2.7 AFSL and TPH-A shall cause the Board to approve the share transfer of the Call Shares on or prior to the Call Closing Date.

9.3 Conditions to Put Option or Call Option Closing. Each Party's obligation to complete the Put Option or Call Option at the Put Closing Date or Call Closing Date, as applicable, is subject to the fulfillment on or before such Put Closing Date or Call Closing Date of each of the following conditions, unless waived in writing (where permissible) by the applicable party in such closing:

9.3.1 TPH's Stockholder Approval. The acquisition of the Option Shares (as defined in the SPA), shall have been approved and adopted by the requisite stockholders of TPH in accordance with Delaware Law and TPH's Certificate of Incorporation and Bylaws, which approval shall have been obtained prior to the Effective Date, to the extent permissible under Delaware Law.

9.3.2 No Order. No Governmental Authority or court of competent jurisdiction located or having jurisdiction over any of the Parties in the United States shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, decree, judgment, injunction or other

order, whether temporary, preliminary or permanent (each an "**Order**") which is then in effect and has the effect of making the closing of the Put Option or Call Option, as applicable, illegal or otherwise prohibiting consummation of the Put Option or Call Option.

9.3.3 Governmental Approvals. All required authorizations, permits, consents, orders, actions or approvals of, or declarations or filings with, or expirations or terminations of waiting periods imposed by, any Governmental Authority in the United States, whether federal, state or local, that may be required, as well as any Governmental Authority in any other jurisdiction which the parties mutually agree in good faith is required to be obtained, in each case, to consummate the Put Option or Call Option, shall have been filed, occurred or been obtained, including that any required waiting period (and any extension thereof) under the Hart-Scott-Rodino Act relating to the transactions contemplated by the Put Option or Call Option shall have expired or been terminated early.

9.3.4 No Other Litigation. There shall not be pending any legal proceeding against or on behalf of any Party preventing or prohibiting or seeking to prevent or prohibit the closing of the Put Option or the Call Option, as applicable.

9.4 Other Obligations.

9.4.1 After the Put Closing Date or Call Closing Date, as applicable, the Parties shall use their best efforts to obtain and maintain all necessary approvals and registrations to effect this Agreement and all related agreements and documents; provided, however, that the Parties shall not be required to change any provision of this Agreement or the SPA, and no Party shall be required to divest any material business unless contemplated by this Agreement or the SPA.

9.4.2 For two (2) years after the Put Closing Date or Call Closing Date, as applicable, TPH shall make, and cause TPH-A to make, every best effort to maintain the employees of the Company.

9.4.3 The Directors appointed by FSL or AFSL shall take whatever steps as are necessary to resign effective as of the Put Closing Date or Call Closing Date, as applicable. Immediately after the Put Closing Date or Call Closing Date, as applicable, TPH-A, TPH and the Company shall be prohibited from using the logo, trademark, corporate name and other indications utilizing or showing the name of AFSL or its Affiliates (the "**Fujitsu Logos**"), and shall exclude the Fujitsu Logos from any material of the Company. TPH/TPH-A shall change the corporate name of the Company.

ARTICLE X
TREATMENT OF EMPLOYEES

10.1 New Terms and Conditions for Employment. The terms and conditions of employment of any person employed by the Company after the Put Closing Date or Call Closing Date, as applicable, shall be on terms and conditions satisfactory to the Company, TPH and TPH-A.

10.2 Representations and Warranties Regarding Employment. FSL and AFSL represent and warrant to TPH and TPH-A, as of the date hereof and as of the Put Closing Date or Call Closing Date, as applicable, that:

10.2.1 FSL, AFSL and the Company do not have any pension liability in respect of the Company's employees or the Company's pension plans;

10.2.2 there is no material labor dispute between FSL, AFSL or the Company, on the one hand, and the Company's employees, on the other hand or legal proceeding against FSL, AFSL or the Company related to the Company's employees; and

10.2.3 in the event of any liability to the Company's employees to the extent related to their employment by the Company, AFSL, FSL or AFSL/FSL's Affiliates prior to the Put Closing Date or Call Closing Date, as applicable, AFSL and FSL agree that such liability shall be borne solely by AFSL/FSL and not the Company or TPH-A/TPH.

ARTICLE XI
MISCELLANEOUS

11.1 No Partnership. None of the provisions of this Agreement shall be deemed to constitute a partnership between or among the Parties and they shall have no authority to bind one another or the Company in any way.

11.2 Limitations on Parties' Authority. None of the Parties shall have or hold itself out as having, any right, authority or agency to act on behalf of any other Party or the Company in any capacity or in any manner except as specifically authorized in this Agreement, and none of the Parties shall become liable to any other Parties or to any other Person by reason of any representation, action or omission of any other Party contrary to this provision. Without limiting the generality of the foregoing, in no event shall any Party have any liability or obligation for any debts, liabilities or contractual obligations of any other Party to any other Person and each Party agrees to indemnify and hold harmless any other Party as to such debts, liabilities and contractual obligations.

11.3 Indemnification.

11.3.1 Each Party agrees to indemnify, defend and hold harmless the Company and any other Party, its permitted successors and assigns, from and against any and all losses, liabilities, claims, damages, costs and expenses including reasonable legal fees and disbursements in connection therewith (collectively, "**Claims**") asserted against or incurred by the Company or such other Party which arise out of, result from, or may be payable by virtue of, any breach of any representation, warranty, covenant or agreement made or obligation required to be performed by the indemnifying Party pursuant to this Agreement. Notwithstanding the foregoing, claims related to the purchase of the Shares under the SPA shall be governed by the indemnification provisions set forth in the SPA.

11.3.2 In the case of a third party Claim which is subject to indemnification under this Section 11.3, the indemnifying Party shall be notified promptly in writing of the existence of any such Claim instituted at any time against or made upon the indemnified Party or the Company by any third party, and shall be given the opportunity to defend the same with counsel of its choice, in which defense the indemnified Party or the Company, as the case may be, shall cooperate. If the indemnifying Party, after notification, fails promptly to undertake such defense, then the indemnified Party, or the Company, as the case may be, may undertake the defense with counsel of its choice, in which case the indemnifying Party shall bear the cost of such defense, including reasonable legal

fees and disbursements in connection therewith, and shall pay the amount of any judgment or settlement.

11.4 Confidentiality.

11.4.1 All information, whether written or oral, relating to the Company, the Parties or their Affiliates, or their respective businesses or operations, which includes but is not limited to information obtained as a proprietary right ("**Confidential Information**"), disclosed by any Party (the "**Disclosing Party**") to any other Party (or its directors, officers, employees or representatives) shall be kept strictly secret and confidential and shall not be disclosed to any Person except to the extent that any such disclosure is necessary in connection with the performance of this Agreement, and except to the extent that (i) such information is known to such other Parties when received or is or subsequently becomes lawfully obtained from other sources; (ii) the duty as to confidentiality and non-use is waived in writing by the Disclosing Party; or (iii) disclosure of such information is required by applicable Laws or is validly ordered by a Governmental Authority. The Parties further agree that they shall not use, nor permit their respective Affiliates to use, any Confidential Information for any purpose whatsoever except in the manner expressly provided or contemplated in this Agreement. Notwithstanding the foregoing, the treatment of any Confidential Information disclosed pursuant to the Amended Process Development Agreement shall be governed solely by the Amended Process Development Agreement.

11.4.2 Each of the Parties agrees to take, and to cause its respective Affiliates and the Company to take, reasonably adequate security and precautionary measures to effect compliance with this Section 11.4 by directors, officers, employees and agents of each of the Parties, their respective Affiliates and the Company who are given access to Confidential Information.

11.4.3 Each of the Parties hereby acknowledges that the Disclosing Party would be irreparably harmed by a breach of this Section 11.4 and it would not be possible to estimate damages resulting from such a breach. The Parties agree that the Disclosing Party shall be entitled to injunctive relief to prevent a breach or continued breach of this Section 11.4, or any part of it, and to secure the enforcement of this Section 11.4 and shall be entitled to recover from the other Parties reasonable legal fees and all costs and expenses incurred in connection with such an action

11.5 Access to Company Information After the Put Closing Date or the Call Closing Date. In case it is necessary for AFSL/FSL to access to any materials or information of the Company prepared or otherwise made on or before the Put Closing Date or the Call Closing Date due to requirement by any Governmental Authority or any third party on or after the Put Closing Date or the Call Closing Date, then, TPH/TPH-A shall fully cooperate, and shall cause the Company to fully cooperate, with AFSL/FSL so that AFSL/FSL can access such materials or information.

11.6 Expenses. Except as otherwise expressly provided herein, Each Party shall pay their own expenses incurred in connection with the execution of this Agreement and their respective performance of the obligations provided for herein, including the expenses incurred by Directors nominated by the respective Shareholders in connection with attendance at meetings of the Board.

11.7 Notices. All notice, waivers and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or one (1) day after being sent by e-mail (with reasonable evidence of transmission) and followed by registered mail or an internationally recognized overnight courier service if those to be notified, including Shareholders, Directors and auditors, reside outside Japan, addressed to the Party to whom the notice is intended to be given at the addresses specified below:

(a) If to AFSL:
No.4 Kogyo Danchi, Monden-Machi, Aizu Wakamatsu, Fukushima, Japan
Aizu Fujitsu Semiconductor Limited
Attn: President and Representative Director

(b) If to FSL:
Shin-Yokohama Chuo Building, 2-100-45, Shin-Yokohama, Kohoku-Ku, Yokohama, Kanagawa, Japan
Fujitsu Semiconductor Limited
Attn: Head of Corporate Management Unit

(c) If to TPH:
75 Castilian Drive
Goleta, CA 93117, U.S.A.
Transphorm, Inc.
Attn: Chief Executive Officer

With a copy, which shall not constitute notice, to each of:

Wilson Sonsini Goodrich & Rosati, P.C.
650 Page Mill Road
Palo Alto, CA 94304-1050, U.S.A.
Attn: Mark Bertelsen and Julia Reigel

and

Mori Hamada & Matsumoto
Marunouchi Park Building,
2-6-1 Marunouchi, Chiyoda-ku,
Tokyo 100-8222, Japan
Attn: Masujima Masakazu

or to such other address or addresses as any such Party may from time to time designate by written notice. Notwithstanding the foregoing, the Parties acknowledge and agree that notice hereunder may be provided by e-mail, but such notice shall not be deemed effective unless and until the Party to whom such notice was delivered confirms, in writing, receipt of such notice.

11.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their permitted successors and assigns. Notwithstanding the foregoing, no rights, obligations or liabilities hereunder shall be assignable by a Party without prior written consent of all of the other Parties; provided, however, that a Party shall not unreasonably withhold its consent to the assignment of rights and obligations by the other Parties to its Affiliate if that Affiliate's performance has been guaranteed satisfactorily in form and substance by the assigning Party.

11.9 Waiver. No action taken pursuant to this Agreement shall be deemed to constitute a waiver of compliance with any representation, warranty, covenant or agreement contained in this Agreement and shall not operate or be construed as a waiver of a similar or dissimilar nature. A Party may by written notice (a) extend the time for performance of any of the obligations or other actions of any other Parties under this Agreement, (b) waive any inaccuracies in the representations or warranties of any other shareholder contained in this Agreement, or (c) waive or modify performance of any of the covenants or obligations of any other Parties under this Agreement.

11.10 Announcements. FSL, AFSL TPH and TPH-A shall consult and confer with each other prior to making any public announcement concerning any of the transactions contemplated in this Agreement.

11.11 Entire Agreement. This Agreement supersedes any previous agreement, whether written or oral, that may have been made or entered into by and among the Parties or any of them or their representatives relating to the matters contemplated hereby. This Agreement constitutes the entire agreement by and among the Parties with respect to the subject matter hereof.

11.12 Amendments. This Agreement may be amended or supplemented only by written agreement signed by the Parties.

11.13 Limitations on Rights of Third Persons. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person other than the Parties any rights or remedies under or by reason of this Agreement or any transaction contemplated hereby, except the permitted assigns of the Parties.

11.14 Governing Law; Language. The English text of this Agreement shall control any interpretation of its provisions, and this Agreement and the legal relations among the Parties and the Company shall in all respects be interpreted, construed and governed by and in accordance with the laws of Japan.

11.15 Resolution of Disputes.

11.15.1 The Parties shall attempt in good faith to resolve any and all disputes arising out of or relating to this Agreement through friendly consultations. If the Parties cannot resolve the dispute through friendly consultation, the provisions of Section 11.15.2 to Section 11.15.4 shall apply with respect to such dispute.

11.15.2 Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity hereof, shall be finally resolved exclusively by arbitration administered by the Hong Kong International Arbitration Centre ("**HKIAC**"). The arbitration shall be conducted in accordance with the HKIAC Administered Arbitration Rules in effect at the time of the arbitration, except as they may be modified by mutual agreement of the

Parties. The seat of the arbitration shall be Hong Kong. The arbitration shall be conducted in the English language.

11.15.3 The arbitration shall be conducted by three (3) arbitrators. The Party initiating arbitration (the "**Claimant**") shall appoint an arbitrator in its request for arbitration (the "**Request**"). The other Party to the arbitration (the "**Respondent**") shall appoint an arbitrator within thirty (30) days of receipt of the Request and shall notify Claimant of such appointment in writing. The first two (2) arbitrators appointed in accordance with this provision shall appoint a third arbitrator, who shall act as chair of the tribunal. The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the Parties. The award may include an award of costs, including, without limitation, reasonable attorneys' fees and disbursements. In addition to monetary damages, the arbitral tribunal shall be empowered to award equitable relief.

11.15.4 The Parties agree that the arbitration shall be kept confidential, and that the costs of arbitration shall be borne by the losing Party unless otherwise determined by the arbitration award. All payments made pursuant to the arbitration decision or award and any judgment entered thereon shall be made in United States dollars, free from any deduction, offset or withholding for taxes.

11.15.5 Notwithstanding this Section 11.15 or any other provision to the contrary in this Agreement, no Party shall be obligated to follow the foregoing arbitration procedures where such Party intends to apply to any court of competent jurisdiction for an interim injunction or similar equitable relief against any other Party, provided there is no unreasonable delay in the prosecution of that application.

11.15.6 When any dispute occurs and when any dispute is under litigation or arbitration, except for the matters in dispute, the Parties shall continue to fulfill their respective obligations and shall be entitled to exercise their rights under this Agreement. However, this provision shall not apply to rights or obligations extinguished in connection with a valid termination of this Agreement.

11.15.7 Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. Except as set forth above, each of the Parties hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

11.16 Severability. Each section and subsection of this Agreement constitutes a separate and distinct undertaking or provision hereof. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Laws. In the event that any provision of this Agreement shall finally be determined by a competent court or tribunal to be unlawful or unenforceable, such provision shall be deemed severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect, and in substitution for any such provision held unlawful or unenforceable, there shall be substituted a provision of similar import reflecting the original intent of the Parties to the extent permissible under applicable Laws.

11.17 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. The signature of each Party may be evidenced by an electronic (e.g., pdf) copy of this Agreement bearing such signature and transmitted to the other Parties. Such signature shall be valid and binding as if an original executed copy of this Agreement has been delivered.

11.18 Titles and Headings. Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

11.19 Counsel only to TPH and TPH-A. Wilson Sonsini Goodrich & Rosati, P.C. ("**WSGR**") and Mori Hamada & Matsumoto ("**MHM**") are counsel solely to TPH-A and TPH. The other Parties to the Agreement acknowledge that they are not relying on WSGR or MHM for advice in connection with the matters related to this Agreement and the transactions contemplated hereby, and that they have had the opportunity consult counsel of their own choosing and have elected not to do so.

[Signature pages follow]

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized officers to execute this Agreement as of the day and year first above written.

Aizu Fujitsu Semiconductor Limited

By:	/s/ Atsuo Shimizu
Name:	Atsuo Shimizu
Title:	President and Representative Director

Fujitsu Semiconductor Limited

By:	/s/ Kagemasa Magaribuchi
Name:	Kagemasa Magaribuchi
Title:	President and Representative Director

Transphorm, Inc.

By:	/s/ Mario Rivas
Name:	Mario Rivas
Title:	Chief Executive Officer

EXHIBIT A
FORM OF JOINDER AGREEMENT

This JOINDER (this "Joinder"), dated as of [● ●], 2017, is delivered pursuant to (a) Section 6.3 of that certain Joint Venture Agreement dated as of May 23, 2017, by and among Aizu Fujitsu Semiconductor Limited (the "Seller"), Fujitsu Semiconductor Limited ("FSL") and Transphorm, Inc. ("TPH") (as such agreement may be amended, supplemented or modified from time to time in accordance with its terms, the "Joint Venture Agreement") and (b) Section 5.3.2 of that certain Shares Purchase Agreement dated as of May 23, 2017, by and among the Seller, FSL and TPH (as such agreement may be amended, supplemented or modified from time to time in accordance with its terms, the "Shares Purchase Agreement"). The undersigned, [●], a Japanese corporation ("TPH-A") hereby agrees that this Joinder may be attached to each of the Joint Venture Agreement and the Shares Purchase Agreement.

1. Joinder to Joint Venture Agreement. TPH-A, by executing and delivering this Joinder, hereby becomes a party to the Joint Venture Agreement in the capacity of "TPH-A" as defined therein in accordance with Section 6.3 thereof, and agrees to be bound by all of the terms and conditions thereof (including without limitation all of the representations and warranties and covenants of TPH-A therein to be made or performed, as applicable, from and after the date hereof), in each case as if the undersigned were a direct signatory thereto.

2. Joinder to Shares Purchase Agreement. TPH-A, by executing and delivering this Joinder, hereby becomes a party to the Shares Purchase Agreement in the capacity of the "Purchaser" as defined therein in accordance with Section 5.3.2 thereof, and agrees to be bound by all of the terms and conditions thereof (including without limitation all of the representations and warranties and covenants of the Purchaser therein to be made or performed, as applicable, from and after the date hereof), in each case as if the undersigned were a direct signatory thereto.

3. Representations and Warranties. TPH-A hereby represents and warrants that:

a. TPH-A has all requisite power and authority to enter into this Joinder and to perform its covenants and obligations hereunder; and

b. The execution and delivery of this Joinder and the performance by TPH-A of its covenants and obligations hereunder have been duly authorized by all necessary action on the part of TPH-A and no further action is required on the part of TPH-A to authorize this Joinder or the performance by TPH-A of its covenants and obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be duly executed and delivered by its officer thereunto duly authorized as of [● ●], 2017.

[●], a Japanese corporation

By: _____
Name: _____
Title: _____

APPENDIX 1

Key Employees

Department	Employee ID	Name	Date of hiring	Title
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	Manager
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	
ＡＦＳＷ製造）技術課	[***]	[***]	[***]	

Name	**Current Employment**
[***]	Seconded to TPH-J
[***]	Seconded to TPH-J
[***]	TPH-J
[***]	Seconded to TPH-J
[***]	Seconded to TPH-J
[***]	Seconded to TPH-J
[***]	TPH-J
[***]	Seconded to TPH-J
[***]	Seconded to TPH-J
[***]	Seconded to TPH-J
[***]	Seconded to TPH-J
[***]	Seconded to TPH-J

APPENDIX 2

GaN Equipment

No	Asset ID	Tool name	Tool ID	Application
1	I12026102439	[***]	[***]	[***]
2	I12016100800	[***]	[***]	[***]
3	I12016100427	[***]	[***]	[***]
4	I12016100801	[***]	[***]	[***]
5	I14086159094	[***]	[***]	[***]
6	I14086159092	[***]	[***]	[***]

			Invoice Amount																						
Item	Specification	Last Invoice Month	2017/06	2017/07	2017/08	2017/09	2017/10	2017/11	2017/12	2018/01	2018/02	2018/03	2018/04	2018/5	2018/6	2018/7	2018/8	2018/9	2018/10	2018/11	2018/12	2019/01	2019/02	2019/03	2019/04
[***]	[***]	201804	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]												
[***]	[***]	201802	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]														
[***]	[***]	201803	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]													
[***]	[***]	201804	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]												
[***]	[***]	201807	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]									
[***]	[***]	201802	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]														
[***]	[***]	201802	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]														
[***]	[***]	201802	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]														
[***]	[***]	201804	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]												
[***]	[***]	201804	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]												
[***]	[***]	201804	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]												
[***]	[***]	201802	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]														
[***]	[***]	201802	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]														
[***]	[***]	201804	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]												
[***]	[***]	201804	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]												
[***]	[***]	201803	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]													
[***]	[***]	201803	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]													
[***]	[***]	201802	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]														
[***]	[***]	201803	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]													
[***]	[***]	201803	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]													
[***]	[***]	201803	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]													
[***]	[***]	201803	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]													
[***]	[***]	201810	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]						
[***]	[***]	201812	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]				
[***]	[***]	201902	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]		
[***]	[***]	201904	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	201904	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	201904	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	201904	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	201904	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	201904	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	201904	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	201711	[***]	[***]	[***]	[***]	[***]	[***]																	

CONFIDENTIAL

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

AMENDMENT TO THE JOINT VENTURE AGREEMENT

This AMENDMENT TO THE JOINT VENTURE AGREEMENT ("**Amendment**"), effective September 1, 2018 ("**Effective Date**"), is by and between Aizu Fujitsu Semiconductor Limited having its principal place of business at No.4 Kogyo Danchi, Monden-Machi, Aizu Wakamatsu, Fukushima, Japan ("**AFSL**"), Fujitsu Semiconductor Limited, having its principal place of business at 2-100-45 Shin-Yokohama, Kohoku-Ku, Yokohama, Kanagawa, Japan ("**FSL**"), Transphorm, Inc., having its principal place of business at 75 Castilian Drive, Goleta, CA 93117, USA ("**TPH**") and Transphorm Aizu, Inc., having its principal place of business at 2-5-15 Shin-Yokohama, Kohoku-Ku, Yokohama, Kanagawa, Japan ("**TPH-A**"). AFSL, FSL, TPH and TPH-A are collectively referred to as the "**Parties**" and individually, a "**Party**".

WHEREAS, AFSL, FSL and TPH have entered into the Joint Venture Agreement, dated as of May 23rd, 2017 ("**Agreement**");

WHEREAS, TPH-A has become a party to the Agreement by executing and delivering the Joinder Agreement, dated as of June 29th, 2017; and

WHEREAS, the Parties desire to amend the certain portion of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree to amend the Agreement as follows:

1. The fourth sentence of Section3.3.2 of the Agreement shall be deleted in its entirety and replaced with the following:

   "From and after the Effective Date of this Agreement, as soon as it becomes practicable after the end of each quarter, but not later than thirty (30) days thereafter, the Parties shall review the actual revenue of the Company versus the Business Plan based on the wafer loading by each of FSL/AFSL and TPH/TPH-A for the previous quarter, and if there are any shortfalls in revenue from the Business Plan in such quarter, the compensation for such shortfalls ("**On-going Compensation**") shall be made by a Party who caused such shortfalls to the Company within sixty (60) days after the end of such quarter.

2. From and after the Effective Date of this Agreement, the Business Plan shall be as set forth in Appendix 1. Notwithstanding anything contrary to the Agreement, the amount of On-going Compensation will be equal to the fixed costs of the Company during the applicable quarter resulting from shortfalls in the number of wafers to be purchased by each Party in that quarter from the Business Plan (rev.2) attached hereto as Appendix 1, and based on the principle of calculating On-going Compensation based on the fixed cost impact as shown in Appendix 2.

3. All capitalized terms used and not otherwise defined in this Amendment shall have the same meanings set forth in the Agreement. Except as otherwise expressly modified or amended herein, all terms and conditions contained in the Agreement, shall remain in full force and effect and shall not be altered or changed by this Amendment. The Agreement, as amended by this Amendment, shall constitute the entire agreement of the Agreement. In case that any conflict arises between the clauses of this Amendment and those in the Agreement, the clauses in this Amendment shall prevail.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

Aizu Fujitsu Semiconductor Limited

BY: /s/ Atsuo Shimizu

NAME: Atsuo Shimizu

TITLE: President and Representative Director

Fujitsu Semiconductor Limited

BY: /s/ Kagemasa Magaribuchi

NAME: Kagemasa Magaribuchi

TITLE: President and Representative Director

Transphorm, Inc.

BY: /s/ Mario Rivas

NAME: Mario Rivas

TITLE: Chief Executive Officer

Transphorm Aizu, Inc.

BY: /s/ Primit Parikh

NAME: Primit Parikh

TITLE: Representative Director

Appendix 1

Business plan (rev.2)

Unit: Pcs

Revenue	FY2017	FY2018	FY2019	JV period	
FSL		[***]	[***]	[***]	[***]
Sale compensation		[***]	[***]	[***]	[***]
TPH total		[***]	[***]	[***]	[***]
MO-CVD		[***]	[***]	[***]	[***]
Si		[***]	[***]	[***]	[***]
investment		[***]	[***]	[***]	[***]
Sales compensation		[***]	[***]	[***]	[***]
(Exchange fluctuation)		[***]	[***]	[***]	[***]
TPH total		[***]	[***]	[***]	[***]
total		[***]	[***]	[***]	[***]

Unit: MJPY

P/L	FY2017	FY2018	FY2019	JV period	
F S L		[***]	[***]	[***]	[***]
T P H		[***]	[***]	[***]	[***]
Revenue		[***]	[***]	[***]	[***]
Expenses		[***]	[***]	[***]	[***]
Inventory		[***]	[***]	[***]	[***]
Operating P/L		[***]	[***]	[***]	[***]
Non-operating P/L		[***]	[***]	[***]	[***]
Income Before Tax		[***]	[***]	[***]	[***]
Tax		[***]	[***]	[***]	[***]
Net income		[***]	[***]	[***]	[***]

Appendix 2

FY2018~9

Business Plan rev3 Revenue compensation (vs Business Plan rev2)

Unit; M JPY

			Report in May	+O Decrease in Revenue +O, Variable cost Review	+Oƒ Expenses Review ð Business Plan rev3
Revenue	FSL		[***]	[***]	[***]
	TPH	si		[***]	[***]
		MO-CVD		[***]	[***]
Expenses decrease		Allocation not MO-CVD	[***]	[***]	[***]
		MO-CVD		[***]	[***]

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

SUPPLY AGREEMENT

This Supply Agreement ("**Agreement**") is made and entered into as of April 4, 2018 ("**Effective Date**") by and between **Nexperia B.V.**, having its principal offices located at Jonkerbosplein 52, 6534AB Nijmegen, The Netherlands ("**Nexperia**"), and **Transphorm, Inc.** with its principal offices located at 115 Castilian Drive, Goleta, CA 93117 ("**Transphorm**"). Nexperia and Transphorm also are hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**."

WHEREAS, Nexperia is engaged in the business of designing, manufacturing and selling a broad range of semiconductor devices;

WHEREAS, Transphorm is engaged in the business of designing, developing and selling GaN-based products manufactured utilizing Transphorm's proprietary processes of wafer fabrication, including Epi Wafers, Processed Wafers and Packaged Products (each as defined below);

WHEREAS, the Parties have also entered into that certain Development and License Agreement dated as of April 4, 2018 (the "**DLA**"), pursuant to which Transphorm has agreed to develop and transfer to Nexperia certain manufacturing process technologies (other than the Epi Process) to enable Nexperia to manufacture GaN-based products at Nexperia's facilities using such transferred manufacturing process technologies ("**Transferred Processes**"); and

WHEREAS, Nexperia wishes to purchase from Transphorm Epi Wafers, Processed Wafers and Packaged Products, and Transphorm wishes to purchase from Nexperia Processed Wafers and Packaged Products.

NOW, THEREFORE, in consideration of the above promises and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1: DEFINITIONS

When used in this Agreement, the following words and expressions shall have the meaning as stated below, unless the context otherwise requires:

1.1. "**Affiliates**" means, with respect to a Party, any corporation, partnership, limited liability company or other entity, which is Controlled by such Party. "**Control**" and its correlates means: (a) the ownership, directly or indirectly, of at least fifty percent (50%) of the issued voting securities of an entity; or (b) the possession, directly or indirectly, of the legal power to direct or cause the direction of the general management and policies of an entity or the power to elect or appoint at least fifty percent (50%) or more of the members of the governing body of the entity, whether through the

ownership of voting securities, by contract or otherwise. An entity may be considered an Affiliate only when such control exists.

1.2. "**Automotive Field**" shall have the meaning given to that term in the DLA.

1.3. "**Confidential Information**" shall have the meaning set forth in Section 10.1.

1.4. "**Discloser**" shall have the meaning set forth in Section 10.1.

1.5. "**Epi Process**" shall mean Transphorm's proprietary process of layering an epitaxial layer on a silicon layer.

1.6. "**Epi Wafers**" shall mean wafers manufactured using the Epi Process.

1.7. "**Initial Term**" shall have the meaning set forth in Section 13.1.

1.8. "**Intellectual Property Rights**" shall mean rights in or to any patents, utility models, trade secrets, registered and unregistered designs, mask works, copyrights, database rights, moral rights and any other form of protection afforded by law to inventions, models, designs or Confidential Information, as well as any registrations, applications, divisions, continuations, re-examinations, renewals or reissues of any of the foregoing, but excluding any and all rights with respect to trademarks, trade names, logos, service marks and other indicia of origin.

1.9. "**Nexperia Product(s)**" means the Processed Wafers and Packaged Products manufactured by or for Nexperia and/or its Affiliates.

1.10. "**Order**" shall have the meaning set forth in Section 3.1.

1.11. "**Packaged Products**" shall mean semiconductor devices manufactured using a Transferred Process.

1.12. "**Prices**" shall have the meaning set forth in Section 6.1.

1.13. "**Processed Wafers**" shall mean wafers processed by either Party or its Affiliates at their respective foundries.

1.14. "**Product(s)**" shall mean Nexperia Product(s) and/or Transphorm Product(s).

1.15. "**Qualification Period**" shall mean the period commencing on the Effective Date and ending on the completion of the process transfer contemplated by the DLA.

1.16. "**Qualification Products**" shall mean Processed Wafers and Packaged Products provided by Transphorm or its Affiliates to Nexperia for Nexperia's internal evaluation and/or qualification purposes during the Qualification Period.

1.17. "**Recipient**" shall have the meaning set forth in Section 10.1.

1.18. "**Renewal Term**" shall have the meaning set forth in Section 13.1.

1.19. "**Technology**" shall mean any and all know how, trade secrets, drawings, specifications, photographs, samples, models, processes, procedures, instructions, software, reports, papers, correspondence and any other technical and/or commercial information, data and documents of any kind, including oral information.

1.20. **"Term"** shall have the meaning set forth in Section 13.1.

1.21. **"Tier One Automotive Customer"** means a third party, other than Nexperia or its Affiliates, to an OEM Automotive Customer.

1.22. "**Transphorm IP**" means all Intellectual Property Rights owned, controlled or Licensable by Transphorm or its Affiliates.

1.23. "**Transphorm Product(s)**" has the Epi Wafers, Processed Wafers and Packaged Products manufactured by or for Transphorm and/or its Affiliates.

1.24. **"GQA"** shall mean the Quality Management System defined in the general quality agreement either attached to this Agreement as Exhibit F or mutually agreed between the Parties as soon as reasonably practicable after the Effective Date, and applicable to all Products delivered under this Agreement.

1.25. **"TPS"** shall mean the Technical Purchase Specification document agreed between the Parties for each Product, the format of which is attached as Exhibit E.

1.26. "**Warranty Period**" shall mean the following period following shipment of a Product by the selling Party: 2 years with respect to Packaged Products, and 1 year with respect to Epi Wafers and Processed Wafers.

ARTICLE 2: SCOPE OF AGREEMENT

2.1. Entire Agreement. Except as expressly provided herein, this Agreement supersedes any prior discussion, agreement, representation, promise or proposal regarding its subject matter and constitutes the complete agreement between Transphorm and Nexperia regarding:

2.1.1. the buying by Nexperia of Transphorm Products from Transphorm; and

2.1.2. the buying by Transphorm of Nexperia Products from Nexperia.

2.2. Preferred Supplier; Limited Exclusivity.

2.2.1. Nexperia will, and shall cause its Affiliates to: (i) purchase all of Nexperia's or its Affiliates' requirements of Epi Wafers (and products based on or incorporating Epi Wafers) from Transphorm until June 30, 2020. For the avoidance of doubt, the above preferred treatment of Transphorm will cease, among others, if:

a. Transphorm is unable or unwilling to meet Nexperia's requirements for Epi Wafer as set forth in Nexperia's forecasts provided to Transphorm (provided that such forecasts are reasonably

consistent with Nexperia's prior Orders of Epi Wafers) or as set forth in an Epi Wafer supply ramp-up plan agreed between the Parties in writing; or

b. Transphorm is unable to supply Epi Wafers required to meet its obligations under the DLA and it is reasonably practicable for Nexperia to make up such shortfall by development of an Alternate Epi Process.

2.3. As long as Tranphorm is entitled to the preferential treatment as per Section 2.2 above, Nexperia shall not develop or work with any third party to develop, directly or indirectly, on an alternative process of layering an epitaxial layer on a silicon layer ("**Alternate Epi Process**") resulting in commercial production before June 30, 2020. This does not preclude Nexperia from participating in R&D projects on GaN with other Epi/GaN suppliers at any time without engaging in commercial production and so long as no such Alternate Epi Process is used or deployed in the Nexperia facilities where the Transferred Processes are used or deployed.

2.4. The foregoing restrictions in this Section 2 shall not apply following an acquisition of Transphorm, whether by merger, sale of assets or otherwise, by a third party that does not Control, is Controlled by, or is under common Control with, Transphorm prior to such acquisition.

2.5. The agreed processes under which each Product will be manufactured will be described in the corresponding TPS.

ARTICLE 3: ORDERING

3.1. Orders. All purchases under this Agreement shall be subject to the selling Party's receipt and acceptance of the purchasing Party's written purchase orders (each, as accepted, an "**Order"**). All Orders shall be governed exclusively by the terms and conditions of this Agreement notwithstanding any contrary or additional provisions contained on any Order. Additional or different preprinted terms on any Order, acknowledgment forms, quotation forms, invoices or other documents shall be void and of no force or effect.

3.2. Acceptance. Subject to the availability of Products, commercially reasonable Order quantities, and the Order being in accordance with the terms and conditions of this Agreement, including but not limited to, price and lead-time requirements as set forth in this Agreement, the selling Party shall accept the purchasing Party's Order(s) pursuant to the terms of this Agreement to create a binding contract between the Parties.

3.3. Lead-Times. The expected applicable lead-times for Products shall be as set forth on Exhibit A (Product List) and Exhibit D (Epi Capacity and Lead-times). The Parties may amend Exhibit A by mutual agreement only as reasonably required based upon available capacity or technical considerations.

3.4. Capacity and Allocation. The Parties shall throughout the Term use commercially reasonable efforts to acquire and maintain the capacity and availability to supply Products reasonably anticipated to be ordered under this Agreement in accordance with the forecasts provided by the Parties and the other requirements of this Agreement; provided, however, that for each incremental increase in Nexperia's requirements of Epi Wafers (or products based thereon), Nexperia shall provide Transphorm with at least as much written notice as the Capacity Lead-time period corresponding to such incremental increase set forth in Exhibit D. Neither Party shall have any obligation to accept any Order or supply to the other Party any Products in any given month in excess of such Party's capacity. In the event of a capacity shortage, each Party reserves the right to adopt a reasonable plan of allocation and adjust delivery schedules accordingly; provided, however, that (i) to the extent each Party can do so without violating any existing contractual commitments, each Party shall give priority in allocating capacity to customers in the Automotive Field (including, for the avoidance of doubt, the other Party's orders for such customers) and Transphorm may give priority to orders from the following customers: Yaskawa Electric Corporation; and (ii) in all other cases of capacity shortage, each Party's capacity allocation for the other Party's Orders shall be fair and proportionate to the quantities ordered in such Orders as compared to its overall capacity requirements and shall be as favorable as the allocation provided to any of its other customers' orders.

3.5. Qualification Products. From time to time during the Qualification Period, either Party may order Qualification Products by submitting an Order that specifically indicates it is an order for Qualification Products and sets forth the applicable prices, payment and shipping terms. The Order for Qualification Products shall be binding on other Party only on the other Party's written acceptance thereof. Notwithstanding anything to the contrary in this Agreement, for the purposes of this Agreement, the Qualification Products are not Products, and neither Party's warranties in this Agreement with respect to the Products shall apply with respect to the Qualification Products. Neither Party will distribute, resell, or use in its commercial products any Qualification Products provided by the other Party.

ARTICLE 4: FORECASTS

4.1. Forecasts. Each Party shall provide to the other Party a twelve (12) months' rolling forecast of its purchase requirements for each Product by the 15th day of each calendar month. The order volumes forecasted within the applicable lead-times set forth on Exhibit A and Exhibit D shall be a firm commitment to purchase Products and are subject to rescheduling and cancellation terms of Article 5 of this Agreement. The remaining months of the forecast shall be non-binding estimates except as set forth in Section 4.2. Each receiving Party will confirm the forecast within 5 calendar business days.

4.2. Epi Wafers Forecasts. Transphorm's current capacity and lead-times to manufacture and supply Epi Wafers (and products incorporating Epi Wafers) are as set forth in Exhibit D (Epi Capacity and Lead-times). It is understood that expanding such capacity may require Transphorm to acquire and qualify additional MOCVD reactor(s) and/or other equipment at substantial cost and lead-time. Accordingly, if any forecasts provided by Nexperia for Epi Wafers (or products incorporating Epi Wafers) reflect an incremental increase in Nexperia's requirements for Epi Wafers as set forth in Exhibit D, then either (i) such forecasts shall be binding on Nexperia; or (ii) Nexperia shall reimburse to Transphorm either Transphorm's actual costs of underloading related to the expansion of capacity to meet Nexperia's forecasts (including, for the avoidance of doubt, costs of acquisition and

qualification of additional equipment) or such other costs as may be agreed between the Parties in writing prior to Transphorm incurring such costs. Transphorm will, from time to time during the Term, provide Nexperia with an updated Exhibit D as additional Epi capacity is acquired, which updated Exhibit D shall be mutually discussed.

4.3. Third party license. In case of a License Trigger Event, at Nexperia's written request, Transphorm will enter into good faith negotiations with a reputable third party manufacturer that is not a competitor of Transphorm, with respect to a non-exclusive, non-transferable, royalty-bearing license under Transphorm's Intellectual Property Rights necessary for such third party to manufacture and supply wafers using the Alternate Epi Process only to Nexperia (and, at Transphorm's option, to Transphorm) for a minimum period of 5 years. For the purpose of this Section, "**License Trigger Event**" means:

4.3.1. The demand for Epi Wafers of Transphorm and Nexperia combined exceeds 75% of Transphorm's installed capacity (which the Parties acknowledge is at least 600 Epi Wafers per MOCVD reactor);

4.3.2. Upon the request by a Nexperia customer who is a manufacturer of original equipment used in the manufacture of automobiles (an "**OEM Customer**") or a direct supplier to an OEM Customer of modules containing Nexperia GaN products for use in the manufacture of automobiles (a "**Tier One Automotive Customer**") to line up a second source for Epi Wafers, provided that (i) the requestor is mass producing modules containing Nexperia GaN products; and (ii) Transphorm continues to be the supplier for at least 66.6% of the Epi Wafers required by Nexperia for such Tier One Automotive Customer or OEM Customer for the first 5 years following the start of such mass production, unless Transphorm is unable or unwilling to meet Nexperia's requirements for Epi Wafer as set forth in Nexperia's forecasts provided to Transphorm (provided that such forecasts are reasonably consistent with Nexperia's prior Orders of Epi Wafers) or as set forth in an Epi Wafer supply ramp-up plan agreed between the Parties in writing. For purposes of this Section, "mass production" means that the production volume for such design or products is > 100 wafers/month Epi-wafers equivalent;

4.3.3. The conditions described in Sections 2.2.1(a) or 2.2.1(b) are true; or

4.3.4. If Nexperia, in its good faith judgement, and after having consulted Transphorm's CEO, has serious reasons to believe that Transphorm will not be able to support the Nexperia business due to Transphorm going bankrupt or insolvent, and such reasons are not reasonably addressed by Transphorm within 60 days of Nexperia's written request for the license described in this Section.

4.3.5. Nexperia shows by reasonable evidence, such as comparative price lists and data sheets, that the price, quality and performance, on the whole, of Epi Wafers supplied by Transphorm to Nexperia are not competitive with equivalent wafers available from third party suppliers. This will be reviewed on a regular base.

ARTICLE 5: CANCELLATION

5.1. Liability for Cancellation. Except for Orders that are consistent with binding portions of such Party's forecasts, the ordering Party may cancel an Order at no charge upon written notice outside of the then current lead-time. For cancellation of any Orders within the current lead-time, the cancelling Party shall be liable for all non-transferable and non-cancellable raw materials and the work in process charges as of the date that the other Party receives the notice. For the avoidance of doubt, all Orders that are consistent with the binding portions of a Party's forecasts shall not be cancellable by such Party in any event.

5.2. Additional Cancellation Rights. The ordering Party reserves the right to cancel all or any part of an Order, without any liability to the other Party, if the other Party is in material default under any of the terms and conditions of this Agreement, which default is not cured within thirty (30) days after written notice.

ARTICLE 6: PRICES; PAYMENT

6.1. Pricing. Prices for the Products shall be as set forth in Exhibit A (Product List) or as may be otherwise mutually agreed between the Parties in a separate writing or price quotation (**"Prices**"). All Prices are and shall be expressed in U.S. Dollars.

The selling Party will include as separate line items on its invoice any sales, value added, or similar turnover taxes or charges that it is required by law to collect from the purchasing Party, and will provide purchasing Party with all information and documentation that is required under local law in order to enable purchasing Party to recover or avoid any sales, value added, or similar turnover taxes or charges. Invoices will also be in the appropriate form as required by local law to permit deduction of payments for income tax purposes by the purchasing Party.

6.2. Payment Terms. The selling Party's invoices shall contain the applicable Order number, identification and part number of the Products purchased, the quantity, unit price and total price, the delivery address, and the date of shipment. Unless otherwise agreed in writing by the Parties, invoices will become due for payment forty-five (45) days from the invoice date. The date of invoice will not predate the date of shipment of the Products. Invoices will accompany the shipment or shall otherwise be sent to the delivery location specified in the Order or to such other address as the purchasing Party may specify in the Order. All payments shall be without retention or set-off, except as mutually agreed upon by the Parties.

ARTICLE 7: DELIVERY, TITLE AND RISK

7.1. Delivery Terms. Delivery by Transphorm shall be FCA, Transphorm's distribution center, in accordance with Incoterms 2010. Delivery by Nexperia shall be FCA, in accordance with Incoterms 2010. All deliveries shall meet the shipping criteria mutually agreed upon by the Parties. Title to and risk of loss of the Products shall pass upon delivery of such Products to carrier at the selling Party's premises.

7.2. Delivery Dates. Upon acceptance of an Order, the selling Party shall make commercially reasonable efforts to deliver the Products at the place and on the date and/or times (if any) specified the accepted Order or as otherwise agreed upon by the Parties in writing. Shipment of Product(s) constituting Processed Wafers or silicon dies within +/- five per cent (5%) of the quantity ordered shall be deemed to constitute full delivery so long as selling Party makes up any shortfall in the next scheduled delivery of such Processed Wafers or silicon dies.

7.3. Change Control. In the event that any Party plans to introduce any changes to the Products supplied under this Agreement or the manufacturing process therefor, the Change Control Procedure defined in the GQA (Exhibit F) applies.

In normal course of business, both Parties will continuously discuss and approve modifications to the Products for cost reduction/performance improvement. In such cases, both Parties will make commercially reasonable efforts to qualify mutually agreed changes and shall agree in good faith on a suitable end-of-life (for e.g. 1-2 years) for the Products manufactured prior to such modifications.

ARTICLE 8: PRODUCT WARRANTY

8.1. Warranty. Each selling Party warrants to the purchasing Party that its Product(s) will, at the time of shipment and during the applicable Warranty Period, be free from defects in material and workmanship, be free of all liens and encumbrances, and will conform to the approved specifications for its Product(s).

8.2. Remedies. Following the delivery of any Product(s) and for a period of twelve (12) months thereafter, the purchasing Party may return to the selling Party, any Product reasonably determined by the Purchasing Party to not conform in any material respects to the warranty set forth in Section 8.1 above, provided that the purchasing Party also provides a description of the reasons such Product(s) are non-conforming. Upon receipt of such returned Product(s), the selling Party may inspect such returned Product(s) and, if they are non-conforming, shall, at selling Party's option and as Purchasing Party's sole remedy, either promptly replace the non-conforming Product(s) with new replacement Product(s) at selling Party's expense or refund to purchasing Party any amounts already paid to selling Party for such non-conforming Product(s). If the selling Party does not agree that such returned Product(s) are non-conforming, the Parties agree to promptly discuss the same in good faith to achieve a mutually agreeable resolution.

8.3. Exclusions. In no event, however, shall the selling Party be responsible for any non-conformance or defects in its Product(s) caused by: (i) improper handling during or after shipment, misuse, neglect, improper installation or operation, repair, alteration or accident, except in each case where the foregoing is by selling Party; or (ii) for any other cause not attributable to defective workmanship or failure on the part of the selling Party to meet selling Party's Product specifications. There shall be no obligation for the selling Party to compensate the purchasing Party for any failures outside of Section 8.1 above.

8.4. Replacement Product. This warranty shall not be expanded, and no obligation or liability will arise, due to technical advice or assistance, data, facilities or services that may be provided in connection with the purchase. The replacement Product(s) shall be warranted for the remaining term of the warranty on the originally delivered Product.

8.5. "AS IS" PRODUCTS. FOR THE AVOIDANCE OF DOUBT, QUALIFICATION PRODUCT(S) OR OTHER NON-PRODUCTION PRODUCT(S) OR SAMPLES OF PRODUCTION PRODUCT(S) ARE NOT WARRANTED AND ARE PROVIDED ON AN "AS IS" BASIS ONLY.

8.6. SOLE REMEDY. THE REMEDIES SET FORTH IN THIS ARTICLE 8 ARE THE PARTIES' EXCLUSIVE LIABILITY AND EXCLUSIVE REMEDIES FOR ANY BREACH OF WARRANTY SET FORTH ABOVE OR ANY NON-CONFORMITY OF THE PRODUCT(S). THE WARRANTY SET FORTH ABOVE IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE WARRANTIES FOR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WHICH ARE HEREBY EXPRESSLY DISCLAIMED.

ARTICLE 9: CHANGES

9.1. Engineering Changes. Each Party shall only use qualified manufacturing processes for the production of the Products. The manufacturing processes shall be deemed qualified upon the mutual written agreement of the Parties. The selling Party may submit to the purchasing Party engineering change requests with a notice period as defined in the GQA (which shall include any changed specifications, rationale and proposed date for the change) ("**Engineering Change Requests**") to request changes to the previously qualified manufacturing processes, and will not implement any changes to the manufacturing processes without purchasing Party's prior written consent. The purchasing Party may submit Engineering Change Requests to selling Party from time to time. The selling Party shall use commercially reasonable efforts to accommodate all such requests by purchasing Party.

9.2. Manufacturing Location. Each Party shall manufacture the Products in the locations specified in Exhibit B. In addition to the foregoing, if either Party desires to make any change in location of manufacturing, that Party shall provide prior written notice to the other Party at least eighteen (18) months prior to the proposed date of implementation for such change, unless a shorter notice period is agreed between the Parties with respect to one or more manufacturing steps upon the request of either Party, the approval of which request shall not be unreasonably denied or delayed by the other Party. Such notice shall include the details regarding such proposed change, and such other information as may be reasonably requested by the other Party. Without limiting the foregoing, the Parties shall not implement any change in the location of manufacturing of any Product without prior written approval, unless otherwise agreed to by the Parties in writing. Notwithstanding anything in the foregoing, Transphorm is required to give only twelve (12) months' notice of change of location of any manufacturing step for which a second source has been qualified by or for Nexperia.

ARTICLE 10: CONFIDENTIALITY

10.1. Definition. "**Confidential Information**" means (a) all Technology and other information, data, or materials which the disclosing Party or any of its Affiliates ("**Discloser**") has disclosed or otherwise made available to the receiving Party or any of its Affiliates ("**Recipient**"), or which Recipient has observed or otherwise obtained from Discloser including in connection with any visit to any facility of Discloser, whether made available orally, in writing or in electronic form, provided that such Technology and other information, data, or materials is (i) marked as "proprietary" or "confidential" at the time of disclosure, or (ii) if disclosed in a form not susceptible to marking, described and designated as "proprietary" or "confidential" in a writing provided to Recipient within thirty (30) days of such disclosure, and (b) any portions, extracts, copies, and derivatives of the materials described in subsection (a).

10.2. Restrictions. Recipient shall not use Confidential Information of Discloser for any purpose other than as required to exercise its rights and perform its obligations under this Agreement (the "**Purpose**"). For a period of five (5) years from the receipt of such Confidential Information, Recipient shall hold all Confidential Information in strict confidence and shall not publish, disseminate, or otherwise disclose, or permit or facilitate the disclosure of, any Confidential Information to any third party. Except as expressly permitted otherwise under this Agreement, Recipient may disclose the Confidential Information only to (i) its Affiliates, and, (ii) its and its Affiliates' employees and subcontractors, which Affiliates, employees and subcontractors: (A) need to know such information to carry out the Purpose, and (B) are bound or under law by restrictions regarding disclosure and use of such information comparable to, and in no event less restrictive than, those set forth herein. Recipient shall be responsible for all acts and omissions by its Affiliates and its and its Affiliates' employees and subcontractors as if such acts or omissions were acts or omissions of Recipient. Any portion, extract, copy, or derivative of Discloser's Confidential Information shall be identified by Recipient as belonging to Discloser and prominently marked "Confidential."

10.3. Exceptions. The restrictions on use and disclosure of Confidential Information set forth herein shall not apply to any Technology, information, data, or materials to the extent such Technology, information, data, or materials, and its specific characteristics, usefulness, and value (a) are or become publicly known through no act or omission of Recipient (or any entity or person Recipient is responsible for pursuant to Section 10.2); (b) are rightfully known by Recipient, without confidentiality or use restriction, prior to receipt from Discloser; (c) are rightfully disclosed to Recipient by a third party under no obligation to Discloser to protect the confidentiality thereof, without confidentiality or use restriction, after receipt from Discloser, or (d) are developed by Recipient without use of or reference to any Confidential Information of Discloser and by employees or contractors of Recipient.

10.4. Compelled Disclosure. This Agreement will not prevent Recipient from disclosing Confidential Information of Discloser to the extent required by a judicial order or other legal obligation, provided that, in such event, Recipient shall promptly notify Discloser to allow intervention (and shall cooperate with Discloser) to contest or minimize the scope of the disclosure (including application for a protective order). Recipient shall advise Discloser in writing of any misappropriation or misuse of Confidential Information of Discloser of which Recipient becomes aware.

10.5. Equitable Relief. Recipient acknowledges that Discloser considers its Confidential Information to contain trade secrets and other valuable proprietary information of Discloser and that any unauthorized use or disclosure of such Confidential Information would cause Discloser irreparable harm for which remedies at law would be inadequate. Accordingly, Recipient acknowledges and agrees that Discloser shall be entitled to seek, in addition to any other remedies available to it at law or in equity, the issuance of injunctive relief enjoining any breach or threatened breach of Recipient's obligations hereunder with respect to the Confidential Information of Discloser.

10.6. Terms and Conditions of Agreement. Each Party agrees that the terms and conditions of this Agreement shall be treated as Confidential Information of the Parties; provided that each Party may disclose the terms and conditions of this Agreement: (a) as required by judicial order or other legal obligation, provided that, in such event, the Party subject to such obligation shall promptly notify the other Party to allow intervention (and shall cooperate with the other Party) to contest or minimize the scope of the disclosure (including application for a protective order); (b) as required by the applicable securities laws or rules of any stock exchange on which such Party is listed, including, without limitation, requirements to file a copy of this Agreement or to disclose information regarding the provisions hereof or performance hereunder, provided that such filing or disclosing Party shall consult with the other Party prior to such filing or disclosure and seek confidential treatment of any terms and conditions hereof and any information contained herein to the maximum extent permissible; (c) in confidence, to legal counsel, accountants and other professionals who are under similar obligations to maintain the confidentiality thereof; (d) pursuant to a written nondisclosure agreement, to banks, investors and other financing sources and their advisors, provided if the prospective recipient of the disclosure does not enter into a written nondisclosure agreement, the disclosure shall be conditioned on the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed, and the disclosing Party shall use reasonable efforts to control the timing of this disclosure as may be reasonably requested by the other Party; or (e) pursuant to a written nondisclosure agreement, in connection with an actual or prospective merger, acquisition, asset sale, transfer of applicable intellectual property, or similar transaction, provided if the prospective recipient of the disclosure does not enter into a written nondisclosure agreement, the disclosure shall be conditioned on the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed, and the disclosing Party shall use reasonable efforts to control the timing of this disclosure as may be reasonably requested by the other Party.

ARTICLE 11: INTELLECTUAL PROPERTY INDEMNIFICATION

11.1. Obligation. Subject to Sections 11.2 and 11.3, each Party (the "**Indemnifying Party**") shall defend, indemnify and hold harmless the other Party, its Affiliates, and their respective directors, officers, and employees (the "**Indemnified Party**") from and against any and all losses, damages, costs, liabilities, expenses (including reasonable attorneys' fees) and settlement amounts ("**Losses**") incurred by the Indemnified Party in connection with any suit, claim, action or proceeding by any third party (each a "**Claim**") alleging (a) that any Product of the Indemnifying Party supplied under this Agreement infringes, misappropriates or violates the Intellectual Property Rights of any third party, (b) any violation by the Indemnifying Party of any applicable laws, rules or regulations in connection with this Agreement, or (c) gross negligence, recklessness or willful misconduct by the Indemnifying Party in connection with this Agreement.

11.2. Exclusions. The Indemnifying Party shall have no liability for any Losses suffered by the Indemnified Party in connection with, and the obligations to indemnify the Indemnified Party pursuant to Section 11.1 shall not apply with respect to, any Claim to the extent based on (a) the combination or operation of any Product of the Indemnified Party with any materials, components, equipment, or other products not supplied by the Indemnifying Party, where the applicable Claim would not have occurred but for such combination, (b) any modification made by the Indemnified Party or a third party to such Product, where the alleged Claim would not have occurred but for such modification, except in the case where such modification was made at the Indemnifying Party's written request, (c) Technology owned by the Indemnified Party, or (d) Technology developed by the Indemnified Party pursuant to the DLA.

11.3. Limitation on Use. Should any Product of a Party become, or in such Party's reasonable opinion be likely to become, the subject of a claim for infringement for which such Party is obligated to indemnify the other Party pursuant to Section 11.1 (each such Product, an "**Affected Product**," and each such Party, a "**Concerned Party**"), the Concerned Party, at its option and expense, may (a) obtain a license at no cost to the other Party permitting the continued use of the applicable Affected Product in accordance with this Agreement or (b) modify the applicable Affected Product such that it performs its intended function without infringing any Intellectual Property Right for which the other Party is entitled to indemnification as set forth in Section 11.1. In the event that Concerned Party is unable, on commercially reasonable terms, to obtain such a license or make such modifications or substitutions, it shall promptly notify the other Party, and the other Party shall promptly confer with the Concerned Party regarding a mutually acceptable solution, and in the interim, if the Affected Product has been subject to the commencement of an infringement suit, shall curtail further use of the applicable Affected Product. The Concerned Party shall have no obligation to indemnify the other Party for any Claim related to the Affected Product following such Party's receipt of such notice from the Concerned Party, provided that the foregoing shall not limit the Concerned Party's liability with respect to the other Party's authorized use or exploitation of such Affected Product prior to the receipt of such notice.

11.4. Process for Indemnification. If a claim is to be made by an Indemnified Party to seek indemnification hereunder against the Indemnifying Party, the Indemnified Party shall give prompt written notice to the Indemnifying Party of any Claims that may give rise to any claim for which indemnification may be required under this Article 11; provided, however, that failure to give such notice shall not relieve the Indemnifying Party of its obligation to provide indemnification hereunder except if and to the extent that such failure materially and adversely affects the ability of the Indemnifying Party to defend or mitigate the applicable Claim. The Indemnifying Party shall be entitled to assume the defense and control of any such Claim at its own cost and expense, provided that the Indemnified Party shall have (i) the right to be represented by its own counsel at its own cost in such matters, and (ii) if the Indemnifying Party refuses to assume the defense of the Claim, the right to assume such defense at the Indemnified Party's sole cost and expense. Neither Party shall settle or dispose of any such matter in any manner that would adversely affect the rights or interests of the other Party (including the obligation to indemnify hereunder) without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed. Each Party shall cooperate with the other Party and its counsel in the course of the defense of any such Claim, such cooperation to include, without limitation, using reasonable efforts to provide or make available documents, information and witnesses. Notwithstanding the foregoing, the Indemnifying Party's right to control the defense

pursuant to the foregoing shall not extend to issues involving the validity of any Intellectual Property Right of the Indemnified Party.

ARTICLE 12: LIMITATION OF LIABILITY

12.1. LIABILITY CAP. EXCEPT IN CASE OF WILFULL CONDUCT OR GROSS NEGLIGENCE, IN NO EVENT SHALL EITHER PARTY'S AGGREGATE LIABILITY FOR ANY BREACH, WARRANTY, INDEMNITY OR OTHER OBLIGATION OR LIABILITY ARISING OUT OF THIS AGREEMENT OR IN CONNECTION WITH THE SALE OR USE OF ANY PRODUCTS PROVIDED HEREUNDER, EXCEED THE AGGREGATE PRICES PAID OR PAYABLE FOR THE PRODUCT IN CONNECTION WITH WHICH THE LIABILITY AROSE DURING THE TWELVE (12) MONTHS PERIOD PRECEDING THE DATE THE LIABILITY AROSE.

12.2. DAMAGES LIMITATIONS. EXCEPT IN CASE OF WILFULL CONDUCT OR GROSS NEGLIGENCE, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES (INCLUDING WITHOUT LIMITATION LOSS OF USE, LOSS OF OPPORTUNITY, MARKET POTENTIAL, GOODWILL AND/OR PROFIT, LOSS OF REPUTATION AND OTHER ECONOMIC LOSS) ARISING OUT OF THIS AGREEMENT WHETHER BASED ON CONTRACT, TORT, THIRD PARTY CLAIMS OR OTHERWISE, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

12.3. Exceptions. The Parties expressly agree that the waivers and limitations of liability set forth in Sections 12.1 and 12.2 shall not apply to the Parties' obligations under Article 11, and that the cap on liability set forth in Section 12.1 shall not apply to the purchasing party's payment obligations in Article 6.

ARTICLE 13: TERM AND TERMINATION

13.1. Term. This Agreement shall come into force on the Effective Date and, subject to Section 18.3, shall remain in effect for five (5) years ("**Initial Term**") unless terminated by either Party by providing to the other Party written notice at least 12 months before the lapse of the Initial Term. Following the Initial Term, this Agreement will automatically be renewed for additional one (1) year periods ("**Renewal Term**") and may then be terminated by either Party by providing to the other Party at least 9 (nine) months' written notice prior to the lapse of any Renewal Term. The Initial Term and any Renewal Terms shall be referred to herein as the "**Term**".

13.2. Termination for Default. Either Party may terminate this Agreement (including any pending Orders) upon the occurrence of any of the following events of default:

13.2.1. If the other Party materially fails to perform or comply with this Agreement or any provision hereof, provided the Party claiming such failure notifies the other Party in writing and (i) with respect to a failure related to Transphorm's obligation to supply Epi Wafers, such failure is not remedied as soon as reasonably possible but in any event within 120 days of the receipt of such notice,

and (ii) with respect to any other failure, such failure is not remedied within 60 days of the receipt of such notice; or

13.2.2. If the other Party becomes insolvent or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, if a Party files a petition under any foreign, state, or United States bankruptcy act, receivership statute, or the like, as they now exist or as they may be amended, or such a petition is filed by any third party, or an application for a receiver of a Party is made by anyone and such petition or application is not resolved favorably within sixty (60) days.

13.3. Termination for Violation of Laws. If a Party reasonably believes that performance under this Agreement will violate any applicable laws or regulations, that Party shall have the right to immediately terminate this Agreement upon notice to the other Party.

13.4. Effect of Termination: The following shall occur if this Agreement terminates.

13.4.1. Return of Confidential Information. Upon termination of this Agreement each Party shall return to or destroy the Confidential Information of the other Party, except for that Confidential Information which is required in order for a Party to carry out its continuing rights and obligations.

13.4.2. Last-Time Buy Order. Upon termination or expiration of the Term, each Party shall each have the option to submit a non-cancelable Order for a last-time buy, which order shall be accepted by the other Party so long as it meets the requirements of Section 3.2 and is within the forecasts provided under Article 4 prior to such termination or expiration. Notice of such last-time buy Order shall be made at least 60 days prior to the termination or expiration of the Initial Term or then-current Renewal Term as applicable, with delivery to occur within 6 months from such expiration or termination date.

13.4.3. Survival of Provisions. Articles 6, 8, 10, 11, 12, and 18, and Section 13.4 shall survive any expiration or termination of this Agreement. No expiration or termination of this Agreement shall affect any right or liability of a Party accrued before the effective date of such expiration or termination.

ARTICLE 14: COMPLIANCE

14.1. Each Party will comply with all requirements of the Code of Conduct attached hereto as Exhibit G.

ARTICLE 15: AUDIT

Each Party shall have the right, by itself or through its appointed representatives that are reasonably acceptable to the other Party, to inspect on a routine basis, at its own cost, during normal business hours, not more than once each calendar year and upon at least two weeks' advance written notice, the other Party's manufacturing and distribution facilities, quality procedures and manufacturing

processes, in each case that are applicable to the Products supplied under this Agreement, to verify and audit compliance with this Agreement. Each such inspection shall be subject to the inspecting Party and its representatives entering into appropriate confidentiality agreements with the other Party. In case of incidents, ad-hoc audits shall be scheduled between the parties.

ARTICLE 16: EXPORT CONTROL

16.1. Each Party shall comply with all applicable export and import control laws and regulations including but not limited to the US Export Administration Regulations (including prohibited party lists issued by other federal governments), Catch-all regulations and all national and international embargoes. Each Party further agrees that it will not knowingly transfer, divert, export or re-export, directly or indirectly, any product, software, including software source code, or technology restricted by such regulations or by other applicable national regulations, received from the other Party under this Agreement, or any direct product of such software or technical data to any person, firm, entity, country or destination to which such transfer, diversion, export or re-export is restricted or prohibited, without obtaining prior written authorization from the applicable competent government authorities to the extent required by those laws. This provision shall survive termination or expiration of this Agreement.

16.2. Each Party shall obtain all international and national export licenses or similar permits required in connection with the supply of Products by such Party under this Agreement unless otherwise mutually agreed in writing by the Parties. Each Party will cooperate in informing the other Party whether or not the Products are US controlled and/or controlled under the export control laws of its country, and indicate the Export Control Classification Number (ECCN) when applicable.

ARTICLE 17: SUPPLY CHAIN SECURITY

17.1. Nexperia as a multinational company operates according to a uniform and company-wide framework on Supply Chain Security in which all requirements of governmental security programs like the U.S. Customs and Border Protection program C-TPAT (Customs – Trade Partnership Against Terrorism) and the European Customs program AEO (Authorized Economic Operator) are incorporated in guidelines as laid down in the Nexperia Security Standards. Such programs may require security standards from Transphorm.

17.2. In case Transphorm is not involved in any governmental Supply Chain Security Program, Transphorm declares to have measures in place (internal Supply Chain Security Policy and Program) that are intended:

- To ensure goods are produced, stored, prepared, packed, loaded in and transported from safe business premises;
- To ensure goods are protected against unauthorized intervention during production, storage, preparation, packing loading and transport, and
- To ensure goods are forwarded and shipped by authorized third parties.

17.3. On request, Transphorm shall provide to Nexperia:

- Written statement referring to the measures in place (internal Supply Chain Security Policy and Program), and/or
- A security audit plan auditable by or on behalf of Nexperia.

ARTICLE 18: GENERAL

18.1. Entire Agreement. This Agreement and all appendices, schedules, and exhibits hereto constitutes the entire agreement and understanding of the Parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous correspondence, negotiations, agreements and understandings among the Parties, both oral and written, regarding such subject matter (except for those signed by duly authorized representatives of the Parties).

18.2. Amendment. The terms of this Agreement may not be amended unless the amendment is in writing and signed by duly authorized representatives of both Parties.

18.3. Assignment. Neither Party may assign, delegate, or otherwise transfer any of its rights or obligations under this Agreement to any third party without the prior written consent of the other Party, not to be unreasonably withheld, conditioned or delayed, provided that either Party may freely assign this Agreement, without obtaining the other Party's consent, to a successor to all or substantially all of its relevant assets, whether by sale, merger, or otherwise. Any purported or attempted assignment, delegation or other transfer of any rights or obligations under this Agreement in contravention of the foregoing sentence shall be null and void. Subject to the foregoing, this Agreement shall be binding upon the Parties and their respective successors. In the event of an assignment of this Agreement by a Party to a direct competitor of the other Party, the assigning Party shall give prior written notice of the assignment to the other Party as soon as practicable under the circumstances and at least thirty (30) days prior to such assignment. In the event of an assignment of this Agreement by Transphorm during the last two (2) years of the Initial Term to a successor to all or substantially all of its relevant assets, the Initial Term shall automatically be extended to end on the date that is two (2) years from the date of such assignment.

18.4. Subcontracting. Either Party shall be entitled to use the services of its subcontractors and/or consultants provided that the Party remains fully liable for the performance of its subcontractors or consultants hereunder.

18.5. Notice. Any notice required to be given hereunder (other than routine transactional communications) shall be in writing and shall be sent by certified mail or courier service (such as FedEx) to the following addresses of the respective Parties (or to such other address as either Party may designate from time to time by written notice to the other Party):

If to Transphorm:

Transphorm Inc.
115 Castilian Drive
Suite 100
Goleta, California 93117
USA
Attn:

If to Nexperia:

Jonkerbosplein 52
6534 AB Nijmegen
Netherlands

Attn: General Counsel

18.6. No Waiver. No failure or delay by a Party in exercising any right, power, or remedy under this Agreement shall operate as a waiver of any such right, power, or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced.

18.7. Severability. In the event that any provision of this Agreement (or any portion hereof) is determined by a court of competent jurisdiction to be illegal, invalid or otherwise unenforceable, such provision (or part thereof) shall be enforced to the extent possible consistent with the stated intention of the Parties, or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, while the remainder of this Agreement shall continue in full force and remain in effect according to its stated terms and conditions.

18.8. Independent Contractors. The relationship between Transphorm and Nexperia is one of independent contractors, and neither Party will at any time or in any way represent itself as being a dealer, agent or other representative of the other Party or as having authority to assume or create obligations or otherwise act in any manner on behalf of the other Party.

18.9. Compliance with Laws. Each Party will comply with all laws, legislation, rules, regulations and governmental requirements applicable to the exercise of its rights and performance of its obligations under this Agreement.

18.10. Force Majeure. Except for any obligation to pay money, no Party shall be liable to the other Party for any failure or delay in performance caused by any acts of God or other natural disasters or by other reasons similarly beyond such Party's reasonable control, provided that such Party exercises commercially reasonable efforts to resume performance as soon as possible. Notwithstanding the foregoing, if a Party's performance is delayed by one hundred twenty (120) days, or the Parties mutually agree that performance will be delayed by one hundred twenty (120) days (such agreement not to be unreasonably withheld or delayed), then the other Party may terminate this Agreement on notice to the affected Party.

18.11. Remedies Cumulative. Unless expressly set forth herein to the contrary, a Party's election of any remedies provided for in this Agreement shall not be exclusive of any other remedies available hereunder or otherwise at law or in equity, and all such remedies shall be deemed to be cumulative.

18.12. Applicable Law. The validity, performance, construction and interpretation of this Agreement shall be governed by the laws of the State of California, U.S.A., without regard to its conflict of law provisions. All disputes arising out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules. The arbitration shall be conducted in the English language. The award of the arbitrators shall be final and binding, subject to neither appeal nor confirmation. Each Party represents that the arbitration award can be entered and enforced under its national law in any court of competent jurisdiction. Place of arbitration shall be London (UK). The UN Convention on Contracts for the International Sale of Products (Vienna, 1980) shall not apply to this Agreement or to any dispute or transaction arising out of this Agreement.

18.13. Resale, Imports and Exports. Where applicable, the selling Party will obtain all necessary licenses and consents for resale, import and export of Products under the regulations of any relevant jurisdiction. The purchasing Party will provide such assistance and information or documentation as may reasonably request for purposes of obtaining such licenses and consents.

18.14. Language and Translation. This Agreement shall be executed in the English language only and no translation shall be considered in the interpretation hereof.

18.15. Construction. This Agreement shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against any Party. As used in this Agreement, the words "include" and "including," and variations thereof, will be deemed to be followed by the words "without limitation."

ARTICLE 19: Exhibits

The following Exhibits are attached hereto and incorporated herein by this reference:

Exhibit A: Product List, Lead Time, Prices per Product
Exhibit B: Manufacturing Facilities
Exhibit C: Reserved
Exhibit D: Epi Capacity and Lead-times
Exhibit E: TPS
Exhibit F: GQA
Exhibit G: Sustainability, Code of Conduct
Exhibit H: Banned Substances

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representative as of the date first shown above.

For Transphorm, Inc.		**For Nexperia B.V.**	
By:	/s/ Cameron McAulay Signature	By:	/s/ Charles Smit Signature
Name:	Cameron McAulay	Name:	Charles Smit
Title:	CFO	Title:	General Counsel
Date:		Date:	

Exhibit A - Product List

Transphorm Products:

ESTIMATED FOR NEXPERIA	2018	2019	2020	2021	2022
EPIWAFER+Si Sub	[***]	[***]	[***]	[***]	[***]
FABWAFER(FSL)	[***]	[***]	[***]	[***]	[***]
Other BackEnd Wafer Process	[***]	[***]	[***]	[***]	[***]
Wafer Cost	[***]	[***]	[***]	[***]	[***]

Lead Time:

	WKS
EPIWAFER+Si Sub	**[***]**
FABWAFER(FSL)	**[***]**

Nexperia Products:

Nexperia Silicon wafers are based on T9-30V 200mm, non Automotive, 2P2M10L, SSM, 6mil(150um)

Wafer cost:

	2018	2019	2020	2021	2022
Wafer cost (US $)	[***]	[***]	[***]	[***]	[***]

(Other GaN Wafers and Packaged Parts to be added. This table will be reviewed every 6 months.)

Exhibit B – Manufacturing Facilities

For Transphorm:

Process	Supplier	Address
MOCVD	Transphorm, Inc.	115 Castilian Drive Goleta CA 93117 Fukushima Alzuwakamatsu-shi 4-6 Kogyodanchi Monden-machi , Kato Yuichi-san 965-85 4 Japan
Wafer Fab	Aizu Fujitsu Semiconductor Wafer-Solution	Fukushima Alzuwakamatsu-shi 4-6 Kogyodanchi Monden-machi Kato Yuichi-san 965-85 4 Japan
Backgrind / BSM	[***] [***]	[***] [***]
Assembly & Test (TO220, TO247)	[***]	[***]
Assembly (TO247, D3PAK)	[***]	[***]
Assembly (PQFN)	[***]	[***]
Burn In	[***]	[***]

For Nexperia:

Process	**Supplier**	**Address**
MOSFET wafers	Nexperia DMAN	Hazel Grove, Manchester, UK
MOSFET wafers	[***]	[***]
GaN wafers (following the transfer to Nexperia or the Transferred Processes)	Nexperia DMAN	Hazel Grove, Manchester, UK

(Other GaN Packaged Parts to be added. This table will be reviewed every 6 months.)

Exhibit C – Reserved

Exhibit D – Epi Capacity and Lead-times

Epi Wafer	Wafer/Month	Lead-time (in weeks)	Capacity Increase Lead-time (in months)
Base Demand	100	8	[***]
Incremental Step 1	100 (200 Total)	8	[***]
Incremental Step 2	200 (400 Total)	8	[***]
Incremental Step 3	200 (600 Total)	8	[***]
Each subsequent Increment of 600 wafers	600 wafer Increment	8	[***]

Exhibit E: Technical Purchasing Specification (TPS)

Exhibit F: General Quality Agreement (GQA)

Exhibit G: Sustainability, Code of Conduct

New: Exhibit H: Banned Substances

Exhibit 10.13.2
Execution

AMENDMENT NO. 1 TO SUPPLY AGREEMENT

This Amendment No. 1 to Supply Agreement, dated as of February 7, 2020 (this "Amendment"), is entered into by and between Nexperia B.V., a private limited liability company incorporated under the laws of the Netherlands, with its registered office at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands ("Nexperia") and Transphorm, Inc., a Delaware corporation ("Transphorm"), and amends that certain Supply Agreement, dated as of April 4, 2018, by and between Nexperia and Transphorm (the "Agreement"). Capitalized terms used herein but not defined herein are used as defined in the Agreement.

W I T N E S S E T H:

WHEREAS, Transphorm intends to enter into an agreement and plan of merger and reorganization with Peninsula Acquisition Corporation ("Parent") and Peninsula Acquisition Sub, Inc. ("Merger Sub"), pursuant to which Merger Sub will merge with and into Transphorm, the corporate existence of Merger Sub will cease, and Transphorm will become a wholly-owned subsidiary of Parent (the "Transaction"), which Transaction will result in a change of Control of Transphorm;

WHEREAS, Section 2.4 of the Agreement provides that certain restrictions set forth in the Agreement shall not apply following an acquisition of Transphorm by a third party that does not Control, is Controlled by, or is under common Control with, Transphorm prior to such acquisition;

WHEREAS, the Parties wish to clarify that Section 2.4 will not apply with respect to a change of Control resulting from or in connection with the Transaction;

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

1. For purposes of Section 2.4 of the Agreement, the Transaction shall not be deemed to be or result in an acquisition of Transphorm by a third party that does not Control, is Controlled by, or is under common Control with, Transphorm prior to such acquisition. Accordingly, following the consummation of the Transaction, the restrictions set forth in Sections 2.1 through 2.3 of the Agreement shall continue to apply in accordance with the terms of the Agreement.

2. After giving effect to this Amendment, each reference in the Agreement to "*this Agreement*," "*hereunder*," "*hereof*," "*herein*," or words of like import, shall mean and be a reference to the Agreement as amended by this Amendment.

3. Except as set forth in this Amendment, all other terms and conditions in the Agreement shall remain in full force and effect. In the event of conflict between the terms and conditions of the Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment will control.

4. The Agreement, as amended by this Amendment, constitutes the entire understanding and agreement of the parties, and supersedes all prior written or oral agreements, with respect to the subject matter hereof. The terms of Section 18.12 of the Agreement are incorporated herein by reference, *mutatis mutandis*, and the Parties hereto agree to such terms.

5. This Amendment may be executed in counterparts, and transmitted by facsimile or by electronic mail with scan attachment or by any other electronic means intended to preserve the original graphic and pictorial appearance of a party's signature, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

AS WITNESS, the Parties have, by their duly authorized representatives, executed this Amendment on the date first written above.

NEXPERIA B.V.	**TRANSPHORM, INC.**
By: /s/ Charles Smit	By: /s/ Primit Parikh
Print Name: Charles Smit	Print Name: Primit Parikh
Title: SVP & General Counsel	Title: Co Founder & COO

Exhibit 10.14.1

EXECUTION VERSION

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

LOAN AND SECURITY AGREEMENT

dated as of April 4, 2018

by and between

TRANSPHORM, INC.,

as the Borrower,

and

NEXPERIA B.V.,

as the Lender

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of April 4, 2018 (the "**Effective Date**"), by and between **NEXPERIA B.V.**, a private limited liability company incorporated under the laws of the Netherlands, with its registered office at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands ("**Nexperia**" or the "**Lender**"), and **TRANSPHORM, INC.**, a Delaware corporation (the "**Borrower**"), provides the terms on which the Lender shall lend to the Borrower and the Borrower shall repay the Lender.

WHEREAS, the Lender and the Borrower are parties to that certain Development and License Agreement dated as of April 4, 2018 (the "**DLA**"), pursuant to which the Borrower will develop, transfer and license certain technology;

WHEREAS, pursuant to Section 6.2 of the DLA and subject to certain conditions, the Borrower may request in writing that the Lender prefund development work costs being incurred by the Borrower pursuant to each of the [***] SOW and the [***] SOW (as defined below);

WHEREAS, the Borrower and the Lender have agreed that this Agreement shall constitute the LSA referred to in Section 1.20 of the DLA;

WHEREAS, the Lender has agreed to assist the Borrower in its repayment of certain outstanding debt instruments in order to consummate the transactions contemplated by this Agreement and by the DLA; and

WHEREAS, consistent with the terms of the DLA, the Lender is willing, on the terms and subject to the conditions hereinafter set forth, to make the Loans to the Borrower.

NOW, THEREFORE, the parties hereto agree as follows:

1. ACCOUNTING AND OTHER TERMS

1.1 Accounting terms not defined in this Agreement and calculations and determinations made pursuant to the terms of this Agreement shall be construed in accordance with GAAP, except with respect to unaudited quarterly financial statements and, with respect to such unaudited quarterly financial statements, except for the absence of footnotes and subject to customary year-end audit adjustments; provided that, if at any time any change in GAAP would affect the computation of any covenant or requirement set forth in any Loan Document, and either the Borrower or the Lender shall so request, the Borrower and the Lender shall negotiate in good faith to amend such covenant or requirement to preserve the original intent thereof in light of such change in GAAP; provided further, that, until so amended (a) such covenant or requirement shall continue to be computed in accordance with GAAP prior to such change thereto and (b) the Borrower shall provide the Lender financial statements and other documents required under this Agreement or as the Lender may reasonably request setting forth a reconciliation between calculations of such covenant or requirement made before and after giving effect to such change in GAAP. For the avoidance of doubt, (x) any obligations of a Person under a lease (whether existing as of the Effective Date or entered into in the future in accordance with the terms of this Agreement) that is not (or would not be) a capital lease obligation under GAAP as in effect on the Effective Date shall not be treated as a capital lease obligation solely as a result of the adoption of changes in GAAP. Capitalized terms not otherwise defined in this Agreement (including in the

recitals) shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code or the DLA, as applicable, to the extent such terms are defined therein.

2. LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. The Borrower hereby unconditionally promises to pay the Lender the outstanding principal amount of the Loans, accrued and unpaid interest thereon and fees in respect thereof in accordance with this Agreement.

2.2 Loan Principal.

(a) Availability. On the terms and subject to the conditions of this Agreement, the Lender agrees to make a term loan (the "**Tranche A Loan**") to the Borrower on the Tranche A Closing Date in an amount corresponding to the Tranche A Commitment Amount. On the terms and subject to the conditions of this Agreement, the Lender agrees to make a term loan (the "**Tranche B Loan**") to the Borrower on the Tranche B Closing Date in an amount corresponding to the Tranche B Commitment Amount. On the terms and subject to the conditions of this Agreement, the Lender agrees to make loans (collectively, the "**Tranche C Loans**") to the Borrower during the Tranche C Availability Period in an aggregate principal amount that will not result in the aggregate Tranche C Credit Exposure exceeding the Tranche C Commitment Amount; provided that, the Borrower shall only be entitled to deliver up to three Borrowing Notices in respect of Tranche C Loans per calendar quarter and there shall not at any time be more than a total of three Tranche C Loans outstanding. Within the foregoing limit and on the terms and subject to the conditions of this Agreement, the Borrower may reborrow, prepay and reborrow Tranche C Loans in accordance with Section 2.2(d).

(b) Repayment of the Tranche A Loan. Subject to Sections 2.2(e)-(g) and Section 2.3(b), the Borrower shall pay in full to the Lender the outstanding principal balance of the Tranche A Loan on the Tranche A Maturity Date.

(c) Repayment of the Tranche B Loan. Subject to Sections 2.2(e)-(g) and Section 2.3(b), the Borrower shall pay in full to the Lender the outstanding principal balance of the Tranche B Loan on the Tranche B Maturity Date.

(d) Prepayment, Repayment and Reborrowing of the Tranche C Loans.

(i) Subject to the terms of this Section 2.2(d), the Borrower may prepay any Tranche C Loan from time to time, without premium or penalty, so long as the Borrower delivers to the Lender a notice of prepayment executed by a Responsible Officer on or before 9:00 a.m. (New York City time) on a Business Day at least five Business Days prior to the proposed prepayment date; provided that, if the Borrower shall be required to make a prepayment hereunder by reason of Section 2.2(d)(ii) or Section 2.2(d)(iii), such notice shall be delivered no later than the time at which such prepayment is made. Each notice of prepayment shall be irrevocable and shall specify the prepayment date and the principal amount of each Tranche C Loan or portion thereof to be prepaid. Each prepayment in respect of all or any part of a Tranche C Loan must be in a minimum principal amount of $1,000,000 and in multiples of $1,000,000 in excess thereof. Prepayments shall be accompanied by accrued interest in accordance with Section 2.3.

(ii) The Borrower shall, in the event and on each occasion that the aggregate Tranche C Credit Exposure exceeds the Tranche C Commitment Amount, not later than the next Business Day, prepay Tranche C Loans in an aggregate amount equal to such excess.

(iii) The Borrower shall, in the event and on each occasion that there are more than three Tranche C Loans outstanding, not later than the next Business Day, prepay at least one Tranche C Loan in full.

(iv) Subject to Sections 2.2(g) and 2.3(b), the Borrower shall pay in full to the Lender the outstanding principal balance of the Tranche C Loans on the Tranche C Maturity Date.

(e) Repayment of the Loans - Offsetting. Notwithstanding anything to the contrary herein set forth, the Lender may elect, by providing written notice to the Borrower two Business Days prior to (i) any Maturity Date or (ii) any date on which payment of any licensing fees or other amounts is due from Nexperia to the Borrower under the DLA, to reduce the Payable Amount due and payable on the next succeeding Maturity Date, on a dollar for dollar basis, up to the applicable Offsetting Amount. If and to the extent the Lender makes such election, (A) the applicable Payable Amount shall be permanently reduced by the Offsetting Amount set forth in the written notice delivered by the Lender pursuant to this Section 2.2(e) and (B) the Lender's obligation to pay the applicable licensing fees or other amounts used in the calculation of such Offsetting Amount shall be deemed satisfied and discharged for all purposes under the DLA and Prefunded SOWs in accordance with Section 6.1 of the DLA. No election made by the Lender under this Section 2.2(e) shall, except as may be otherwise stated in the applicable written notice, be applicable to any subsequent Maturity Date.

(f) Maturity Date Extension. In connection with modifications to the development timelines contemplated by the Prefunded SOWs and the DLA, the Tranche A Maturity Date and/or the Tranche B Maturity Date may be extended for an additional number of days to be mutually agreed by the Lender and the Borrower if (i) the Lender provides the Borrower with written notice of an extension at least 30 days prior to the then-applicable Maturity Date and the Borrower does not object in writing to such extension within 5 Business Days of receipt of such written notice (it being understood and agreed that the Borrower shall not unreasonably condition, delay or object to such extension) or (ii) the Borrower provides the Lender with a written request for an extension, together with reasonable supporting information justifying such extension, at least 30 days prior to the then-applicable Maturity Date and the Lender consents to such extension within 5 Business Days of receipt of such written request (it being understood and agreed that the Lender shall not unreasonably condition, delay or withhold its consent to such extension). For the avoidance of doubt, the Borrower may only deliver the aforementioned request for an extension so long as no Event of Default has occurred and is continuing on the date such request is delivered.

(g) Prepayments During Acceleration. Upon any acceleration or termination of the Commitments pursuant to Section 9.1, the Borrower shall immediately pay to the Lender an aggregate amount equal to all outstanding principal of the Loans (together with all accrued but unpaid interest thereon) unless, pursuant to Section 9.1 only a portion of the Loans or the Commitments is so accelerated or terminated (in which case the portion so accelerated or terminated shall be so repaid).

(h) Application of Prepayments. All amounts received as a result of the Borrower's repayments or prepayments in respect of any Loans (including pursuant to Section 2.2(d)) shall be applied in such order and manner as the Lender in its sole and absolute discretion may elect.

2.3 Payment of Interest and Fees on the Loans.

(a) Interest Rate. During any applicable Interest Period, interest payable by the Borrower shall accrue on the outstanding principal amount of the Loans during such period at a rate per annum equal to the Applicable Rate.

(b) Payment; Interest Computation. Subject to Section 2.2(e), interest accrued on the Loans in accordance with this Agreement shall be payable in cash, without duplication:

(i) on each Maturity Date;

(ii) on the date of any payment, repayment or prepayment, in whole or in part, of principal outstanding on the Loans on the principal amount so paid, repaid or prepaid (including pursuant to Section 2.2(d));

(iii) with respect to interest accrued for each Interest Period, no later than the first Business Day after the end of such Interest Period; and

(iv) on all or that portion of the Loans that is accelerated or in respect of which the Commitments are terminated pursuant to Section 9.1, immediately upon such acceleration or termination.

Interest accrued on the Loans or other monetary Obligations after the date such amount is due and payable (whether on a Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

(c) Commitment Fee. The Borrower agrees to pay to the Lender a commitment fee, accruing at a rate per annum equal to the Fee Rate, on the daily unused portion of the Tranche C Commitment Amount during the Tranche C Availability Period. Commitment fees accrued through and including the last day of March, June, September and December of each calendar year shall be payable on the first Business Day following such date and on the date on which the Commitments are terminated, commencing on the first such date to occur after the commencement of the Tranche C Availability Period.

(d) Default Interest. Notwithstanding anything to the contrary in Section 2.3(a), at all times commencing upon the date any Event of Default occurs under Section 8.1 for the Borrower's failure to pay any outstanding principal or interest on the Loans, and continuing until such Event of Default is no longer continuing, the Applicable Rate shall be increased, to the fullest extent permitted by Law, by 3.00% per annum.

(e) Computation of Interest and Fees. All interest and fees shall be computed on the basis of the actual number of days occurring during the period for which such interest or fee is payable over a year comprised of 360 days. Fees paid shall not be refundable under any circumstances.

2.4 Payments; Application of Payments. Unless otherwise expressly provided in a Loan Document (including Section 2.2(e) hereunder), all payments by the Borrower pursuant to each Loan Document shall be made without setoff, deduction or counterclaim no later than 9:00 a.m., New York City time, on the date due in same day or immediately available funds in U.S. dollars to such account as the Lender shall specify from time to time by notice to the Borrower. Funds received after 9:00 a.m., New York City time, on any day shall be deemed to have been received by the Lender on the next succeeding Business Day. Payments due on other than a Business Day shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment.

2.5 Tax Matters

(a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Taxes; provided that if the Borrower is required by applicable Law to deduct or withhold any Taxes from such payments, then:

(i) if such Tax is an Indemnified Tax, the amount payable by the Borrower shall be increased so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts payable under this Section), the Lender receives an amount equal to the amount it would have received had no such deductions or withholdings been made; and

(ii) the Borrower shall make such deductions and timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

(b) In addition, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) The Borrower shall indemnify the Lender, within ten days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed on or attributable to amounts payable under this Section 2.5, but excluding Indemnified Taxes directly paid to a Governmental Authority pursuant to this Section 2.5) paid by the Lender on or with respect to an amount payable by the Borrower under or in respect of this Agreement or under any other Loan Document, together with any penalties, interest and expenses arising in connection therewith and with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Promptly upon having been notified in writing by Lender that any Indemnified Taxes have been levied, imposed or assessed the Borrower shall pay such Indemnified Taxes directly to the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender shall be conclusive absent manifest error.

(d) Promptly after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Lender the original or certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the relevant return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(e) If the Lender determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.5, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.5 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit in lieu of refund), provided that the Borrower, upon the request of the Lender, agrees to repay the amount paid over to the Borrower (plus any interest, penalties or other charges imposed by the relevant Governmental Authority) to the Lender in the event the Lender is required to repay such refund to such Governmental Authority. Notwithstanding the foregoing, the Lender shall not be required to make available its tax returns or any other information relating to its taxes that it deems confidential to the Borrower or any other Person.

(f) A Lender that is entitled to any exemption from or a reduction of any Indemnified Taxes collected by withholding with respect to any payments made under any Loan Document shall deliver to Borrower (in such number of copies as may be reasonably requested) an executed IRS Form W-8BEN-E establishing the right to such exemption from or reduction of U.S. federal withholding Tax pursuant to the "interest," "business profits," or "other income" articles of the income tax treaty between the United States and the Netherlands. Lender agrees that if any form or certification it has previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(g) If a payment to the Lender would be subject to U.S. federal withholding Tax imposed by FATCA if the Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Tax Code, as applicable), the Lender shall deliver to the Borrower at the time or times prescribed by law, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Tax Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA and to determine that the Lender has complied with the Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(h) The Borrower and the Lender agree that the Loans are indebtedness of the Borrower that does not entitle the Lender to participate in the profits of the Borrower within the meaning of the Treaty and that payments of interest are not treated as dividends. Neither the Borrower nor the Lender shall take any action inconsistent with the foregoing unless otherwise required by applicable law.

(i) Each party's obligations under this Section 2.5 shall survive any assignment of rights by, or the replacement of, Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

2.6 Termination of Obligations. For the avoidance of doubt and subject to Sections 2.2(e) and 9.9, following the earlier of (a) the Borrower's payment to the Lender of all principal and interest due on the Loans and any other amounts (other than contingent reimbursement and indemnification obligations for which no claim has been asserted) due hereunder, if any, and (b) the date the Borrower effectuates the Collateral Assignment pursuant to Section 9.9, all monetary

Obligations (other than contingent reimbursement and indemnification obligations for which no claim has been asserted) shall be paid (or shall be deemed satisfied and discharged in the event the Borrower effectuates the Collateral Assignment pursuant to Section 9.9) in full and shall automatically terminate (such date, the "**Termination Date**").

3. CONDITIONS OF THE LOANS

3.1 Conditions Precedent to the Tranche A Loan. The commitment of the Lender to make the Tranche A Loan shall be subject to the satisfaction of each of the conditions precedent set forth below in this Section 3.1, in form and substance satisfactory to the Lender and completion of such other matters, as the Lender may reasonably deem necessary or appropriate:

(a) duly executed original signatures to this Agreement;

(b) due evidence of proof of concept under the [***] SOW in accordance with Section 6.2(a) of the DLA;

(c) timely receipt by the Lender of an executed Borrowing Notice in accordance with Section 3.5 (which Borrowing Notice shall constitute the written request for prefunding contemplated by Section 6.2(a) of the DLA);

(d) a duly executed certificate of a Responsible Officer of the Borrower, dated the Effective Date and upon which the Lender may conclusively rely, certifying (i) as to copies of the Operating Documents of the Borrower and the full force and validity thereof, (ii) as to a copy of the resolutions or written consents of the Borrower authorizing (x) the borrowings hereunder and the transactions contemplated hereby and (y) the execution, delivery and performance by the Borrower of this Agreement and any other documents to be delivered by the Borrower in connection herewith and (iii) the names and true signatures of the representatives of the Borrower authorized to sign this Agreement and the other documents to be executed and delivered by the Borrower in connection herewith (including the Responsible Officers), together with the evidence of the incumbency of such persons;

(e) a duly executed certificate of a Responsible Officer, dated the Tranche A Closing Date and upon which the Lender may conclusively rely, certifying that (i) the Borrower has not materially breached its obligations under the DLA; (ii) the representations and warranties in this Agreement shall be true and correct in all material respects on the date of the Borrowing Notice and on the Tranche A Closing Date; provided, however, that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified by materiality or "Material Adverse Effect" in the text thereof; and provided further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects (provided, however, that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified by materiality or "Material Adverse Effect" in the text thereof) as of such date; and (iii) no Default or Event of Default shall have then occurred and be continuing, or would result from the making of such Loan;

(f) a long-form good standing certificate of the Borrower certified by the Secretary of State of the State of Delaware as of a date reasonably close to the Tranche A Closing Date;

(g) certified copies, dated as of a recent date, of financing statement searches as the Lender may request, accompanied by written evidence (including any UCC termination

statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, prior to the Tranche A Closing Date, will be terminated or released;

(h) the Lender determines to its satisfaction that there has not been a Material Adverse Change since the Effective Date;

(i) an update to Schedule 5.2, such updated Schedule to be complete and accurate in all material respects as of the Tranche A Closing Date;

(j) a duly executed consent, amendment, release and/or waiver with respect to the ON Note, dated as of or prior to the Effective Date and in full force and effect on each of the Effective Date and the Tranche A Closing Date, in form and substance satisfactory to the Lender, confirming the priority of the Lender's Liens hereunder, surrendering and/or waiving the Holder's rights to the IP License (each as defined in the ON Note) contemplated by Section 5 thereof in connection with the ON Note Default (as defined below), consenting to the transactions contemplated herein and by the Loan Documents, affirming the satisfaction, release and payoff of the ON Note, and to such further effect as the Lender may request (the "**ON Note Waiver**");

(k) such unaudited financial information, projections or similar data of the Borrower, as of a date reasonably close to the Tranche A Closing Date, as the Lender may reasonably request; and

(l) (i) on or prior to the Effective Date, unaudited financial statements of the Borrower prepared in accordance with GAAP (subject to the absence of footnote disclosures), consistently applied, with respect to fiscal years 2015 and 2016, together with a certificate signed by a Responsible Officer of the Borrower certifying that such financial statements fairly present, in all material respects, in accordance with GAAP (subject to the absence of footnote disclosures), the financial condition of the Borrower as at the dates indicated and its income, cash flows and shareholders' equity for the periods indicated and (ii) on or prior to the first Closing Date, audited financial statements of the Borrower prepared in accordance with GAAP, consistently applied, with respect to fiscal years 2015 and 2016.

3.2 Conditions Precedent to the Tranche B Loan. The commitment of the Lender to make the Tranche B Loan shall be subject to the prior making of the Tranche A Loan, the satisfaction of each of the conditions precedent set forth below in this Section 3.2, in form and substance satisfactory to the Lender and completion of such other matters as the Lender may reasonably deem necessary or appropriate:

(a) due evidence of proof of concept under the [***] SOW in accordance with Section 6.2(b) of the DLA;

(b) timely receipt by the Lender of an executed Borrowing Notice in accordance with Section 3.5 (which Borrowing Notice shall constitute the written request for prefunding contemplated by Section 6.2(b) of the DLA);

(c) a duly executed certificate of a Responsible Officer, dated the Tranche B Closing Date and upon which the Lender may conclusively rely, certifying that (i) the Borrower has not materially breached its obligations under the DLA; (ii) the representations and warranties in this Agreement shall be true and correct in all material respects on the date of the Borrowing Notice and on the Tranche B Closing Date; provided, however, that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified by

materiality or "Material Adverse Effect" in the text thereof; and provided further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects (provided, however, that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified by materiality or "Material Adverse Effect" in the text thereof) as of such date; and (iii) no Default or Event of Default shall have then occurred and be continuing, or would result from the making of such Loan;

(d) the Lender determines to its satisfaction that there has not been a Material Adverse Change since the Effective Date;

(e) an update to Schedule 5.2, such updated Schedule to be complete and accurate in all material respects as of the Tranche B Closing Date;

(f) the Lender determines to its satisfaction that the ON Note Waiver is in full force and effect as of the Tranche B Closing Date; and

(g) such unaudited financial information, projections or similar data of the Borrower, as of a date reasonably close to the Tranche B Closing Date, as the Lender may reasonably request.

3.3 Conditions Precedent to the Tranche C Loans. The commitment of the Lender to make a Tranche C Loan shall be subject to the satisfaction of each of the conditions precedent set forth below in this Section 3.3, in form and substance satisfactory to the Lender and completion of such other matters as the Lender may reasonably deem necessary or appropriate:

(a) Nexperia shall not have provided the Borrower with a notice of material breach under Section 14.3(b) of the DLA, which breach remains or will remain uncured as of (i) the date of the Borrowing Notice or (ii) the applicable Tranche C Closing Date;

(b) Nexperia shall not have provided the Borrower with a notice of rejection of a Deliverable in accordance with Section 3 of the DLA, which Deliverable has not been redelivered by the Borrower in a manner that corrects its defects to Nexperia's satisfaction within the time period provided in Section 3 of the DLA, and in any event prior to the date of the Borrowing Notice;

(c) the Lender determines to its satisfaction that after, making the applicable Tranche C Loan, the Tranche C Credit Exposure shall not exceed the Tranche C Commitment Amount;

(d) timely receipt by the Lender of an executed Borrowing Notice in accordance with Section 3.5;

(e) a duly executed certificate of a Responsible Officer, dated the applicable Tranche C Closing Date and upon which the Lender may conclusively rely, certifying that (i) the Borrower has not materially breached its obligations under the DLA; (ii) the representations and warranties in this Agreement shall be true and correct in all material respects on the date of the Borrowing Notice and on the applicable Tranche C Closing Date; provided, however, that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified by materiality or "Material Adverse Effect" in the text thereof; and provided further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects (provided, however, that such materiality qualifier shall not be

applicable to any representations or warranties that already are qualified or modified by materiality or "Material Adverse Effect" in the text thereof) as of such date; (iii) no Default or Event of Default shall have then occurred and be continuing, or would result from the making of such Loan; and (iv) after making the applicable Tranche C Loan, the Tranche C Credit Exposure shall not exceed the Tranche C Commitment Amount;

(f) the Lender determines to its satisfaction that there has not been a Material Adverse Change since the Effective Date;

(g) an update to Schedule 5.2, such updated Schedule to be complete and accurate in all material respects as of the applicable Tranche C Closing Date;

(h) the Lender determines to its satisfaction that the ON Note Waiver is in full force and effect as of the applicable Tranche C Closing Date;

(i) such unaudited financial information, projections or similar data of the Borrower, as of a date reasonably close to the applicable Tranche C Closing Date, as the Lender may reasonably request; and

(j) (i) on or before April 1, 2018 (or the next Business Day), the Borrower shall have repaid in full the principal balance of the IIDA Note and all interest, fees and other amounts due under the IIDA Note, and (ii) on or prior to the Effective Date, the Borrower shall have delivered to the Lender a payoff letter (which shall be reasonably satisfactory to the Lender) in connection therewith.

3.4 Covenant to Deliver. The Borrower agrees to deliver to the Lender each item required to be delivered to the Lender under this Agreement as a condition precedent to the making of any Loan. The Borrower expressly agrees that a Loan made prior to the receipt by the Lender of any such item shall not constitute a waiver by the Lender of the Borrower's obligation to deliver such item, and the making of any Loan in the absence of a required item shall be in the Lender's sole discretion.

3.5 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of a Loan set forth in this Agreement, to obtain a Loan, the Borrower shall deliver to the Lender a Borrowing Notice (which Borrowing Notice shall be irrevocable) executed by a Responsible Officer on or before 9:00 a.m. (New York City time) on a Business Day at least five Business Days prior to the proposed Closing Date. After receipt of the Borrowing Notice for the applicable Loan, the Lender shall, on the applicable Closing Date and subject to the terms and conditions hereof, make the proceeds of such Loan available to the Borrower by wire transfer to the Loan Deposit Account. With respect to the Tranche C Loans, (a) each Tranche C Loan must be in a minimum principal amount of $1,000,000 and in multiples of $1,000,000 in excess thereof, (b) the Borrower shall only be entitled to deliver up to three Borrowing Notices in respect of Tranche C Loans per calendar quarter and (c) there shall not at any time be more than a total of three Tranche C Loans outstanding. The Tranche A Commitment Amount shall automatically and permanently be reduced to zero on the Tranche A Commitment Termination Date. The Tranche B Commitment Amount shall automatically and permanently be reduced to zero on the Tranche B Commitment Termination Date. The Tranche C Commitment Amount shall automatically and permanently be reduced to zero on the Tranche C Commitment Termination Date.

4. SECURITY INTEREST

4.1 Grant of Security Interest. The Borrower hereby grants the Lender, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to the Lender, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all Proceeds and products thereof.

Subject to Section 9.9, if this Agreement is terminated, the Lender's Lien in the Collateral shall continue until the Termination Date, and at such time, the Lender shall, at the Borrower's sole cost and expense, terminate its security interest in the Collateral.

4.2 Priority of Security Interest. The Borrower represents, warrants and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens that have superior priority to the Lender's Lien under this Agreement).

4.3 Perfection; Authorization to Make Filings. The Borrower hereby agrees to execute and deliver to the Lender such agreements, assignments or instruments (including affidavits, notices, reaffirmations and amendments and restatements of existing documents, as the Lender shall reasonably request) and do all such other things as the Lender may reasonably deem necessary, appropriate or convenient (a) to assure to the Lender the effectiveness, perfection and priority of its security interests in the Collateral hereunder, including (i) such instruments as the Lender may from time to time reasonably request in order to perfect and maintain the security interests granted hereunder in accordance with the Code and (ii) with regard to Patents, a Notice of Grant of Security Interest in Patents for filing with the United States Patent and Trademark Office in the form of Exhibit A attached hereto, (b) to consummate the transactions contemplated hereby and (c) to otherwise protect and assure the Lender of its rights and interests hereunder. To that end, the Borrower hereby authorizes the Lender, and each of its designees or agents, to file one or more financing statements, notices and/or other instruments, without notice to or signature from the Borrower, with the United States Patent and Trademark Office and otherwise in all appropriate jurisdictions and offices to perfect or protect the Lender's interest or rights hereunder, including a notice that any disposition of the Collateral, by either the Borrower or any other Person, shall be deemed to violate the rights of the Lender under the Code.

4.3.1 The Borrower hereby irrevocably makes, constitutes and appoints the Lender, its nominees, agents or any other Person whom the Lender may designate, as the Borrower's lawful attorney-in-fact, with full power of substitution, in the Borrower's name, place and stead, to sign in the name of the Borrower any such financing statements (including renewal statements), amendments and supplements, notices, instruments or any similar documents that in the Lender's reasonable discretion would be necessary, appropriate or convenient in order to perfect and maintain perfection of the security interests granted hereunder, such power, being coupled with an interest, being and remaining irrevocable until the Termination Date. The Borrower hereby agrees that a carbon, photographic or other reproduction of this Agreement or any such financing statement is sufficient for filing as a financing statement, notice and/or instrument by the Lender without notice thereof to the Borrower wherever the Lender may in its sole discretion desire to file the same. In the event for any reason the law of any jurisdiction other than New York becomes or is applicable to the Collateral of the Borrower or any part thereof, the Borrower agrees to execute and deliver all such instruments and to do all such other things as the Lender in its sole discretion reasonably deems necessary, appropriate or convenient to preserve, protect and enforce the security interests of the Lender under the law of such other jurisdiction (and, if the Borrower shall fail to do so promptly upon the request of the Lender, then the Lender may execute any and all such requested documents on behalf of the Borrower pursuant to the power of attorney granted

hereinabove). If any Collateral is in the possession or control of the Borrower's agents and the Lender so requests, the Borrower agrees to notify such agents in writing of the Lender's security interest therein and, upon the Lender's request, promptly instruct them to hold all such Collateral for the account of the Lender, subject to its instructions. The Borrower agrees to mark its books and records to reflect the security interest of the Lender in the Collateral.

4.4 Covenants Relating to Patents. The Borrower covenants that, until the Termination Date, it shall:

(a) Not do any act, or omit to do any act, whereby any Patent owned by it constituting Collateral may become abandoned, invalidated, rendered unenforceable or dedicated to the public, unless the Borrower determines in its good faith business judgment to do otherwise and, before allowing any such Collateral to become abandoned, invalidated, rendered unenforceable or dedicated to the public, to first provide the Lender with a written option to purchase such Patent for one Dollar ($1.00) (it being understood and agreed that such option to purchase shall terminate within 10 Business Days of the Lender's receipt of such option).

(b) Notify the Lender promptly if it knows that any application or registration relating to any Patent owned by the Borrower, constituting Collateral may become abandoned, invalidated, rendered unenforceable or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof or any court or tribunal in any country) regarding its ownership of any such Patent or its right to register the same or to keep and maintain the same.

(c) Upon request of the Lender, execute and deliver any and all agreements, instruments, documents and papers as the Lender may reasonably request to evidence and perfect the security interest of the Lender in any Patent included in the Collateral.

(d) Take all reasonable and necessary steps, including in any proceeding before the United States Patent and Trademark Office, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of each Patent included in the Collateral, including filing of applications for renewal, affidavits of use and affidavits of incontestability, unless the Borrower determines in its good faith business judgement to do otherwise and, before failing to pursue such application or to maintain such registration, to first provide the Lender with a written option to purchase such Patent for one Dollar ($1.00) (it being understood and agreed that such option to purchase shall terminate within 10 Business Days of the Lender's receipt of such option).

(e) Promptly notify the Lender after it learns that any Patent included in the Collateral is infringed, violated, misappropriated or diluted by another Person and take such actions as the Borrower shall reasonably deem appropriate under the circumstances to protect such Patent.

(f) Not grant any exclusive license or Sole License of the Patents included in the Collateral.

4.5 Security Interest Absolute. This Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable grant of security interest, and shall remain in full force and effect until the Termination Date. All rights of the Lender and the security interests granted to the

Lender hereunder, and all obligations of the Borrower hereunder, shall, to the fullest extent permitted by applicable Law, in each case, be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of any Loan Document (other than this Agreement);

(b) the failure of the Lender (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person under the provisions of any Loan Document or otherwise, or (ii) to exercise any right or remedy against any Collateral securing any Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other extension, compromise or renewal of any Obligations;

(d) any reduction, limitation, impairment or termination of any Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and the Borrower hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise;

(e) any amendment to, rescission, waiver or other modification of, or any consent to or departure from, any of the terms of any Loan Document;

(f) any addition, exchange or release of any Collateral or of any Person that is (or will become) a grantor, or any surrender or non-perfection of any Collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any guaranty held by the Lender securing any of the Obligations; or

(g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of the Borrower, any surety or any guarantor.

5. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. The Borrower (a) is validly organized and existing and in good standing in the State of Delaware, (b) is duly qualified and licensed to conduct business and is in good standing in each other jurisdiction (including the State of California) where the nature of its business or its ownership of property requires such qualification except where a failure to do so would not reasonably be expected to have a material adverse effect on the Borrower's business, (c) holds all requisite material governmental licenses, permits and other approvals to enter into and perform its obligations under each Loan Document to which it is a party, (d) has all requisite power and authority (x) to conduct its operations as currently conducted and to own and hold under lease its property and to conduct its business substantially as currently conducted by it and (y) to make the borrowings and grant the security interests hereunder and to execute and deliver each Loan Document, and to consummate the transactions contemplated hereby and thereby, except, in the case of subclause (x) of this clause

(d), to the extent a failure to do so would not reasonably be expected to have a Material Adverse Effect.

The execution, delivery and performance by the Borrower of each Loan Document to which it is a party is within the Borrower's corporate powers, has been duly authorized and does not (i) conflict with any of the Borrower's Operating Documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict with or violate any applicable material order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which the Borrower may be bound or affected, (iv) require any action by, filing, registration or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect or filings contemplated hereunder) or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any agreement by which the Borrower is bound (other than its Operating Documents), except, in the case of this clause (v), to the extent such conflict, contravention, breach, default, termination or acceleration would not reasonably be expected to have a Material Adverse Effect. Except with respect to the default under the ON Note that has been disclosed in writing to the Lender as of the Effective Date and is subject to the ON Note Waiver (the "**ON Note Default**"), the Borrower (A) has not materially breached its obligations under the DLA and (B) is not in default under any material contract, agreement or instrument to which it is a party or by which it is bound, which default, in the case of clause (B), could reasonably be expected to have a Material Adverse Effect.

Each Loan Document to which the Borrower is a party constitutes the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally and by principles of equity).

5.2 Collateral. The Borrower has good title to, rights in and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens (subject to Permitted Liens). Schedule 5.2 (for purposes of this Section 5.2, as it may be amended from time to time by the Borrower in accordance with Section 3) sets forth a complete and accurate list as of the Effective Date, the Tranche A Closing Date, the Tranche B Closing Date or the applicable Tranche C Closing Date, as the case may be, of all Patents which constitute Collateral.

(a) With respect to all Patents listed on Schedule 5.2:

(i) the Borrower is the sole and exclusive owner of all such Patents and rights associated with such Patents, in each case free and clear of any and all Liens (other than Permitted Liens), and no issued Patent listed on Schedule 5.2 has expired, lapsed or been forfeited, cancelled or abandoned unless permitted hereunder;

(ii) the Borrower has taken commercially reasonable actions to maintain and protect such Patents to the fullest extent required hereby and there are no unpaid maintenance or renewal fees payable by the Borrower that are currently overdue for any of such Patents, except to the extent such non-payment could not reasonably be expected to cause a Material Adverse Effect;

(iii) there is no proceeding challenging the validity or enforceability of any such Patents, neither the Borrower nor any of its Subsidiaries is involved in any such proceeding with any Person and none of the Patents is the subject of any administrative proceeding relating to a dispute involving a patent office or other relevant intellectual property registry which relates to validity, opposition, revocation, ownership or enforceability of the relevant Patents;

(iv) all issued Patents listed on Schedule 5.2 are valid, enforceable and subsisting and no event has occurred, and nothing has been done or omitted to have been done, that would negatively affect the validity or enforceability of such Patents, except as otherwise expressly permitted hereby; and

(v) the Borrower has not granted any third party (other than an Affiliate) an exclusive license or Sole License to the Patents listed on Schedule 5.2.

(b) To the knowledge of the Borrower, except as set forth on Schedule 5.2(b), no third party is committing any act of infringement of any Patents included in the Collateral, except where such infringement is not reasonably expected to be material to the Borrower.

(c) Except as set forth on Schedule 5.2(c), none of the Borrower or any of its Subsidiaries has received written notice from any third party alleging that the conduct of its business (including the work undertaken by the Borrower under the DLA) infringes any intellectual property of that third party and, to the knowledge of the Borrower, the conduct of the business of the Borrower (including the work undertaken by the Borrower under the DLA) does not infringe any intellectual property of any third party.

5.3 Litigation. There are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against the Borrower that would reasonably be expected to have a Material Adverse Effect except as otherwise disclosed to the Lender in writing pursuant to Section 6.2(d).

5.4 Solvency. Both before and immediately after giving effect to (a) the Loans made on or prior to the date this representation and warranty is made or remade, (b) the disbursement of the proceeds of such Loans to or as directed by the Borrower and (c) the payment and accrual of all transaction costs in connection with the foregoing, the Borrower is, and will be, Solvent.

5.5 Regulatory Compliance. The Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which could reasonably be expected to have a Material Adverse Effect. The Borrower has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue its operations as currently conducted, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person (other than those that have been, or on the first Closing Date will be, duly obtained or made and which are, or on the first Closing Date will be, in full force and effect) is required for the due execution, delivery or performance by the Borrower of any Loan Document to which it is a party.

5.6 Subsidiaries. The Borrower has no Subsidiaries except Transphorm Aizu, Inc., a *kabushiki kaisha* incorporated in Japan, and Transphorm Japan, Inc., a *kabushiki kaisha* incorporated in Japan.

5.7 Tax Returns and Payments. The Borrower has timely filed all required tax returns and reports, and the Borrower has timely paid all federal, state and local Taxes, assessments, deposits and contributions owed by the Borrower except (a) to the extent such Taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) to the extent the failure to file such tax returns or reports or failure to timely pay such Taxes, assessments, deposits and contributions could not reasonably be expected to have a Material Adverse Effect.

To the extent the Borrower defers payment of any contested Taxes, the Borrower shall (i) notify the Lender in writing of the commencement of, and any material development in, the proceedings, and (ii) post bonds or take any other steps required to prevent the Governmental Authority levying such contested Taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien". The Borrower is unaware of any claims or adjustments proposed for any of the Borrower's prior tax years which could result in additional Taxes becoming due and payable by the Borrower in an amount that could reasonably be expected to have a Material Adverse Effect.

5.8 Use of Proceeds. Unless otherwise approved by the Lender, the Borrower has not and will not apply the proceeds of the Loans other than (i) with respect to the Tranche A Loan and the Tranche B Loan, to enable it to continue the development work contemplated by the DLA, including the Prefunded SOWs, and activities incidentally related thereto and (ii) with respect to any Tranche C Loan, (A) to repay, satisfy and discharge the ON Note or otherwise as may be reasonably necessary to obtain the ON Note Waiver, or (B) if and to the extent the ON Note has been paid off by the Borrower without drawing on a Tranche C Loan, for general corporate purposes.

5.9 Investment Company Act. The Borrower is not an "investment company" as such term is defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

5.10 No Default or Event of Default. No Default or Event of Default exists or would result immediately thereafter from the incurring of any Obligations by the Borrower or the grant or perfection of the Lender's Liens on the Collateral or the consummation of the transactions contemplated hereby.

5.11 Full Disclosure. No written representation, warranty or other statement of the Borrower in any certificate or written statement given to the Lender, as of the date such representation, warranty or other statement was made, taken together with all such written certificates and written statements given to the Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading.

5.12 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures reasonably designed to promote compliance by the Borrower and its directors, officers, employees and agents with the United States Foreign Corrupt Practices Act of 1977, as amended, or similar law of a jurisdiction in which the Borrower or any of

its Subsidiaries conduct their business and to which they are subject. The Borrower has implemented and maintains in effect policies and procedures reasonably designed to promote compliance by the Borrower and its directors, officers, employees and agents with applicable Sanctions.

6. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees with the Lender that the Borrower will perform or cause to be performed the obligations set forth below:

6.1 Government Compliance.

(a) Maintain its legal existence and good standing in its jurisdiction of organization and maintain qualification in the State of California and in each other jurisdiction in which the failure to so qualify would reasonably be expected to have a Material Adverse Effect. The Borrower shall comply in all material respects with all Laws, ordinances and regulations to which it is subject.

(b) Obtain and maintain all of the Governmental Approvals necessary for the performance by the Borrower of its obligations under the Loan Documents and the DLA and the grant of a security interest to the Lender in the Collateral. The Borrower shall promptly, upon reasonable request, provide copies of any such obtained Governmental Approvals to the Lender.

6.2 Updates. Provide the Lender with the following:

(a) Annual Financial Statements. As soon as available and in any event on or before the earlier of (i) the date delivered by the Borrower to Kohlberg Kravis & Roberts & Co. L.P. (or any of its Affiliates) and (ii) 180 days (or such longer period agreed to by the Lender) after the last day of the Borrower's fiscal year commencing with the fiscal year ended 2018, audited financial statements prepared in accordance with GAAP, consistently applied;

(b) Quarterly Financial Statements. As soon as available and in any event within 45 days after the last day of each fiscal quarter of the Borrower, an unaudited balance sheet of the Borrower as of such date, and unaudited statements of income and cash flows of the Borrower for such fiscal quarter, in each case prepared in accordance with GAAP;

(c) Compliance Certificate. Together with the financial statements delivered pursuant to clauses (a) and (b) above, a certificate signed by a Responsible Officer of the Borrower certifying (i) that the financial statements attached thereto fairly present, in all material respects, in accordance with GAAP, the financial condition of the Borrower as at the dates indicated and its income, cash flows and shareholders' equity for the periods indicated and (ii) that such Responsible Officer has no knowledge of the existence of any condition or event which constitutes an Event of Default as of the date of such certificate (or if such officer has knowledge of a then-existing Event of Default, describing in reasonable detail such Event of Default and any action taken or proposed to be taken with respect thereto); and

(d) Legal Action Notice. A prompt report of any legal actions pending or threatened in writing against the Borrower that would reasonably be expected to have a Material Adverse Effect.

6.3 Taxes. Timely file all required tax returns and reports and timely pay all material foreign, federal, state and local Taxes, assessments, deposits and contributions owed by the Borrower except (a) for deferred payment of any Taxes contested pursuant to the terms of Section 5.7 hereof or (b) where a failure to file or pay would not reasonably be expected to have a Material Adverse Effect.

6.4 Insurance. Keep its operations, properties and the Collateral insured against such risks and in at least the amounts (and with only those deductibles) customarily maintained by Persons of comparable size engaged in the same or similar business as the Borrower. Insurance policies shall be in a form, with financially sound and reputable insurance companies, and in amounts that are consistent with market practice.

6.5 Maintenance of Properties. Maintain, preserve, protect and keep its properties in good repair, working order and condition (ordinary wear and tear excepted), and make necessary repairs, renewals and replacements so that the business carried on by the Borrower (including pursuant to the DLA and the SOWs thereunder) may be properly conducted at all times, except as would not reasonably be expected to have a Material Adverse Effect.

6.6 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to the Lender (upon reasonable prior notice and only during standard business hours so long as no Event of Default exists), the Borrower and its officers, employees and agents and the Borrower's books and records, to the extent that the Lender may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against the Lender with respect to any Collateral or relating to the Borrower.

6.7 Further Assurances. Execute any further instruments and take further action as the Lender reasonably requests to perfect or continue the Lender's Lien in the Collateral or to effect the purposes of this Agreement; and deliver to the Lender, within 15 days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of the Borrower.

6.8 . [Reserved.]

6.9 Use of Proceeds. Unless otherwise approved by the Lender, apply the proceeds of the Loans solely (i) with respect to the Tranche A Loan and the Tranche B Loan, to enable the Borrower to continue the development work contemplated by the DLA, including the Prefunded SOWs, and activities incidentally related thereto and (ii) with respect to any Tranche C Loan, (A) to repay, satisfy and discharge the ON Note or otherwise as may be reasonably necessary to obtain the ON Note Waiver, or (B) if and to the extent the ON Note has been paid off by the Borrower without drawing on a Tranche C Loan, for general corporate purposes. The Borrower shall not use the proceeds of any Loan for payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any provision of the United States Foreign Corrupt Practices Act of 1977, as amended, or similar law of jurisdiction in which the Borrower or any of its Subsidiaries conduct their business and to which they are subject. The Borrower shall not use the proceeds of any Loan, for the purpose of funding any activity, business or transaction of or with any Person subject to Sanctions. The Borrower shall operate its business in a manner consistent with or reasonably related to its business activities as carried out on or prior to the Effective Date.

6.10 Change of Control. Give the Lender written notice of the anticipated date of any Change of Control no later than 10 Business Days prior to a Change of Control.

7. NEGATIVE COVENANTS

The Borrower shall not do any of the following without the Lender's prior written consent (which consent shall not be unreasonably withheld):

7.1 Changes in Operations or Organization. (a) Engage in any operations other than the operations currently engaged in by the Borrower or reasonably related thereto; (b) liquidate or dissolve or (c) amend or modify the terms of its Operating Documents in any manner that could materially and adversely affect the rights or obligations of the Lender.

The Borrower shall not, without at least 10 Business Days' prior written notice to the Lender: (i) change its jurisdiction of organization, (ii) change its organizational structure or type, (iii) change its legal name or (iv) change any organizational number (if any) assigned by its jurisdiction of organization.

7.2 Encumbrances. Create, incur, extend, allow or suffer or permit to exist any Lien on any of the Collateral or assign or convey any right to receive income with respect thereto, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (subject to Permitted Liens). To the extent requested by the Lender, with respect to (i) Indebtedness in an aggregate principal amount of $15,000,000 existing as of the date of this Agreement in respect of that certain subordinated note issued on October 4, 2017 in favor of Yaskawa Electric Corporation and (ii) indebtedness for borrowed money evidenced by notes, bonds, debentures, or similar instruments of the Borrower incurred after the Effective Date in accordance with this Agreement, the Borrower shall promptly enter into written subordination agreements, reasonably satisfactory to the Lender, to subordinate such Indebtedness to the Obligations and all other Indebtedness owing from the Borrower to the Lender under this Agreement.

7.3 Patents. Except as otherwise permitted under this Agreement (including under Section 4.4 hereof or pursuant to the Collateral Assignment), grant any exclusive license or Sole License, assign, transfer or otherwise dispose of any Patent that constitutes Collateral hereunder other than to Affiliates of the Borrower. For the avoidance of doubt, neither the abandonment of Patents nor the granting of licenses with respect to Patents that are not exclusive licenses or Sole Licenses, in each case in accordance with the terms of this Agreement (including Section 4.4 hereof or pursuant to the Collateral Assignment), shall be a prohibited assignment, transfer or disposition for purposes of this Section 7.3.

7.4 Compliance. Fail to comply with any applicable Law with respect to the Collateral or any part thereof, the non-compliance with which could reasonably be expected to have a Material Adverse Effect.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. The Borrower fails to make any payment, repayment or prepayment when due of (a) any principal of or interest on the Tranche A Loan, (b) any principal

of or interest on the Tranche B Loan, (c) any principal of or interest on any Tranche C Loan or (d) any other monetary obligation, and in the case of clause (d), such failure continues unremedied for a period of 30 days after receipt of notice from the Lender that such amount was due;

8.2 Covenant Default.

(a) The Borrower fails or neglects to perform, keep or observe any of its covenants, obligations or agreements in Sections 6.2, 6.9 or 6.10 or violates any covenant in Section 7; or

(b) The Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant, obligation or agreement contained in this Agreement or any other Loan Document, and as to any Default (other than those specified in this Section 8) under such other term, provision, condition, covenant, obligation or agreement that can be cured, has failed to cure such Default within 30 days after notice from the Lender or actual knowledge of the default by the Borrower; provided, however, that cure periods provided under this Section 8.2(b) shall not apply, among other things, to the covenants set forth in clause (a) above;

8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment; Levy; Restraint on Operations.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of the Borrower or of any entity under the control of the Borrower (including a Subsidiary) in excess of $250,000, or (ii) a notice of Lien (other than a Permitted Lien) or levy is filed against any of the Collateral by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within 60 days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); or

(b) (i) Any material portion of the Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains or prevents the Borrower from conducting all or any material part of its operations;

8.5 Insolvency. (a) The Borrower ceases to be Solvent or generally fails to pay, or admits in writing that it is unable or unwilling to pay, its debts as they become due; (b) the Borrower (i) begins an Insolvency Proceeding or any proceeding for its winding up or liquidation, (ii) otherwise applies for, consents to or acquiesces in the appointment of a trustee, receiver, sequestrator or other custodian or (iii) through its board of directors or shareholders, adopts resolutions to approve any of the foregoing; or (c) an Insolvency Proceeding, winding up petition or similar proceeding is begun against the Borrower and is not dismissed or stayed within 60 days or any trustee, receiver, sequestrator or other custodian is appointed and such appointment is not vacated within 60 days;

8.6 Other Agreements. There is, under any agreement in respect of Indebtedness to which the Borrower is a party with a third party or parties having an outstanding aggregate principal amount of at least $250,000 (other than the ON Note Default), (a) (i) any failure to make a payment of principal or interest beyond the applicable grace period or (ii) any other default resulting in such third party or parties accelerating the maturity of such Indebtedness; or (b) any breach or default by the Borrower, the result of which could reasonably be expected to have a Material Adverse Effect;

8.7 Judgments; Penalties. One or more fines, penalties or final judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least $250,000 (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against the Borrower by any Governmental Authority, and the same are not, within 60 days after the entry, assessment or issuance thereof, discharged, satisfied or paid, or after execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay;

8.8 Misrepresentations. The Borrower makes any representation, warranty or other statement in this Agreement or any other Loan Document, and such representation, warranty or other statement is incorrect in any material respect (except that such materiality qualifier shall not be applicable to any representation, warranty or other statement that is already qualified or modified as to materiality or "Material Adverse Effect" in the text thereof) when made;

8.9 Loss of Security. This Agreement or any other security document, after delivery thereof pursuant hereto, shall for any reason fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority security interest in favor of the Lender on any Collateral purported to be covered thereby;

8.10 Change of Control. A Change of Control occurs; or

8.11 DLA. (a) The Lender (i) terminates the DLA pursuant to (x) Section 14.3(b) or (y) Section 14.3(c) thereof or (ii) the Borrower fails to deliver (A) the report required to be delivered pursuant to the [***] SOW on or prior to the last Business Day of the first quarter of the calendar year 2020, as such date may be extended pursuant to Section 2.2(f) or (B) the report required to be delivered pursuant to the [***] SOW on or prior to the last Business Day of the first quarter of the calendar year 2021, as such date may be extended pursuant to Section 2.2(f), or (b) the Borrower terminates the DLA pursuant to (x) Section 14.3(b) or (y) Section 14.3(c) thereof.

9. LENDER'S RIGHTS AND REMEDIES; LICENSE-BACK

9.1 Immediate Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, the Lender may, without notice or demand, do any or all of the following:

(a) terminate the Commitments (if not theretofore terminated) and accelerate and declare all or any part of the Loans and all other Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs the Commitments shall automatically terminate and all Loans and all other Obligations shall automatically and immediately be due and payable without any action by the Lender or notice or demand to any Person);

(b) stop advancing money or extending credit for the Borrower's benefit under this Agreement; and

(c) (i) subject to Section 9.8 hereof, deliver a notice of exclusive control, any entitlement order, or other directions or instructions in respect of any Collateral and (ii) subject to Sections 9.2 and 9.8 hereof, exercise all rights and remedies available to it under this Agreement and under the Code with respect to the Collateral.

9.2 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, the Borrower shall reimburse the Lender for reasonable fees and expenses of

counsel for the Lender (as incurred) arising from, relating to or in connection with the Lender's exercise of remedies pursuant to this Agreement (including the collection of payment by the Borrower with respect to the Obligations). Notwithstanding anything to the contrary in this Agreement, if an Event of Default (other than an Event of Default under Sections 8.1(d), 8.2(b), 8.4(a), 8.5, 8.7, 8.10, 8.11(a)(i)(x) or 8.11(b)(x), for which there shall be no grace period) occurs and remains continuing for more than 30 consecutive days, the Lender may, without obtaining consent from the Borrower, exercise all rights and remedies (a) available to the Lender under the Loan Documents (including, for the avoidance of doubt, the rights and remedies in Sections 9.1, 9.2 and 9.9 hereof) without obtaining any consent of the Borrower which might otherwise be required, or (b) at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.3 Power of Attorney. In addition to other powers of attorney contained herein, the Borrower, on its own behalf and on behalf of its successors and assigns to the fullest extent permitted by Law, hereby irrevocably makes, constitutes and appoints the Lender, its nominees, agents or any other Person whom the Lender may designate, as the Borrower's lawful attorney-in-fact, with full power of substitution, in the Borrower's name, place and stead, exercisable upon the occurrence and during the continuance of an Event of Default, to do or accomplish any of the following and to execute such documents or instruments in the name or stead of the Borrower as may be necessary to:

(a) demand, collect, settle, compromise and adjust, and give discharges and releases concerning the Collateral, all as the Lender may reasonably deem appropriate;

(b) commence and prosecute any actions at any arbitration tribunal or court for the purposes of collecting any of the Collateral and enforcing any other right in respect thereof;

(c) defend, settle or compromise any action, suit or proceeding brought concerning the Collateral and, in connection therewith, give such discharge or release as the Lender may reasonably deem appropriate;

(d) receive, open and dispose of mail addressed to the Borrower and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to the Collateral on behalf of and in the name of the Borrower, or securing, or relating to such Collateral;

(e) pay or discharge taxes, Liens, security interests or other encumbrances levied or placed on or threatened against the Collateral;

(f) direct any parties liable for any payment in connection with any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Lender or as the Lender shall direct;

(g) receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral;

(h) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services that have given rise thereto, as fully and completely as though the Lender were the absolute owner thereof for all purposes;

(i) adjust and settle claims under any insurance policy relating thereto;

(j) execute and deliver all assignments, conveyances, statements, financing statements, renewal financing statements, security and pledge agreements, affidavits, notices and other agreements, instruments and documents that the Lender may reasonably deem appropriate in order to perfect and maintain the security interests and Liens granted in this Agreement and in order to fully consummate all of the transactions contemplated therein;

(k) subject to Section 9.9 hereof, execute and deliver any agreements, instruments and documents contemplated thereby or that the Lender may reasonably deem appropriate in order to effectuate the Collateral Assignment;

(l) institute any foreclosure proceedings that the Lender may reasonably deem appropriate; and

(m) do and perform all such other acts and things as the Lender may deem appropriate or convenient in connection with the Collateral.

The Lender's foregoing appointment as the Borrower's attorney-in-fact, and all of the Lender's rights and powers, coupled with an interest, are irrevocable until the Termination Date.

9.4 Protective Payments. Consistent with the power of attorney granted in Section 9.3(e), during the continuance of an Event of Default, if the Borrower fails to pay any amount which the Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, the Lender may make such payment at its own cost. No payments by the Lender are deemed an agreement to make similar payments in the future or the Lender's waiver of any Event of Default.

9.5 Application of Payments and Proceeds Upon Default. All amounts received as a result of the exercise of remedies under the Loan Documents or under applicable Law shall be applied in such order and manner as the Lender in its sole and absolute discretion may elect.

9.6 Lender's Liability for Collateral. The Lender shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Lender in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. So long as the Lender complies with customary banking practices regarding the safekeeping of the Collateral in the possession or under its control, the Lender shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, bailee or other Person. The Borrower bears all risk of loss, damage or destruction of the Collateral. The Lender shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct.

9.7 No Waiver; Remedies Cumulative. The Lender's failure, at any time or times, to require strict performance by the Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect or diminish any right of the Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then shall only be effective for the specific instance and purpose for which it is given. The Lender's rights and remedies under this Agreement and the other Loan Documents are cumulative. The Lender has all rights and remedies provided under the

Code, by law or in equity. The Lender's exercise of one right or remedy is not an election and shall not preclude the Lender from exercising any other remedy under this Agreement or other remedy available at law or in equity, and the Lender's waiver of any Event of Default is not and shall not be construed to be a continuing waiver. The Lender's delay in exercising any remedy is not and shall not be construed to be a waiver, election or acquiescence.

9.8 License-Back. Upon the occurrence of an Event of Default (other than an Event of Default pursuant to Sections 8.5 or 8.10 hereof), if the Lender exercises its rights with respect to the Collateral in accordance with this Agreement (including pursuant to Sections 9.1(c) and 9.9(b) hereof), the Borrower shall automatically have and retain, subject to the limitations set forth in this Section 9.8, a non-exclusive, perpetual, irrevocable, fully paid-up license to practice, or have practiced for or on its behalf, all Patents included in the Collateral, throughout the world (the "**License-Back**"). The License-Back shall (i) not be a Sole License or exclusive license, (ii) be non-sublicensable except to Borrower's Affiliates, subcontractors and customers, in each case solely in connection with such Persons' use or manufacture of the products of the Borrower and (iii) be non-transferable except to Borrower's Affiliates. Any transfer, sublicense or other disposition of the License-Back in contravention of this Section 9.8 shall be invalid, unenforceable and void ab initio. The Lender agrees that any transfer by the Lender of the Patents included in the Collateral shall be subject to the License-Back and that it shall not transfer such Patents unless and until the transferee to take any actions reasonably necessary or reasonably requested by the Borrower to evidence the License-Back. Any transfer by the Lender in contravention of the preceding sentence of this Section 9.8 shall be invalid, unenforceable and void ab initio.

9.9 License to Nexperia; Collateral Assignment.

(a) Upon the occurrence of an Event of Default, the Lender shall automatically have and retain a non-exclusive, perpetual, irrevocable, fully paid-up license to practice, or have practiced for or on its behalf, during the continuance of an Event of Default, all Patents included in the Collateral, throughout the world (the "**Nexperia License**"). The Nexperia License shall be fully sublicensable and transferable and shall provide Nexperia with the right to enforce such Patents throughout the world. For the avoidance of doubt, the parties agree that the Nexperia License will not satisfy the obligation of the Borrower to make all payments required on the Loans pursuant to the Loan Documents or, if applicable, to comply with the terms of Section 9.9(b), and the Lender may pursue all its remedies at law and in equity to enforce such obligations. The Nexperia License will automatically terminate upon (and subject to) the earlier of (x) the consummation of the Collateral Assignment in accordance with the provisions of Section 9.9 and the terms of the Patent Assignment Agreement and (y) the Borrower's payment to the Lender of all principal and interest due on the Loans and any other amounts (other than contingent reimbursement and indemnification obligations for which no claim has been asserted) due hereunder; provided such payment is made within 30 days of the occurrence of the Event of Default giving rise to the Nexperia License.

(b) If an Event of Default (other than an Event of Default under Sections 8.1, 8.2(b), 8.4(a), 8.5, 8.7, 8.10, 8.11(a)(i)(x) or 8.11(b)(x), for which there shall be no grace period) occurs and remains continuing for more than 30 consecutive days, the Borrower shall promptly, but in any event no later than 5 Business Days after (i) the date of such Event of Default (with respect to Events of Default under Sections 8.1(d), 8.2(b), 8.4(a), 8.5, 8.7, 8.10, 8.11(a)(i)(x) or 8.11(b)(x)), or (ii) 30 consecutive days after the date of such Event of Default (with respect to Events of Default under Sections 8.1(a) through (c), 8.2(a), 8.3, 8.4(b), 8.6, 8.8, 8.9, 8.11(a)(i)(y), 8.11(a)(ii) or 8.11(b)(y)), effectuate the Collateral Assignment and shall enter into the Patent

Assignment Agreement with the Lender. Subject to and contingent upon consummation of the Collateral Assignment in accordance with the provisions of Section 9.9 and the terms of the Patent Assignment Agreement, the Borrower will be deemed to have satisfied and discharged in full its monetary Obligations (other than contingent reimbursement and indemnification obligations for which no claim has been asserted) under this Agreement.

(c) The Borrower will, and will use commercially reasonable efforts to cause its successors and assigns to, execute such licenses, instruments, agreements and documents and take such other actions as shall be reasonably requested by the Lender in order to further evidence and carry out the intent of this Section 9.9.

9.10 Credit Bidding. The Lender shall have the right, exercisable at its sole discretion, to credit bid and purchase all or any portion of Collateral at any sale thereof conducted by the Lender under the provisions of the Code, including pursuant to Sections 9-610 or 9-620 of the Code, at any sale thereof conducted under the provisions of the United States Bankruptcy Code, including Section 363 thereof, or a sale under a plan of reorganization, or at any other sale or foreclosure conducted by the Lender (whether by judicial action or otherwise) in accordance with applicable Law.

9.11 Survival. This Section 9 shall survive the termination of this Agreement.

10. NOTICES

All notices, consents, requests, approvals, demands or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given or delivered: (a) upon the earlier of actual receipt and three Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail (including in ".pdf" form) or facsimile transmission; (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number or email address indicated below. The Borrower or the Lender may change its mailing or electronic mail address or facsimile number by giving the other parties written notice thereof in accordance with the terms of this Section 10.

If to Borrower: Transphorm, Inc.
115 Castilian Drive
Goleta, CA 93117
Attn: Cameron McAulay
Email: cmcaulay@transphormusa.com

with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati, P.C.
650 Page Mill Road
Palo Alto, CA 94304
Attn: Mark Bertelsen
Email: mbertelsen@wsgr.com

If to the Lender: Nexperia B.V.
Jonkerbosplein 52
6534 AB Nijmegen
The Netherlands
Attn: General Counsel
Email: [***]

with a copy (which shall not constitute notice) to:

Covington & Burling LLP
333 Twin Dolphin Drive, Suite 700
Redwood Shores, CA 94065
Attn: Scott A. Anthony
Email: scanthony@cov.com

Unless otherwise indicated, all references to the time of a day in a Loan Document shall refer to New York City time.

11. CHOICE OF LAW; DISPUTE RESOLUTION

(a) Except as otherwise expressly provided in any of the Loan Documents, the Loan Documents (including the arbitration procedure referenced in this Section 11) shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any principles of conflicts of law (other than Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York regarding choice of law and choice of forum in certain transactions) that would cause the application of the law of any jurisdiction other than the State of New York.

(b) Any controversy or claim arising out of, in connection with or relating to any of the Loan Documents or any breach hereof (including any dispute regarding the jurisdiction of the arbitral tribunal) shall be finally resolved by binding arbitration conducted pursuant to the Rules of Arbitration of the International Chamber of Commerce (the "**Rules**") and Title 9 of the U.S. Code. Judgment on any award rendered by the arbitral tribunal may be entered in any court having jurisdiction thereof.

(c) The arbitration shall be conducted by three arbitrators. Each of the Lender and the Borrower shall appoint one arbitrator in accordance with the schedule set forth in the Rules and the two chosen arbitrators shall select the third arbitrator. In the event either party fails to appoint an arbitrator, or the two party-appointed arbitrators do not appoint a third arbitrator, the arbitrator(s) shall be appointed by the International Court of Arbitration of the International Chamber of Commerce in accordance with the Rules. The place of arbitration shall be New York, New York, and the language of the arbitration shall be English, but documents or testimony may be submitted in other languages if a translation is provided. Any award or decision by the arbitrators shall specify that they have been convened under this Section 11 and have jurisdiction by the consent of all parties to this Agreement.

(d) The arbitrators shall decide the dispute in accordance with the substantive governing law as set forth in Section 11(a), and, for the avoidance of doubt, without applying any choice of law or conflicts of law principles of the governing law that would give effect to the laws of another jurisdiction, as set forth in Section 11(a).

(e) Each party hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with the Loan Documents or any the transactions contemplated hereby or thereby.

(f) This Section 11 shall not prohibit a party from seeking injunctive relief from any court of competent jurisdiction in the event of a breach or prospective breach of any Loan Document by the other party that would cause irreparable harm to the first party.

This Section 11 shall survive the termination of this Agreement.

12. GENERAL PROVISIONS

12.1 Termination. All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms and all Obligations (other than contingent reimbursement and indemnification obligations for which no claim has been asserted) have been fulfilled, terminated or deemed satisfied and discharged, as provided for in this Agreement. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive this Agreement's termination.

12.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. The Borrower may not assign this Agreement or any rights or obligations under it without the Lender's prior written consent (which may be granted or withheld in the Lender's sole discretion). The Lender has the right, with the prior written consent of the Borrower (which may be granted or withheld in the Borrower's sole discretion), to sell, transfer, assign, negotiate or grant participation in all or any part of, or any interest in (each, a "**Transfer**"), the Lender's obligations, rights and benefits under this Agreement and the other Loan Documents; provided, that the Lender shall have the right to Transfer its obligations, rights and benefits under this Agreement and the other Loan Documents to any of its Affiliates without the prior written consent of the Borrower. The parties will co-operate to effect any assignment permitted by this Section 12.2.

Notwithstanding anything to the contrary in any Loan Document, the Lender shall not assign this Agreement or any of its obligations, rights or benefits under it to another Person if such assignment would increase the obligations of the Borrower under Section 2.5 of this Agreement. Any assignee of the Lender's obligations, rights or benefits shall deliver to the Borrower (in such number of copies as may be reasonably requested) on or prior to the date of such assignment (and from time to time thereafter upon reasonable request by the Borrower), executed copies of any form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made.

The Lender, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each assignment and assumption delivered to it and a register for the recordation of the names and addresses of the Lenders (which term shall include, for this purpose, any assignee of the Lender), and the commitments of, and principal amounts (and stated interest) of the Loans owing to, the Lenders pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Borrower and the Lenders shall treat each Person whose name is recorded in the Register pursuant

to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

12.3 Indemnification. The Borrower agrees to indemnify, defend and hold the Lender and its directors, officers, employees, agents, trustees, representatives, attorneys and other advisors (each, an "**Indemnified Person**") harmless against all direct losses or expenses in any way suffered, incurred or paid by such Indemnified Person as a result of, following from, consequential to or arising from transactions between the Lender and the Borrower contemplated by the Loan Documents (including reasonable attorneys' fees and expenses), except for losses caused by such Indemnified Person's negligence, fraud or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable judgment or order.

This Section 12.3 shall survive until all statutes of limitation with respect to the losses and expenses for which indemnity is given shall have run.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

12.6 Amendments in Writing; Waiver; Integration. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed (a) in the case of an amendment, consent or waiver to cure any ambiguity, omission, defect or inconsistency, by the Lender and the Borrower, (b) in the case of any other waiver or consent, by the Lender and (c) in the case of any other amendment, by the Lender and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. The Loan Documents and the DLA (including the SOWs thereunder) represent the entire agreement about this subject matter and supersede all prior negotiations or agreements, whether oral, written or implied. All prior agreements, understandings, representations, warranties and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents and the DLA (including the SOWs thereunder).

12.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.8 Confidentiality. In handling any Confidential Information of the Borrower, the Lender shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to prospective transferees or purchasers of any interest in any Loan (provided, however, the Lender shall use its reasonable best efforts to obtain

any prospective transferee's or purchaser's agreement to the terms of this provision); (b) as required by law, regulation, subpoena or other order; (c) as applicable, to the Lender's regulators

or as otherwise required in connection with the Lender's examination or audit; (d) as the Lender considers appropriate in exercising remedies under the Loan Documents; (e) to third-party service providers of the Lender so long as such service providers have agreed to abide by confidentiality terms no less restrictive than those contained herein and (f) as otherwise provided by the DLA. No announcement or public dissemination of the existence or the subject matter of this Agreement shall be made or issued by either party hereto without the prior written consent of the other party. The limitation set forth in the previous sentence shall not affect any announcement or public dissemination required by applicable Law, provided that the party with an obligation to make an announcement or public dissemination shall consult with the other party to the extent reasonably practicable before complying with such obligation.

12.9 Attorneys' Fees, Costs and Expenses. Except as provided in Sections 9.2 and 12.3, in any action or proceeding between Borrower and the Lender arising out of or relating to the Loan Documents, each party shall pay its own attorneys' fees and other costs and expenses incurred.

12.10 Electronic Execution of Documents. The words "execution", "signed", "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable Law, including any state law based on the Uniform Electronic Transactions Act.

12.11 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.12 Construction of Agreement. The parties have participated jointly in the negotiation and drafting of the Loan Documents. In the event an ambiguity or question of intent or interpretation arises, the Loan Documents shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Except as otherwise expressly provided, the following rules of interpretation shall apply to the Loan Documents: (a) the definitions of terms shall apply equally to the singular and plural forms of the terms defined; (b) wherever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms; (c) "including" and "include" means including without limiting the generality of any description preceding such term, and, for purposes of each Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned; (d) the word "will" shall be construed to have the same meaning and effect as the word "shall"; (e) unless the context requires otherwise, any definition of or reference to any agreement, instrument, or other document herein shall be construed as referring to such agreement, instrument, or other document as from time to time amended, restated, supplemented, or otherwise modified (subject to any restrictions on such amendments, supplements, or modifications set forth herein or therein) and shall include any appendices, schedules, exhibits, clarification letters, side letters, and disclosure letters executed in connection therewith; (f) any reference to any Person shall be construed to include such Person's successors and assigns to the extent permitted under the applicable documentation; (g) any reference to any applicable Law shall be construed as referring to such applicable Law as amended from time to time; (h) "herein", "hereof", "hereto", "hereunder" and similar terms contained in any Loan Document refer to such Loan Document as a whole and not to any particular Section, paragraph or provision of such Loan Document; and (i)

the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. The English original of this Agreement shall prevail over any translation hereof.

12.13 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm’s-length contract.

12.14 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any Persons other than the express parties to it, their respective permitted successors and assigns and the Indemnified Persons; (b) relieve or discharge the obligation or liability of any Person not an express party to this Agreement; or (c) give any Person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

12.15 Acknowledgment and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among the parties to any such Loan Document, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

13. DEFINITIONS

As used in this Agreement, the following capitalized terms have the following meanings:

“**Affiliate**” is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control

with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agreement**" is defined in the preamble hereof.

"**Applicable Rate**" means 6.00%.

"**Bail-In Action**" means, as to any EEA Financial Institution, the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of such EEA Financial Institution.

"**Bail-In Legislation"** means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Borrower**" is defined in the preamble hereof.

"**Borrowing Notice**" is that certain form attached hereto as Exhibit B.

"**Business Day**" is any day other than a Saturday, Sunday or other day on which commercial banks in New York City, California, London or Amsterdam are authorized or required to close.

"**Change of Control**" means (a) an "Acquisition," as defined in Section 3(d) of Article V of the Company's Restated Certificate of Incorporation, as in effect on the Effective Date, and as amended from time to time, with respect to the Borrower or (b) the closing of the Borrower's first firm commitment underwritten public offering of stock registered under the Securities Act of 1933, as amended.

"**Closing Dates**" means, collectively, the Tranche A Closing Date, the Tranche B Closing Date and the Tranche C Closing Dates.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the Code is used to define any term herein or in any other Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, the Lender's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" means all of the Borrower's right, title and interest in and to the Patents identified on Schedule 5.2 hereto.

"**Collateral Assignment**" means the Borrower's perpetual and irrevocable conveyance, delivery, transfer and assignment to the Lender, its successors and assigns, of all of the Borrower's right, title and interest in, to and under the Patents included in the Collateral, free and clear of all

Liens (other than Permitted Liens), along with (i) the registrations and applications relating thereto, (ii) all goodwill symbolized thereby and associated therewith and including all rights therein provided by international conventions and treaties, and the exclusive right to sue for past, present and future infringement thereof, (iii) any and all rights of the Borrower to sue at law or in equity for any infringement, imitation, impairment, distortion, dilution or other unauthorized use or conduct in derogation of such Patents, including the right to receive all proceeds and damages therefrom, (iv) any and all rights to royalties, profits, compensation, license fees or other payments or remuneration of any kind relating to such Patents, and (v) any and all rights to obtain renewals, reissues, and extensions of registrations or other legal protections pertaining to such Patents.

"**Commitment**" means the Lender's obligation (if any) to make Loans hereunder.

"**Confidential Information**" has the meaning set forth in Section 1.8 of the DLA.

"**Default**" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"**Deliverable**" has the meaning set forth in Section 1.10 of the DLA.

"**DLA**" is defined in the preamble hereof.

"**Dollars**", "**dollars**" or use of the sign "**$**" means only lawful money of the United States and not any other currency, regardless of whether that currency uses the "$" sign to denote its currency or may be readily converted into lawful money of the United States.

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Effective Date**" is defined in the preamble hereof.

"[***] SOW" means the SOW set forth in Addendum 2 to the DLA, as such SOW may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms and the DLA.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case, as in effect from time to time.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Event of Default**" is defined in Section 8.

"**Excluded Taxes**" means any of the following Taxes imposed on or with respect to the Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, or required to be withheld or deducted from a payment to the Lender or any such other recipient, (a) Taxes imposed on or measured by net income (however denominated), branch profits taxes, and franchise Taxes imposed (i) by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or conducts business, in which its principal office is located or in which its applicable lending office is located or (ii) that otherwise are Other Connection Taxes (b) any U.S. federal withholding Taxes imposed on amounts payable to or for the account of Lender with respect to the Loans or any assignee of Lenders rights thereunder, pursuant to a law in effect on the date on which (i) Lender or such assignee acquires such rights or (ii) Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.5, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such assignment, or to Lender immediately before it changed its lending office, (c) Taxes attributable to a failure to comply with Section 2.5(f) and (g), and (d) any U.S. federal withholding Taxes imposed under FATCA; provided, however, that (A) for purposes of clause (b) of this definition, any Taxes imposed as a result of a taxing authority treating the Loans as entitling the Lender to participate in the profits of the Borrower or as a result of treating interest payments on the Loans as dividends, in each case within the meaning of the Treaty shall not be Excluded Taxes and (B) in the event that the Loans and/or the DLA are characterized by a taxing authority as a partnership for U.S. federal income tax purposes in which the Lender is a partner, any U.S. federal, state or local Taxes measured by net income (however denominated) that are imposed with respect to payments of interest pursuant to Section 2.3 hereof to the Lender in its capacity as a partner of such partnership shall not be Excluded Taxes.

"**FATCA**" means Sections 1471 through 1474 of the Tax Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Tax Code and any applicable intergovernmental agreements with respect thereto, and any Laws implementing agreements included in this definition.

"**Fee Rate**" means 0.70%.

"**GAAP**" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" means the government of any nation or any political subdivision thereof, whether state, local, territory, province or otherwise, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supranational bodies such as the European Union or the European Central Bank), any securities exchange and any self-regulatory organization.

"**IIDA Note**" means that certain 1% Unsecured Subordinated Convertible Promissory Note Due April 1, 2018 issued on April 1, 2015 by the Borrower in favor of IIDA Electronics Co. Ltd., as amended, restated, supplemented or otherwise modified from time to time.

"**Indebtedness**" is (a) indebtedness for borrowed money, including obligations evidenced by notes, bonds, debentures or similar instruments, and (b) capital lease obligations.

"**Indemnified Person**" is defined in Section 12.3.

"**Indemnified Taxes**" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under this Agreement and (b) to the extent not otherwise described in (a), Other Taxes.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code or any other U.S. or foreign bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors or proceedings seeking reorganization, arrangement or other relief.

"**Interest Period**" means:

(a) with respect to (i) the Tranche A Loan, initially, the period beginning on (and including) the Tranche A Maturity Date without giving effect to any extension to such date pursuant to Section 2.2(f) and (ii) the Tranche B Loan, initially, the period beginning on (and including) the Tranche B Maturity Date without giving effect to any extension to such date pursuant to Section 2.2(f), and ending on (and including) the last day of the first full calendar quarter immediately following such date and (ii) thereafter, each period beginning on (and including) the first day after the end of the previous Interest Period and ending on the earlier of (and including) (x) the last day of the calendar quarter in which such Interest Period begins and (y) the Tranche A Maturity Date (for the avoidance of doubt, after giving effect to any extension thereto pursuant to the terms hereof) or the Tranche B Maturity Date (for the avoidance of doubt, after giving effect to any extension thereto pursuant to the terms hereof), as applicable; and

(b) with respect to each Tranche C Loan, (i) initially, the period beginning on (and including) the applicable Tranche C Closing Date and ending on (and including) the last day of the first full calendar quarter immediately following such date and (ii) thereafter, each period beginning on (and including) the first day after the end of the previous Interest Period and ending on the earlier of (and including) (x) the last day of the calendar quarter in which such Interest Period begins, (y) the date on which such Tranche C Loan is prepaid in accordance with Section 2.2(d) and (z) the Tranche C Maturity Date.

"**Laws**" means all applicable U.S. federal, state, local or foreign laws, statutes, ordinances, rules, regulations, guidances, judgments, orders, injunctions and decrees, and permits issued by any Governmental Authority.

"**Lender**" is defined in the preamble hereof.

"**License-Back**" is defined in Section 9.8.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise

against any property or assets, or any part thereof, whether present or future. For the avoidance of doubt, licenses in respect of Patents shall constitute Liens for purposes of this definition.

"**Loan Deposit Account**" is the account denominated in U.S. Dollars, account number xxxxx1041, maintained by the Borrower with Wells Fargo Bank with ABA No. 121000248.

"**Loan Documents**" are, collectively, this Agreement and any schedules, exhibits, certificates, notices and any other documents executed and delivered in accordance with this Agreement, any Borrowing Notice and the Patent Assignment Agreement, all as amended, restated, supplemented or otherwise modified from time to time.

"**Loans**" means, collectively, the Tranche A Loan, the Tranche B Loan and the Tranche C Loans.

"**Material Adverse Change**" is (a) a material impairment in the perfection of the Lender's Lien in the Collateral, (b) a material adverse change in the business, operations, performance, condition (financial or otherwise) or properties of the Borrower (c) a material adverse change in the ability of the Borrower to perform its obligations under any Loan Document or in the rights and remedies of the Lender under any Loan Document.

"**Material Adverse Effect**" is (a) a material impairment in the perfection of the Lender's Lien in the Collateral, (b) a material adverse effect on the business, operations, performance, condition (financial or otherwise) or properties of the Borrower or (c) a material adverse effect on the ability of the Borrower to perform its obligations under any Loan Document or in the rights and remedies of the Lender under any Loan Document.

"**Maturity Dates**" means, collectively, the Tranche A Maturity Date, the Tranche B Maturity Date and the Tranche C Maturity Date.

"**Nexperia**" is defined in the preamble hereof.

"**Nexperia License**" is defined in Section 9.9(a).

"**Obligations**" means all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of the Borrower arising under or in connection with a Loan Document and the principal of and premium, if any, and interest (including interest accruing during the pendency of any proceeding of the type described in Section 8.5, whether or not allowed in such proceeding) on the Loans.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"**Offsetting Amount**" means, as of any date of determination, (a) with respect to the Tranche A Loan, an amount equal to the outstanding and unpaid balance of licensing fees or other amounts then owed by Nexperia to the Borrower pursuant to the [***] SOW and Section 7.7(b) of the DLA and (b) with respect to the Tranche B Loan, an amount equal to the outstanding and unpaid balance of licensing fees or other amounts then owed by Nexperia to the Borrower pursuant to the [***] SOW and Section 7.7(c) of the DLA.

"**ON Note**" means that certain 1% Unsecured Convertible Promissory Note Due October 2, 2017 issued on October 2, 2014 by the Borrower in favor of Semiconductor Components Industries, LLC, as amended, restated, supplemented or otherwise modified from time to time.

"**ON Note Default**" is defined in Section 5.1.

"**ON Note Waiver**" is defined in Section 3.1(j).

"**Operating Documents**" are, for any Person, such Person's formation documents and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Other Connection Taxes**" means, with respect to the Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing the Tax (other than a connection arising from the execution, delivery, enforcement of, or performance under, or receipt of payments under any Loan Document).

"**Other Taxes**" means any and all present or future stamp, recording, filing, documentary or similar Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or performance under or otherwise with respect to this Agreement or any other Loan Document, except for any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"**Patent**" means (a) any letters of patent, registration or invention disclosure in the United States and all reissues and extensions thereof and (b) all applications for letters of patent in the United States and all divisions, continuations, continuations-in-part, continued prosecution applications, substitutions, reissues, reexaminations, renewals, extensions and restorations thereof.

"**Patent Assignment Agreement**" is that certain agreement attached hereto as Exhibit C.

"**Payable Amount**" means, as of any date of determination, the sum of (i) the outstanding principal balance of the Loans as of such date, *plus* (ii) any accrued but unpaid interest as of such date, *plus* (iii) any fees, expenses or other costs owed to the Lender as of such date.

"**Permitted Liens**" are:

(a) Liens arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which the Borrower maintains adequate reserves on its books;

(c) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of operations (other than Liens imposed by ERISA);

(d) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in clauses (a) and (b) above, but any extension, renewal or replacement

Lien must be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness may not increase;

(e) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7; and

(f) licenses (including in intellectual property) that are not exclusive licenses or Sole Licenses and that could not result in the legal transfer of title of the licensed property.

"**Person**" is any natural person, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or Governmental Authority, whether acting in an individual, fiduciary or other capacity.

"**Prefunded SOWs**" means the [***] SOW and the [***] SOW.

"**Proceeds**" is any "proceeds" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made.

"**Requirement of Law**" is as to any Person, the Operating Documents of such Person, and any Law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Responsible Officer**" is any of the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer of the Borrower.

"**Rules**" is defined in Section 11(b).

"**Sanctions**" means United States sanctions administered by OFAC.

"**Sole License**" means a license whereby a licensee's rights are sole and operate to exclude all others, other than the licensor thereunder (i.e., a license under which only the licensor and a single licensee can utilize the subject matter of the license).

"**Solvent**" means, with respect to any Person as of any date of determination, that, as of such date, (a) such Person is able to pay the probable liabilities of such Person on its debts as such liabilities become absolute and matured, (b) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which the property of such Person would constitute an unreasonably small capital and (c) such Person has not executed this Agreement or any other Loan Document, or made any transfer or incurred any obligations hereunder or thereunder, with actual intent to hinder, delay or defraud either present or future creditors. In computing the amount of contingent liabilities at any time, such liabilities shall be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"**SOW**" has the meaning set forth in Section 1.28 of the DLA.

"**Subsidiary**" is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such

corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

"[***] **SOW**" means the SOW set forth in Addendum 3 to the DLA, as such SOW may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms and the DLA.

"**Tax Code**" means the Internal Revenue Code of 1986, as amended.

"**Taxes**" means all present or future income, withholding, franchise, capital gains, branch profits, stamp or other taxes, duties, levies, imposts, charges, assessments or fees in the nature of a tax, deduction or withholding, including backup withholding, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

"**Termination Date**" is defined in Section 2.6.

"**Tranche A Closing Date**" means the date on which the Lender shall make available the Tranche A Commitment Amount as set forth in the following table:

Tranche A Closing Date	Tranche A Commitment Amount
The first Business Day in the fourth quarter of calendar year 2018 on which the conditions set forth in Section 3.1 are satisfied or waived in accordance with this Agreement.	$5,000,000

"**Tranche A Commitment Amount**" means the Tranche A Loan that the Lender shall make available on the Tranche A Closing Date as set forth in the definition of "Tranche A Closing Date".

"**Tranche A Commitment Termination Date**" means the earlier of (a) the Tranche A Closing Date (immediately after the making of the Tranche A Loan on such date) and (b) the date on which the Commitments terminate pursuant to Section 9 of this Agreement.

"**Tranche A Loan**" is defined in Section 2.2(a).

"**Tranche A Maturity Date**" means the date on which a report is required to be delivered pursuant to the [***] SOW, which shall be no later than the last Business Day of the first quarter of calendar year 2020, as such date may be extended pursuant to the terms hereof.

"**Tranche B Closing Date**" means the date on which the Lender shall make available the Tranche B Commitment Amount as set forth in the following table:

Tranche B Closing Date	Tranche B Commitment Amount
The first Business Day in the first quarter of calendar year 2019 on which the conditions set forth in Section 3.2 are satisfied or waived in	$10,000,000

accordance with this Agreement.	

"**Tranche B Commitment Amount**" means the Tranche B Loan that the Lender shall make available on the Tranche B Closing Date as set forth in the definition of "Tranche B Closing Date".

"**Tranche B Commitment Termination Date**" means the earlier of (a) the Tranche B Closing Date (immediately after the making of the Tranche B Loan on such date) and (b) the date on which the Commitments terminate pursuant to Section 9 of this Agreement.

"**Tranche B Loan**" is defined in Section 2.2(a).

"**Tranche B Maturity Date**" means the date on which a report is required to be delivered pursuant to the [***] SOW, which shall be no later than the last Business Day of the first quarter of calendar year 2021, as such date may be extended pursuant to the terms hereof.

"**Tranche C Availability Period**" means the period from and including April 2, 2018 to but excluding the Tranche C Commitment Termination Date.

"**Tranche C Closing Date**" means each date during the Tranche C Availability Period on which the conditions set forth in Section 3.3 are satisfied or waived in accordance with this Agreement and the Lender makes available to the Borrower all or any portion of the Tranche C Commitment Amount.

"**Tranche C Commitment Amount**" means $10,000,000.

"**Tranche C Commitment Termination Date**" means the earlier of (a) the Tranche C Maturity Date and (b) the date on which the Commitments terminate pursuant to Section 9 of this Agreement.

"**Tranche C Credit Exposure**" means, at any time, the sum of the aggregate principal amount of Tranche C Loans outstanding at such time.

"**Tranche C Loan**" is defined in Section 2.2(a).

"**Tranche C Maturity Date**" means the earlier of (a) the third anniversary of the Effective Date and (b) the date on which a Change of Control occurs.

"**Transfer**" is defined in Section 12.2.

"**Treaty**" means the Convention Between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, as in effect from time to time.

"**Write-Down and Conversion Powers**" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which Write-Down and Conversion Powers are described in the EU Bail-In Legislation Schedule.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

TRANSPHORM, INC.

By /s/ Cameron McAulay
Name: Cameron McAulay
Title: Chief Financial Officer

LENDER:

NEXPERIA B.V.

By /s/ Charles Smit
Name: Charles Smit
Title: General Counsel

SCHEDULE 5.2

Title	Application No.	Filing Date	Patent No.	Issue Date	Focus Area	Status
III-NITRIDE DEVICES WITH RECESSED GATES	12102340	04/14/2008	7795642	09/14/2010	Device/FAB/ Packaging	Live
INSULATED GATE E-MODE TRANSISTORS	12324574	11/26/2008	7851825	12/14/2010	Device/FAB/ Packaging	Live
III-NITRIDE BIDIRECTIONAL SWITCHES	12209581	09/12/2008	7875907	01/25/2011	Device/FAB/ Packaging	Live
III-NITRIDE DEVICES AND CIRCUITS	12368248	02/09/2009	7884394	02/08/2011	Device/FAB/ Packaging	Live
SEMICONDUCTOR HETEROSTRUCTURE DIODES	12332284	12/10/2008	7898004	03/01/2011	Device/FAB/ Packaging	Live
III-NITRIDE DEVICES WITH RECESSED GATES	12816971	06/16/2010	7939391	05/10/2011	Device/FAB/ Packaging	Live
BRIDGE CIRCUITS AND THEIR COMPONENTS	12368200	02/09/2009	7965126	06/21/2011	Circuits	Live
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	12611018	11/02/2009	8138529	03/20/2012	Device/FAB/ Packaging	Live
ENHANCEMENT MODE GALLIUM NITRIDE POWER DEVICES	13019150	02/01/2011	8193562	06/05/2012	Device/FAB/ Packaging	Live
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13008874	01/18/2011	8237198	08/07/2012	Device/FAB/ Packaging	Live
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	12556438	09/09/2009	8289065	10/16/2012	Circuits	Live
ENHANCEMENT MODE GALLIUM NITRIDE POWER DEVICES	13406723	02/28/2012	8344424	01/01/2013	Device/FAB/ Packaging	Live
SEMICONDUCTOR DEVICES WITH FIELD PLATES	12550140	08/28/2009	8390000	03/05/2013	Device/FAB/ Packaging	Live
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	13355885	01/23/2012	8455931	06/04/2013	Device/FAB/ Packaging	Live
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13618502	09/14/2012	8493129	07/23/2013	Circuits	Live
BRIDGE CIRCUITS AND THEIR COMPONENTS	13164109	06/20/2011	8508281	08/13/2013	Circuits	Live
ENHANCEMENT MODE III-N HEMTS	12108449	04/23/2008	8519438	08/27/2013	Device/FAB/ Packaging	Live

Title	Application No.	Filing Date	Patent No.	Issue Date	Focus Area	Status
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13618726	09/14/2012	8531232	09/10/2013	Circuits	Live
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13533339	06/26/2012	8541818	09/24/2013	Device/FAB/ Packaging	Live
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	13873855	04/30/2013	8592974	11/26/2013	Device/FAB/ Packaging	Live
HIGH POWER SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	13269367	10/07/2011	8598937	12/03/2013	Device/FAB/ Packaging	Live
SEMICONDUCTOR ELECTRONIC COMPONENTS AND CIRCUITS	12701458	02/05/2010	8624662	01/07/2014	Device/FAB/ Packaging	Live
GALLIUM NITRIDE POWER DEVICES	13723753	12/21/2012	8633518	01/21/2014	Device/FAB/ Packaging	Live
SEMICONDUCTOR POWER MODULES AND DEVICES	13405041	02/24/2012	8648643	02/11/2014	Device/FAB/ Packaging	Live
SEMICONDUCTOR DEVICES WITH FIELD PLATES	13748907	01/24/2013	8692294	04/08/2014	Device/FAB/ Packaging	Live
ELECTRODE CONFIGURATIONS FOR SEMICONDUCTOR DEVICES	13040940	03/04/2011	8716141[1]	05/06/2014	Device/FAB/ Packaging	Live
TRANSISTORS WITH ISOLATION REGIONS	12968704	12/15/2010	8742460	06/03/2014	Device/FAB/ Packaging	Live
SEMICONDUCTOR DIODES WITH LOW REVERSE BIAS CURRENTS	13040524	03/04/2011	8772842	07/08/2014	Device/FAB/ Packaging	Live
ELECTRONIC COMPONENTS WITH REACTIVE FILTERS	13403813	02/23/2012	8786327	07/22/2014	Device/FAB/ Packaging	Live
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	13550445	07/16/2012	8803246	08/12/2014	Device/FAB/ Packaging	Live
ELECTRONIC DEVICES AND COMPONENTS FOR HIGH EFFICIENCY POWER CIRCUITS	12684838	01/08/2010	8816497	08/26/2014	Device/FAB/ Packaging	Live
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13959483	08/05/2013	8816751	08/26/2014	Circuits	Live

1 On November 23, 2015, Company granted a confirmatory license to Navy, Secretary of the United States of America.

Title	Application No.	Filing Date	Patent No.	Issue Date	Focus Area	Status
ENHANCEMENT MODE III-N HEMTS	13954772	07/30/2013	8841702	09/23/2014	Device/FAB/ Packaging	Live
METHOD OF FORMING ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	14068944	10/31/2013	8860495	10/14/2014	Device/FAB/ Packaging	Live
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	14063438	10/25/2013	8890314	11/18/2014	Device/FAB/ Packaging	Live
METHOD FOR MAKING SEMICONDUCTOR DIODES WITH LOW REVERSE BIAS CURRENTS	14288682	05/28/2014	8895423	11/25/2014	Device/FAB/ Packaging	Live
SEMICONDUCTOR DEVICES WITH GUARD RINGS	13226380	09/06/2011	8901604	12/02/2014	Device/FAB/ Packaging	Live
BRIDGE CIRCUITS AND THEIR COMPONENTS	13887204	05/03/2013	8912839	12/16/2014	Circuits	Live
SEMICONDUCTOR POWER MODULES AND DEVICES	14134878	12/19/2013	8952750	02/10/2015	Device/FAB/ Packaging	Live
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13973890	08/22/2013	9041065	05/26/2015	Device/FAB/ Packaging	Live
METHOD OF FORMING ELECTRONIC COMPONENTS WITH REACTIVE FILTERS	14307234	06/17/2014	9041435	05/26/2015	Device/FAB/ Packaging	Live
GATE DRIVERS FOR CIRCUITS BASED ON SEMICONDUCTOR DEVICES	14222992	03/24/2014	9059076	06/16/2015	Circuits	Live
ENHANCEMENT-MODE III-NITRIDE DEVICES	13799989	03/13/2013	9087718	07/21/2015	Device/FAB/ Packaging	Live
SEMICONDUCTOR DEVICES WITH FIELD PLATES	14178701	02/12/2014	9111961	08/18/2015	Device/FAB/ Packaging	Live
ELECTRODE CONFIGURATIONS FOR SEMICONDUCTOR DEVICES	14211104	03/14/2014	9142659	09/22/2015	Device/FAB/ Packaging	Live
TRANSISTORS WITH ISOLATION REGIONS	14260808	04/24/2014	9147760	09/29/2015	Device/FAB/ Packaging	Live
ELECTRODES FOR SEMICONDUCTOR DEVICES AND METHODS OF FORMING THE SAME	14179788	02/13/2014	9171730	10/27/2015	Device/FAB/ Packaging	Live

Title	Application No.	Filing Date	Patent No.	Issue Date	Focus Area	Status
METHOD OF FORMING ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	14478504	09/05/2014	9171836	10/27/2015	Device/FAB/ Packaging	Live
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	14311600	06/23/2014	9171910	10/27/2015	Device/FAB/ Packaging	Live
SEMICONDUCTOR DEVICES WITH INTEGRATED HOLE COLLECTORS	13535094	06/27/2012	9184275	11/10/2015	Device/FAB/ Packaging	Live
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	14480980	09/09/2014	9190295	11/17/2015	Device/FAB/ Packaging	Live
Enhancement Mode III-N HEMTs	14464639	08/20/2014	9196716	11/24/2015	Device/FAB/ Packaging	Live
SEMICONDUCTOR MODULES AND METHODS OF FORMING THE SAME	13690103	11/30/2012	9209176	12/08/2015	Device/FAB/ Packaging	Live
SEMICONDUCTOR POWER MODULES AND DEVICES	14585705	12/30/2014	9224721	12/29/2015	Device/FAB/ Packaging	Live
SEMICONDUCTOR DEVICES WITH GUARD RINGS	14530204	10/31/2014	9224805	12/29/2015	Device/FAB/ Packaging	Live
SEMICONDUCTOR ELECTRONIC COMPONENTS AND CIRCUITS	14058089	10/18/2013	9293458	03/22/2016	Device/FAB/ Packaging	Live
FORMING ENHANCEMENT MODE III-NITRIDE DEVICES	14542937	11/17/2014	9318593	04/19/2016	Device/FAB/ Packaging	Live
GALLIUM NITRIDE POWER DEVICES	14108642	12/17/2013	9343560	05/17/2016	Device/FAB/ Packaging	Live
GATE DRIVERS FOR CIRCUITS BASED ON SEMICONDUCTOR DEVICES	14708627	05/11/2015	9362903	06/07/2016	Circuits	Live
SEMICONDUCTOR DEVICES WITH FIELD PLATES	14660080	03/17/2015	9373699	06/21/2016	Device/FAB/ Packaging	Live
ELECTRONIC DEVICES AND COMPONENTS FOR HIGH EFFICIENCY POWER CIRCUITS	14336287	07/21/2014	9401341	07/26/2016	Device/FAB/ Packaging	Live
TRANSISTORS WITH ISOLATION REGIONS	14810906	07/28/2015	9437707	09/06/2016	Device/FAB/ Packaging	Live
Enhancement Mode III-N HEMTs	14945341	11/18/2015	9437708	09/06/2016	Device/FAB/ Packaging	Live

Title	Application No.	Filing Date	Patent No.	Issue Date	Focus Area	Status
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	14920760	10/22/2015	9443849	09/13/2016	Device/FAB/ Packaging	Live
ELECTRODES FOR SEMICONDUCTOR DEVICES AND METHODS OF FORMING THE SAME	14920059	10/22/2015	9520491	12/13/2016	Device/FAB/ Packaging	Live
GATE STRUCTURES FOR III-N DEVICES	14970375	12/15/2015	9536966	01/03/2017	Device/FAB/ Packaging	Live
RECESSED OHMIC CONTACTS IN A III-N DEVICE	14572670	12/16/2014	9536967	01/03/2017	Device/FAB/ Packaging	Live
MULTILEVEL INVERTERS AND THEIR COMPONENTS	14321269	07/01/2014	9537425	01/03/2017	Circuits	Live
SWITCHING CIRCUITS HAVING FERRITE BEADS	14323777	07/03/2014	9543940	01/10/2017	Device/FAB/ Packaging	Live
ENHANCEMENT-MODE III-NITRIDE DEVICES	14714964	05/18/2015	9590060	03/07/2017	Device/FAB/ Packaging	Live
BRIDGELESS POWER FACTOR CORRECTION CIRCUITS	14802333	07/17/2015	9590494	03/07/2017	Circuits	Live
SEMICONDUCTOR DEVICES WITH INTEGRATED HOLE COLLECTORS	14934565	11/06/2015	9634100	04/25/2017	Device/FAB/ Packaging	Live
SWITCHING CIRCUITS HAVING FERRITE BEADS	15363987	11/29/2016	9660640	05/23/2017	Device/FAB/ Packaging	Live
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	14332967	07/16/2014	9690314	06/27/2017	Circuits	Live
SEMICONDUCTOR POWER MODULES AND DEVICES	14950411	11/24/2015	9741702	08/22/2017	Device/FAB/ Packaging	Live
SEMICONDUCTOR MODULES AND METHODS OF FORMING THE SAME	15138681	04/26/2016	9818686	11/14/2017	Device/FAB/ Packaging	Live
BRIDGE CIRCUITS AND THEIR COMPONENTS	14539098	11/12/2014	9899998	02/20/2018	Circuits	Live
SEMICONDUCTOR DEVICES WITH FIELD PLATES	15181805	06/14/2016	9831315	11/28/2017	Device/FAB/ Packaging	Live
Enhancement Mode III-N HEMTs	15242266	08/19/2016	—	—	Device/FAB/ Packaging	Live

Title	Application No.	Filing Date	Patent No.	Issue Date	Focus Area	Status
ENHANCEMENT-MODE III-NITRIDE DEVICES	15440404	02/23/2017	—	—	Device/FAB/ Packaging	Live
SWITCHING CIRCUITS HAVING FERRITE BEADS	15491920	04/19/2017	—	—	Device/FAB/ Packaging	Live
Electrolysis transistor	12156178	05/29/2008	9096939	08/04/2015	Device/FAB/ Packaging	Live
*BRIDGELESS POWER FACTOR CORRECTION CIRCUITS	15/428,726	2/9/2017			Circuits	Live
*PARALLELING OF SWITCHING DEVICES FOR HIGH POWER CIRCUITS	15/554,170	8/28/2017			Circuits	Live

***Currently Pending Unpublished Applications**

SCHEDULE 5.2(b)

None.

SCHEDULE 5.2(c)

None.

EXHIBIT A – FORM OF NOTICE OF GRANT OF SECURITY INTEREST IN PATENTS

[See attached]

NOTICE OF GRANT OF SECURITY INTEREST IN PATENTS

United States Patent and Trademark Office

Ladies and Gentlemen:

Please be advised that pursuant to the Loan and Security Agreement dated April 4, 2018 (as the same may be amended, modified, restated or supplemented from time to time, the "Loan and Security Agreement") by and among Transphorm, Inc., a Delaware corporation (the "Borrower"), and Nexperia B.V., a private limited liability company incorporated under the laws of the Netherlands, with its registered office at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands, as Lender (the "Lender"), the undersigned Borrower has granted a continuing security interest in and continuing lien upon, the patents and patent applications set forth on Schedule 1 attached hereto to the Lender.

The undersigned Borrower and the Lender hereby acknowledge and agree that the security interest in the patents and patent applications set forth on Schedule 1 attached hereto (i) may only be terminated in accordance with the terms of the Loan and Security Agreement and (ii) is not to be construed as an assignment of any patent or patent application.

[*Signature pages follow*]

Very truly yours,

TRANSPHORM, INC.

By _____

Name: _____

Title: _____

Acknowledged and Accepted:

NEXPERIA B.V.

By _____

Name: _____

Title: _____

Schedule 1

Title	Application No.	Filing Date	Patent No.	Issue Date
III-NITRIDE DEVICES WITH RECESSED GATES	12102340	04/14/2008	7795642	09/14/2010
INSULATED GATE E-MODE TRANSISTORS	12324574	11/26/2008	7851825	12/14/2010
III-NITRIDE BIDIRECTIONAL SWITCHES	12209581	09/12/2008	7875907	01/25/2011
III-NITRIDE DEVICES AND CIRCUITS	12368248	02/09/2009	7884394	02/08/2011
SEMICONDUCTOR HETEROSTRUCTURE DIODES	12332284	12/10/2008	7898004	03/01/2011
III-NITRIDE DEVICES WITH RECESSED GATES	12816971	06/16/2010	7939391	05/10/2011
BRIDGE CIRCUITS AND THEIR COMPONENTS	12368200	02/09/2009	7965126	06/21/2011
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	12611018	11/02/2009	8138529	03/20/2012
ENHANCEMENT MODE GALLIUM NITRIDE POWER DEVICES	13019150	02/01/2011	8193562	06/05/2012
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13008874	01/18/2011	8237198	08/07/2012
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	12556438	09/09/2009	8289065	10/16/2012
ENHANCEMENT MODE GALLIUM NITRIDE POWER DEVICES	13406723	02/28/2012	8344424	01/01/2013
SEMICONDUCTOR DEVICES WITH FIELD PLATES	12550140	08/28/2009	8390000	03/05/2013
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	13355885	01/23/2012	8455931	06/04/2013
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13618502	09/14/2012	8493129	07/23/2013
BRIDGE CIRCUITS AND THEIR COMPONENTS	13164109	06/20/2011	8508281	08/13/2013
ENHANCEMENT MODE III-N HEMTS	12108449	04/23/2008	8519438	08/27/2013

Title	Application No.	Filing Date	Patent No.	Issue Date
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13618726	09/14/2012	8531232	09/10/2013
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13533339	06/26/2012	8541818	09/24/2013
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	13873855	04/30/2013	8592974	11/26/2013
HIGH POWER SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	13269367	10/07/2011	8598937	12/03/2013
SEMICONDUCTOR ELECTRONIC COMPONENTS AND CIRCUITS	12701458	02/05/2010	8624662	01/07/2014
GALLIUM NITRIDE POWER DEVICES	13723753	12/21/2012	8633518	01/21/2014
SEMICONDUCTOR POWER MODULES AND DEVICES	13405041	02/24/2012	8648643	02/11/2014
SEMICONDUCTOR DEVICES WITH FIELD PLATES	13748907	01/24/2013	8692294	04/08/2014
ELECTRODE CONFIGURATIONS FOR SEMICONDUCTOR DEVICES	13040940	03/04/2011	8716141	05/06/2014
TRANSISTORS WITH ISOLATION REGIONS	12968704	12/15/2010	8742460	06/03/2014
SEMICONDUCTOR DIODES WITH LOW REVERSE BIAS CURRENTS	13040524	03/04/2011	8772842	07/08/2014
ELECTRONIC COMPONENTS WITH REACTIVE FILTERS	13403813	02/23/2012	8786327	07/22/2014
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	13550445	07/16/2012	8803246	08/12/2014
ELECTRONIC DEVICES AND COMPONENTS FOR HIGH EFFICIENCY POWER CIRCUITS	12684838	01/08/2010	8816497	08/26/2014
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13959483	08/05/2013	8816751	08/26/2014
ENHANCEMENT MODE III-N HEMTS	13954772	07/30/2013	8841702	09/23/2014

Title	Application No.	Filing Date	Patent No.	Issue Date
METHOD OF FORMING ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	14068944	10/31/2013	8860495	10/14/2014
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	14063438	10/25/2013	8890314	11/18/2014
METHOD FOR MAKING SEMICONDUCTOR DIODES WITH LOW REVERSE BIAS CURRENTS	14288682	05/28/2014	8895423	11/25/2014
SEMICONDUCTOR DEVICES WITH GUARD RINGS	13226380	09/06/2011	8901604	12/02/2014
BRIDGE CIRCUITS AND THEIR COMPONENTS	13887204	05/03/2013	8912839	12/16/2014
SEMICONDUCTOR POWER MODULES AND DEVICES	14134878	12/19/2013	8952750	02/10/2015
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13973890	08/22/2013	9041065	05/26/2015
METHOD OF FORMING ELECTRONIC COMPONENTS WITH REACTIVE FILTERS	14307234	06/17/2014	9041435	05/26/2015
GATE DRIVERS FOR CIRCUITS BASED ON SEMICONDUCTOR DEVICES	14222992	03/24/2014	9059076	06/16/2015
ENHANCEMENT-MODE III-NITRIDE DEVICES	13799989	03/13/2013	9087718	07/21/2015
SEMICONDUCTOR DEVICES WITH FIELD PLATES	14178701	02/12/2014	9111961	08/18/2015
ELECTRODE CONFIGURATIONS FOR SEMICONDUCTOR DEVICES	14211104	03/14/2014	9142659	09/22/2015
TRANSISTORS WITH ISOLATION REGIONS	14260808	04/24/2014	9147760	09/29/2015
ELECTRODES FOR SEMICONDUCTOR DEVICES AND METHODS OF FORMING THE SAME	14179788	02/13/2014	9171730	10/27/2015
METHOD OF FORMING ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	14478504	09/05/2014	9171836	10/27/2015

Title	Application No.	Filing Date	Patent No.	Issue Date
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	14311600	06/23/2014	9171910	10/27/2015
SEMICONDUCTOR DEVICES WITH INTEGRATED HOLE COLLECTORS	13535094	06/27/2012	9184275	11/10/2015
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	14480980	09/09/2014	9190295	11/17/2015
Enhancement Mode III-N HEMTs	14464639	08/20/2014	9196716	11/24/2015
SEMICONDUCTOR MODULES AND METHODS OF FORMING THE SAME	13690103	11/30/2012	9209176	12/08/2015
SEMICONDUCTOR POWER MODULES AND DEVICES	14585705	12/30/2014	9224721	12/29/2015
SEMICONDUCTOR DEVICES WITH GUARD RINGS	14530204	10/31/2014	9224805	12/29/2015
SEMICONDUCTOR ELECTRONIC COMPONENTS AND CIRCUITS	14058089	10/18/2013	9293458	03/22/2016
FORMING ENHANCEMENT MODE III-NITRIDE DEVICES	14542937	11/17/2014	9318593	04/19/2016
GALLIUM NITRIDE POWER DEVICES	14108642	12/17/2013	9343560	05/17/2016
GATE DRIVERS FOR CIRCUITS BASED ON SEMICONDUCTOR DEVICES	14708627	05/11/2015	9362903	06/07/2016
SEMICONDUCTOR DEVICES WITH FIELD PLATES	14660080	03/17/2015	9373699	06/21/2016
ELECTRONIC DEVICES AND COMPONENTS FOR HIGH EFFICIENCY POWER CIRCUITS	14336287	07/21/2014	9401341	07/26/2016
TRANSISTORS WITH ISOLATION REGIONS	14810906	07/28/2015	9437707	09/06/2016
Enhancement Mode III-N HEMTs	14945341	11/18/2015	9437708	09/06/2016
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	14920760	10/22/2015	9443849	09/13/2016

Title	Application No.	Filing Date	Patent No.	Issue Date
ELECTRODES FOR SEMICONDUCTOR DEVICES AND METHODS OF FORMING THE SAME	14920059	10/22/2015	9520491	12/13/2016
GATE STRUCTURES FOR III-N DEVICES	14970375	12/15/2015	9536966	01/03/2017
RECESSED OHMIC CONTACTS IN A III-N DEVICE	14572670	12/16/2014	9536967	01/03/2017
MULTILEVEL INVERTERS AND THEIR COMPONENTS	14321269	07/01/2014	9537425	01/03/2017
SWITCHING CIRCUITS HAVING FERRITE BEADS	14323777	07/03/2014	9543940	01/10/2017
ENHANCEMENT-MODE III-NITRIDE DEVICES	14714964	05/18/2015	9590060	03/07/2017
BRIDGELESS POWER FACTOR CORRECTION CIRCUITS	14802333	07/17/2015	9590494	03/07/2017
SEMICONDUCTOR DEVICES WITH INTEGRATED HOLE COLLECTORS	14934565	11/06/2015	9634100	04/25/2017
SWITCHING CIRCUITS HAVING FERRITE BEADS	15363987	11/29/2016	9660640	05/23/2017
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	14332967	07/16/2014	9690314	06/27/2017
SEMICONDUCTOR POWER MODULES AND DEVICES	14950411	11/24/2015	9741702	08/22/2017
SEMICONDUCTOR MODULES AND METHODS OF FORMING THE SAME	15138681	04/26/2016	9818686	11/14/2017
BRIDGE CIRCUITS AND THEIR COMPONENTS	14539098	11/12/2014	9899998	02/20/2018
SEMICONDUCTOR DEVICES WITH FIELD PLATES	15181805	06/14/2016	9831315	11/28/2017
Enhancement Mode III-N HEMTs	15242266	08/19/2016	—	—
ENHANCEMENT-MODE III-NITRIDE DEVICES	15440404	02/23/2017	—	—
SWITCHING CIRCUITS HAVING FERRITE BEADS	15491920	04/19/2017	—	—

Title	Application No.	Filing Date	Patent No.	Issue Date
Electrolysis transistor	12156178	05/29/2008	9096939	08/04/2015
*BRIDGELESS POWER FACTOR CORRECTION CIRCUITS	15/428,726	2/9/2017		
*PARALLELING OF SWITCHING DEVICES FOR HIGH POWER CIRCUITS	15/554,170	8/28/2017		

***Currently Pending Unpublished Applications**

EXHIBIT B – BORROWING NOTICE

[See attached]

TRANSPHORM, INC.
115 Castilian Drive
Goleta, California 93117

Date: _____, 20__

Nexperia B.V., as Lender
under the below-referenced Loan and Security Agreement
Jonkerbosplein 52
6534 AB Nijmegen
The Netherlands

Ladies and Gentlemen:

The undersigned, Transphorm, Inc. (the "**Borrower**"), refers to the Loan and Security Agreement, dated as of April 4, 2018 (as such may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Loan and Security Agreement**"), by and between the Borrower and Nexperia B.V., as lender (the "**Lender**"), and hereby gives you notice pursuant to Section 3.5 of the Loan and Security Agreement that the undersigned hereby requests the [portion of the] Tranche [A/B/C] Loan under the Loan and Security Agreement set forth below (the "**Proposed Loan**"), and in that connection sets forth below the information relating to such Proposed Loan. All capitalized terms used herein but not defined herein have the same meanings herein as set forth in the Loan and Security Agreement.

(i) The aggregate principal amount of the Proposed Loan is $[_____][2].

(ii) The borrowing date of the Proposed Loan is [_____][3].

(iii) The proceeds of the Proposed Loan should be made available to the undersigned by transfer to the Loan Deposit Account.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

2 With respect to the Tranche C Loans, (a) each Tranche C Loan must be in a minimum amount of $1,000,000 and in multiples of $1,000,000 in excess thereof, (b) the Borrower is only entitled to deliver up to three Borrowing Notices in respect of Tranche C Loans per calendar quarter and (c) there shall not at any time be more than a total of three Tranche C Loans outstanding.

3 Must be a Business Day.

The undersigned hereby certifies that (i) the Borrower has not materially breached its obligations under the DLA, (ii) the representations and warranties contained in Section 5 of the Loan and Security Agreement are as of the date hereof and will be as of the [applicable] Tranche [A/B/C] Closing Date true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such dates as though made on and as of each such dates, except to the extent that any such representation or warranty expressly relates solely to a specific date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such specific date), (iii) no Default or Event of Default has occurred or is continuing or will result from the making of the Proposed Loan to be made as of the date of the Proposed Loan[, and] (iv) the conditions set forth in Section [3.1/3.2/3.3] of the Loan and Security Agreement will be satisfied as of the date of the Proposed Loan[, and (v) the Tranche C Credit Exposure does not as of the date hereof, and will not after making the Proposed Loan, exceed the Tranche C Commitment Amount][4].

Very truly yours,

TRANSPHORM, INC.

By: _____

Name:
Title:

4 Clause (v) to be included in Tranche C borrowing notices.

EXHIBIT C – PATENT ASSIGNMENT AGREEMENT

[See attached]

PATENT ASSIGNMENT AGREEMENT

This PATENT ASSIGNMENT AGREEMENT (this "**Agreement**") is made as of [_____], 20[__], by and between **TRANSPHORM, INC.**, a Delaware corporation (the "**Assignor**"), and **NEXPERIA B.V.**, a private limited liability company incorporated under the laws of the Netherlands, with its registered office at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands (the "**Assignee**") (each, a "**Party**" and together, the "**Parties**").

WHEREAS, pursuant to that certain Loan and Security Agreement between the Assignor and the Assignee, dated as of April 4, 2018 (the "**Loan Agreement**"), among other things, the Assignor has agreed to perpetually and irrevocably convey, deliver, transfer and assign to the Assignee, its successors and assigns, free and clear of all Liens (other than Permitted Liens), all of its right, title and interest in, to and under all of the Patents included in the Collateral, including the Patents listed on Exhibit A hereto (collectively, the "**Assigned Patents**"); and

WHEREAS, execution of and performance under this Agreement is intended to effectuate the Collateral Assignment required by Section 9.9 of the Loan Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Defined Terms; Interpretation. Capitalized terms used but not defined herein shall have the meanings given to them in the Loan Agreement. This Agreement shall be interpreted in accordance with the rules of construction set forth in Sections 1.1 and 12.12 of the Loan Agreement.

2. Assignment. The Assignor hereby perpetually and irrevocably conveys, delivers, transfers and assigns to the Assignee, its successors and assigns, all of the Assignor's right, title and interest in, to and under the Assigned Patents, free and clear of all Liens (other than Permitted Liens), along with (i) the registrations and applications relating thereto, (ii) all goodwill symbolized thereby and associated therewith and including all rights therein provided by international conventions and treaties, and the exclusive right to sue for past, present and future infringement thereof, (iii) any and all rights of the Assignor to sue at law or in equity for any infringement, imitation, impairment, distortion, dilution or other unauthorized use or conduct in derogation of such Assigned Patents, including the right to receive all proceeds and damages therefrom, (iv) any and all rights to royalties, profits, compensation, license fees or other payments or remuneration of any kind relating to such Assigned Patents, and (v) any and all rights to obtain renewals, reissues, and extensions of registrations or other legal protections pertaining to such Assigned Patents.

3. Further Assurances; Power of Attorney. The Assignor shall, and shall use its commercially reasonable efforts to cause its successors and assigns to, at any time and from time to time after the date hereof, upon the request of the Assignee, do, execute, acknowledge, deliver and file, or cause to be done, executed, acknowledged, delivered or filed, all such further acts, deeds, transfers, conveyances, assignments or assurances as may be reasonably required for transferring, conveying, assigning and assuring to the Assignee, or for reducing to possession by the Assignee of, any of the Assigned Patents, or for otherwise carrying out the purposes of this

Agreement, including the execution and delivery of any additional or separate documents and performance of other additional acts necessary or desirable to record and perfect the interest of the Assignee in and to the Assigned Patents or otherwise in connection with the prosecution and maintenance of the Assigned Patents, any administrative or judicial action, suit or challenge by a third party (including any reexamination or other proceeding challenging the validity or enforceability of an Assigned Patent) and otherwise maintaining, enforcing or defending the Assigned Patents and any other intellectual property rights relating thereto. Without limiting the generality of the foregoing, the Assignor shall, and shall use commercially reasonable efforts to cause its successors and assigns to, take all actions necessary to effectuate the assignment of the Assigned Patents contemplated hereunder, including making filings and executing any documents that may be necessary or desirable for purposes of recordation by the United States Patent and Trademark Office and any other intellectual property office in any other jurisdiction throughout the world. In the event that the Assignor or any of its successors and assigns does not take in a timely fashion any action reasonably deemed necessary or advisable by the Assignee, the Assignee shall have the right to take such action. The Assignor hereby grants, on its own behalf and on behalf of its successors and assigns to the fullest extent permitted by Law, to the Assignee an irrevocable power of attorney, coupled with an interest, to take all action contemplated or authorized pursuant to this Agreement, including filings which may be necessary or desirable for purposes of recordation by the United States Patent and Trademark Office or any other intellectual property office in any other jurisdiction throughout the world.

4. Due Authorization. The Assignor hereby authorizes and requests the Commissioner for Patents of the United States Patent and Trademark Office, and, as appropriate, the corresponding entity or agency in any other jurisdiction, to record this Agreement, and to issue any and all patents, registrations, utility models or other governmental grants or issuances pertaining to any of the Assigned Patents in the name of the Assignee, its successors, assigns or other legal representatives.

5. Governing Law; Amendment. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York, without giving effect to any principles of conflicts of law (other than Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York regarding choice of law and choice of forum in certain transactions) that would cause the application of the Law of any jurisdiction other than the State of New York. No amendment or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed (a) in the case of an amendment, consent or waiver to cure any ambiguity, omission, defect or inconsistency, by the Assignee and the Assignor, (b) in the case of any other waiver or consent, by the Assignee and (c) in the case of any other amendment, by the Assignee and the Assignor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

7. Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

8. Successors. This Agreement binds and is for the benefit of the successors and permitted assigns of each Party.

[*Signature pages follow*]

IN WITNESS WHEREOF, the Assignor has executed this Patent Assignment Agreement on the date set forth below.

ASSIGNOR:

TRANSPHORM, INC.

By: _____

Name:

Title:

I, _____ whose full post office address is _____ was personally present and did see _____ (name of person who signed assignment) who is known to me, execute the assignment.

Signed at _____ this _____ day of _____, 20___.

_____

Signature of Witness

IN WITNESS WHEREOF, the Assignee has executed this Patent Assignment Agreement on the date set forth below.

ASSIGNEE:

NEXPERIA B.V.

By: _____

Name:

Title:

I, _____ whose full post office address is _____ was personally present and did see _____ (name of person who signed assignment) who is known to me, execute the assignment.

Signed at _____ this _____ day of _____, 20___.

_____

Signature of Witness

Exhibit A

Assigned Patents

Title	Application No.	Filing Date	Patent No.	Issue Date
III-NITRIDE DEVICES WITH RECESSED GATES	12102340	04/14/2008	7795642	09/14/2010
INSULATED GATE E-MODE TRANSISTORS	12324574	11/26/2008	7851825	12/14/2010
III-NITRIDE BIDIRECTIONAL SWITCHES	12209581	09/12/2008	7875907	01/25/2011
III-NITRIDE DEVICES AND CIRCUITS	12368248	02/09/2009	7884394	02/08/2011
SEMICONDUCTOR HETEROSTRUCTURE DIODES	12332284	12/10/2008	7898004	03/01/2011
III-NITRIDE DEVICES WITH RECESSED GATES	12816971	06/16/2010	7939391	05/10/2011
BRIDGE CIRCUITS AND THEIR COMPONENTS	12368200	02/09/2009	7965126	06/21/2011
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	12611018	11/02/2009	8138529	03/20/2012
ENHANCEMENT MODE GALLIUM NITRIDE POWER DEVICES	13019150	02/01/2011	8193562	06/05/2012
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13008874	01/18/2011	8237198	08/07/2012
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	12556438	09/09/2009	8289065	10/16/2012
ENHANCEMENT MODE GALLIUM NITRIDE POWER DEVICES	13406723	02/28/2012	8344424	01/01/2013
SEMICONDUCTOR DEVICES WITH FIELD PLATES	12550140	08/28/2009	8390000	03/05/2013
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	13355885	01/23/2012	8455931	06/04/2013
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13618502	09/14/2012	8493129	07/23/2013
BRIDGE CIRCUITS AND THEIR COMPONENTS	13164109	06/20/2011	8508281	08/13/2013
ENHANCEMENT MODE III-N HEMTS	12108449	04/23/2008	8519438	08/27/2013

Title	Application No.	Filing Date	Patent No.	Issue Date
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13618726	09/14/2012	8531232	09/10/2013
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13533339	06/26/2012	8541818	09/24/2013
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	13873855	04/30/2013	8592974	11/26/2013
HIGH POWER SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	13269367	10/07/2011	8598937	12/03/2013
SEMICONDUCTOR ELECTRONIC COMPONENTS AND CIRCUITS	12701458	02/05/2010	8624662	01/07/2014
GALLIUM NITRIDE POWER DEVICES	13723753	12/21/2012	8633518	01/21/2014
SEMICONDUCTOR POWER MODULES AND DEVICES	13405041	02/24/2012	8648643	02/11/2014
SEMICONDUCTOR DEVICES WITH FIELD PLATES	13748907	01/24/2013	8692294	04/08/2014
ELECTRODE CONFIGURATIONS FOR SEMICONDUCTOR DEVICES	13040940	03/04/2011	8716141	05/06/2014
TRANSISTORS WITH ISOLATION REGIONS	12968704	12/15/2010	8742460	06/03/2014
SEMICONDUCTOR DIODES WITH LOW REVERSE BIAS CURRENTS	13040524	03/04/2011	8772842	07/08/2014
ELECTRONIC COMPONENTS WITH REACTIVE FILTERS	13403813	02/23/2012	8786327	07/22/2014
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	13550445	07/16/2012	8803246	08/12/2014
ELECTRONIC DEVICES AND COMPONENTS FOR HIGH EFFICIENCY POWER CIRCUITS	12684838	01/08/2010	8816497	08/26/2014
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	13959483	08/05/2013	8816751	08/26/2014
ENHANCEMENT MODE III-N HEMTS	13954772	07/30/2013	8841702	09/23/2014
METHOD OF FORMING ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	14068944	10/31/2013	8860495	10/14/2014

Title	Application No.	Filing Date	Patent No.	Issue Date
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	14063438	10/25/2013	8890314	11/18/2014
METHOD FOR MAKING SEMICONDUCTOR DIODES WITH LOW REVERSE BIAS CURRENTS	14288682	05/28/2014	8895423	11/25/2014
SEMICONDUCTOR DEVICES WITH GUARD RINGS	13226380	09/06/2011	8901604	12/02/2014
BRIDGE CIRCUITS AND THEIR COMPONENTS	13887204	05/03/2013	8912839	12/16/2014
SEMICONDUCTOR POWER MODULES AND DEVICES	14134878	12/19/2013	8952750	02/10/2015
SEMICONDUCTOR HETEROSTRUCTURE DIODES	13973890	08/22/2013	9041065	05/26/2015
METHOD OF FORMING ELECTRONIC COMPONENTS WITH REACTIVE FILTERS	14307234	06/17/2014	9041435	05/26/2015
GATE DRIVERS FOR CIRCUITS BASED ON SEMICONDUCTOR DEVICES	14222992	03/24/2014	9059076	06/16/2015
ENHANCEMENT-MODE III-NITRIDE DEVICES	13799989	03/13/2013	9087718	07/21/2015
SEMICONDUCTOR DEVICES WITH FIELD PLATES	14178701	02/12/2014	9111961	08/18/2015
ELECTRODE CONFIGURATIONS FOR SEMICONDUCTOR DEVICES	14211104	03/14/2014	9142659	09/22/2015
TRANSISTORS WITH ISOLATION REGIONS	14260808	04/24/2014	9147760	09/29/2015
ELECTRODES FOR SEMICONDUCTOR DEVICES AND METHODS OF FORMING THE SAME	14179788	02/13/2014	9171730	10/27/2015
METHOD OF FORMING ELECTRONIC COMPONENTS WITH INCREASED RELIABILITY	14478504	09/05/2014	9171836	10/27/2015
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	14311600	06/23/2014	9171910	10/27/2015
SEMICONDUCTOR DEVICES WITH INTEGRATED HOLE COLLECTORS	13535094	06/27/2012	9184275	11/10/2015

Title	Application No.	Filing Date	Patent No.	Issue Date
PACKAGE CONFIGURATIONS FOR LOW EMI CIRCUITS	14480980	09/09/2014	9190295	11/17/2015
Enhancement Mode III-N HEMTs	14464639	08/20/2014	9196716	11/24/2015
SEMICONDUCTOR MODULES AND METHODS OF FORMING THE SAME	13690103	11/30/2012	9209176	12/08/2015
SEMICONDUCTOR POWER MODULES AND DEVICES	14585705	12/30/2014	9224721	12/29/2015
SEMICONDUCTOR DEVICES WITH GUARD RINGS	14530204	10/31/2014	9224805	12/29/2015
SEMICONDUCTOR ELECTRONIC COMPONENTS AND CIRCUITS	14058089	10/18/2013	9293458	03/22/2016
FORMING ENHANCEMENT MODE III-NITRIDE DEVICES	14542937	11/17/2014	9318593	04/19/2016
GALLIUM NITRIDE POWER DEVICES	14108642	12/17/2013	9343560	05/17/2016
GATE DRIVERS FOR CIRCUITS BASED ON SEMICONDUCTOR DEVICES	14708627	05/11/2015	9362903	06/07/2016
SEMICONDUCTOR DEVICES WITH FIELD PLATES	14660080	03/17/2015	9373699	06/21/2016
ELECTRONIC DEVICES AND COMPONENTS FOR HIGH EFFICIENCY POWER CIRCUITS	14336287	07/21/2014	9401341	07/26/2016
TRANSISTORS WITH ISOLATION REGIONS	14810906	07/28/2015	9437707	09/06/2016
Enhancement Mode III-N HEMTs	14945341	11/18/2015	9437708	09/06/2016
SEMICONDUCTOR ELECTRONIC COMPONENTS WITH INTEGRATED CURRENT LIMITERS	14920760	10/22/2015	9443849	09/13/2016
ELECTRODES FOR SEMICONDUCTOR DEVICES AND METHODS OF FORMING THE SAME	14920059	10/22/2015	9520491	12/13/2016
GATE STRUCTURES FOR III-N DEVICES	14970375	12/15/2015	9536966	01/03/2017
RECESSED OHMIC CONTACTS IN A III-N DEVICE	14572670	12/16/2014	9536967	01/03/2017
MULTILEVEL INVERTERS AND THEIR COMPONENTS	14321269	07/01/2014	9537425	01/03/2017

Title	Application No.	Filing Date	Patent No.	Issue Date
SWITCHING CIRCUITS HAVING FERRITE BEADS	14323777	07/03/2014	9543940	01/10/2017
ENHANCEMENT-MODE III-NITRIDE DEVICES	14714964	05/18/2015	9590060	03/07/2017
BRIDGELESS POWER FACTOR CORRECTION CIRCUITS	14802333	07/17/2015	9590494	03/07/2017
SEMICONDUCTOR DEVICES WITH INTEGRATED HOLE COLLECTORS	14934565	11/06/2015	9634100	04/25/2017
SWITCHING CIRCUITS HAVING FERRITE BEADS	15363987	11/29/2016	9660640	05/23/2017
INDUCTIVE LOAD POWER SWITCHING CIRCUITS	14332967	07/16/2014	9690314	06/27/2017
SEMICONDUCTOR POWER MODULES AND DEVICES	14950411	11/24/2015	9741702	08/22/2017
SEMICONDUCTOR MODULES AND METHODS OF FORMING THE SAME	15138681	04/26/2016	9818686	11/14/2017
BRIDGE CIRCUITS AND THEIR COMPONENTS	14539098	11/12/2014	9819336	01/09/2018
SEMICONDUCTOR DEVICES WITH FIELD PLATES	15181805	06/14/2016	9831315	11/28/2017
Enhancement Mode III-N HEMTs	15242266	08/19/2016	—	—
ENHANCEMENT-MODE III-NITRIDE DEVICES	15440404	02/23/2017	—	—
SWITCHING CIRCUITS HAVING FERRITE BEADS	15491920	04/19/2017	—	—
Electrolysis transistor	12156178	05/29/2008	9096939	08/04/2015
*BRIDGELESS POWER FACTOR CORRECTION CIRCUITS	15/428,726	2/9/2017		
*PARALLELING OF SWITCHING DEVICES FOR HIGH POWER CIRCUITS	15/554,170	8/28/2017		

***Currently Pending Unpublished Applications**

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT

This Amendment No. 1 to Loan and Security Agreement, dated as of March 21, 2019 (this "Amendment"), to that certain Loan and Security Agreement, dated as of April 4, 2018 (the "Loan and Security Agreement"), by and between Nexperia B.V., a private limited liability company incorporated under the laws of the Netherlands, with its registered office at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands ("Nexperia" or the "Lender") and Transphorm, Inc., a Delaware corporation (the "Borrower"), is entered into by and between the Lender and the Borrower. Capitalized terms used herein but not defined herein are used as defined in the Loan and Security Agreement.

W I T N E S S E T H:

WHEREAS, the Lender and the Borrower are parties to that certain Development and License Agreement, dated as of April 4, 2018 (the "DLA"), pursuant to which the Borrower has and will develop, transfer and license certain technology;

WHEREAS, the Loan and Security Agreement was entered into by the Lender and the Borrower, in part to enable the Borrower to fund the development work contemplated by the DLA;

WHEREAS, the Borrower wishes to amend the DLA on the terms and subject to the conditions of an amendment thereto which will be entered into on the date hereof; and

WHEREAS, the Borrower wishes to amend the Loan and Security Agreement to bifurcate the Tranche B Loan into two separate sub-tranches, each with its own terms and conditions and the Lender is willing to do so on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1 AMENDMENTS TO THE LOAN AND SECURITY AGREEMENT

The Loan and Security Agreement is hereby amended as follows:

1.1 Section 2.2(a) of the Loan and Security Agreements is amended and restated in its entirety as follows:

"(a) Availability. On the terms and subject to the conditions of this Agreement, the Lender agrees to make a term loan (the "**Tranche A Loan**") to the Borrower on the Tranche A Closing Date in an amount corresponding to the Tranche A Commitment Amount. On the terms and subject to the conditions of this Agreement, the Lender agrees to make a term loan (the "**Tranche B Loan**") to the Borrower on the Tranche B Closing Date in an amount corresponding to the Tranche B Commitment Amount. On the terms and subject to the conditions of this Agreement, the Lender agrees to make a term loan (the "**Tranche B-1 Loan**" and, together with the Tranche B Loan, the "**Tranche B Loans**") to the Borrower on the Tranche B-1 Closing Date in an amount corresponding to the Tranche B-1 Commitment

Amount. On the terms and subject to the conditions of this Agreement, the Lender agrees to make loans (collectively, the "Tranche C Loans") to the Borrower during the Tranche C Availability Period in an aggregate principal amount that will not result in the aggregate Tranche C Credit Exposure exceeding the Tranche C Commitment Amount; provided that, the Borrower shall only be entitled to deliver up to three Borrowing Notices in respect of Tranche C Loans per calendar quarter and there shall not at any time be more than a total of three Tranche C Loans outstanding. Within the foregoing limit and on the terms and subject to the conditions of this Agreement, the Borrower may reborrow, prepay and reborrow Tranche C Loans in accordance with Section 2.2(d)."

1.2 Section 2.2(c) of the Loan and Security Agreement is amended and restated in its entirety as follows:

"(c) Repayment of the Tranche B Loans. Subject to Sections 2.2(e)-(g) and Section 2.3(b), the Borrower shall pay in full to the Lender the outstanding principal balance of (x) the Tranche B Loan on the Tranche B Maturity Date and (y) the Tranche B-1 Loan on the Tranche B-1 Maturity Date."

1.3 Section 2.2(f) of the Loan and Security Agreement is amended and restated in its entirety as follows:

"(f) Maturity Date Extension. In connection with modifications to the development timelines contemplated by the Prefunded SOWs and the DLA, the Tranche A Maturity Date and/or the Tranche B Maturity Date and/or the Tranche B-1 Maturity Date may be extended for an additional number of days to be mutually agreed by the Lender and the Borrower if (i) the Lender provides the Borrower with written notice of an extension at least 30 days prior to the then-applicable Maturity Date and the Borrower does not object in writing to such extension within 5 Business Days of receipt of such written notice (it being understood and agreed that the Borrower shall not unreasonably condition, delay or object to such extension) or (ii) the Borrower provides the Lender with a written request for an extension, together with reasonable supporting information justifying such extension, at least 30 days prior to the then-applicable Maturity Date and the Lender consents to such extension within 5 Business Days of receipt of such written request (it being understood and agreed that the Lender shall not unreasonably condition, delay or withhold its consent to such extension). For the avoidance of doubt, the Borrower may only deliver the aforementioned request for an extension so long as no Event of Default has occurred and is continuing on the date such request is delivered.

1.4 Section 3.5 of the Loan and Security Agreement is amended and restated in its entirety as follows:

"**3.5 Procedures for Borrowing.** Subject to the prior satisfaction of all other applicable conditions to the making of a Loan set forth in this Agreement, to obtain a Loan, the Borrower shall deliver to the Lender a Borrowing Notice (which Borrowing Notice shall be irrevocable) executed by a Responsible Officer on or before 9:00 a.m. (New York City time) on a Business Day at least five Business Days prior to the proposed Closing Date. After receipt of the Borrowing Notice for the applicable Loan, the Lender shall, on the applicable

Closing Date and subject to the terms and conditions hereof, make the proceeds of such Loan available to the Borrower by wire transfer to the Loan Deposit Account. With respect to the Tranche C Loans, (a) each Tranche C Loan must be in a minimum principal amount of $1,000,000 and in multiples of $1,000,000 in excess thereof, (b) the Borrower shall only be entitled to deliver up to three Borrowing Notices in respect of Tranche C Loans per calendar quarter and (c) there shall not at any time be more than a total of three Tranche C Loans outstanding. The Tranche A Commitment Amount shall automatically and permanently be reduced to zero on the Tranche A Commitment Termination Date. The Tranche B Commitment Amount shall automatically and permanently be reduced to zero on the Tranche B Commitment Termination Date. The Tranche B-1 Commitment Amount shall automatically and permanently be reduced to zero on the Tranche B-1 Commitment Termination Date. The Tranche C Commitment Amount shall automatically and permanently be reduced to zero on the Tranche C Commitment Termination Date."

1.5 The following Section 3.6 shall hereby be inserted into Section 3 of the Loan and Security Agreement in the correct ascending numerical order:

"**3.6 Conditions Precedent to the Tranche B-1 Loan.** The commitment of the Lender to make the Tranche B-1 Loan shall be subject to the prior making of the Tranche A Loan, the satisfaction of each of the conditions precedent set forth below in this Section 3.6, in form and substance satisfactory to the Lender and completion of such other matters as the Lender may reasonably deem necessary or appropriate:

(a) due evidence of proof of concept under the [***]-SOW in accordance with Section 6.2(c) of the DLA;

(b) timely receipt by the Lender of an executed Borrowing Notice in accordance with Section 3.5 (which Borrowing Notice shall constitute the written request for prefunding contemplated by Section 6.2(c) of the DLA);

(c) a duly executed certificate of a Responsible Officer, dated the Tranche B-1 Closing Date and upon which the Lender may conclusively rely, certifying that (i) the Borrower has not materially breached its obligations under the DLA; (ii) the representations and warranties in this Agreement shall be true and correct in all material respects on the date of the Borrowing Notice and on the Tranche B-1 Closing Date; provided, however, that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified by materiality or "Material Adverse Effect" in the text thereof; and provided further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects (provided, however, that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified by materiality or "Material Adverse Effect" in the text thereof) as of such date; and (iii) no Default or Event of Default shall have then occurred and be continuing, or would result from the making of such Loan;

(d) the Lender determines to its satisfaction that there has not been a Material Adverse Change since the Effective Date;

(e) an update to Schedule 5.2, such updated Schedule to be complete and accurate in all material respects as of the Tranche B-1 Closing Date;

(f) the Lender determines to its satisfaction that the ON Note Waiver is in full force and effect as of the Tranche B-1 Closing Date; and

(g) such unaudited financial information, projections or similar data of the Borrower, as of a date reasonably close to the Tranche B-1 Closing Date, as the Lender may reasonably request."

1.6 The second sentence of Section 5.2 of the Loan and Security Agreement is hereby amended by inserting immediately following the words "the Tranche B Closing Date", a comma (",") and the words "the Tranche B-1 Closing Date".

1.7 Section 5.8(i) of the Loan and Security Agreement is hereby amended by inserting immediately following the words "and the Tranche B Loan" the words "and the Tranche B-1 Loan".

1.8 Section 8.1(b) of the Loan and Security Agreement is hereby amended by adding an "s" at the end of the words "Tranche B Loan" such that the words now read "Tranche B Loans".

1.9 Section 8.11 of the Loan and Security Agreement is amended and restated in its entirety as follows:

"**8.11 DLA**. (a) The Lender (i) terminates the DLA pursuant to (x) Section 14.3(b) or (y) Section 14.3(c) thereof or (ii) the Borrower fails to deliver (A) the report required to be delivered pursuant to the [***] SOW on or prior to the last Business Day of the first quarter of the calendar year 2020, as such date may be extended pursuant to Section 2.2(f) or (B) the report required to be delivered pursuant to the [***] SOW on or prior to the last Business Day of the first quarter of the calendar year 2021, as such date may be extended pursuant to Section 2.2(f) or (C) the report required to be delivered pursuant to the [***]-SOW on or prior to the last Business Day of the first quarter of the calendar year 2021, as such date may be extended pursuant to Section 2.2(f), or (b) the Borrower terminates the DLA pursuant to (x) Section 14.3(b) or (y) Section 14.3(c) thereof."

1.10 The definition of "Closing Dates" is amended and restated in its entirety as follows:

'**"Closing Dates"** means, collectively, the Tranche A Closing Date, the Tranche B Closing Date, the Tranche B-1 Closing Date and the Tranche C Closing Dates.

1.11 Clause (a) of the definition of "Interest Period" is amended and restated in its entirety as follows:

"(a) with respect to (i) the Tranche A Loan, initially, the period beginning on (and including) the Tranche A Maturity Date without giving effect to any extension to such date pursuant to Section 2.2(f), (ii) the Tranche B Loan, initially, the period beginning on (and including) the Tranche B Maturity Date without giving effect to any extension to such date pursuant to Section 2.2(f), and ending on (and including) the last day of the first full calendar quarter immediately following such date, and (iii) the Tranche B-1 Loan, initially,

the period beginning on (and including) the Tranche B-1 Maturity Date without giving effect to any extension to such date pursuant to Section 2.2(f), and ending on (and including) the last day of the first full calendar quarter immediately following such date, and (ii) thereafter, each period beginning on (and including) the first day after the end of the previous Interest Period and ending on the earlier of (and including) (x) the last day of the calendar quarter in which such Interest Period begins and (y) the Tranche A Maturity Date (for the avoidance of doubt, after giving effect to any extension thereto pursuant to the terms hereof) or the Tranche B Maturity Date (for the avoidance of doubt, after giving effect to any extension thereto pursuant to the terms hereof) or the Tranche B-1 Maturity Date (for the avoidance of doubt, after giving effect to any extension thereto pursuant to the terms hereof), as applicable; and"

1.12 The definition of "Loans" is amended and restated in its entirety as follows:

"**"Loans"** means, collectively, the Tranche A Loan, the Tranche B Loans and the Tranche C Loans.

1.13 The definition of "Maturity Dates" is amended and restated in its entirety as follows:

"**"Maturity Dates"** means, collectively, the Tranche A Maturity Date, the Tranche B Maturity Date, the Tranche B-1 Maturity Date and the Tranche C Maturity Date.

1.14 The definition of "Offsetting Amount" is amended and restated in its entirety as follows:

"**"Offsetting Amount"** means, as of any date of determination, (a) with respect to the Tranche A Loan, an amount equal to the outstanding and unpaid balance of licensing fees or other amounts then owed by Nexperia to the Borrower pursuant to the [***] SOW and Section 7.7(b) of the DLA, (b) with respect to the Tranche B Loan, an amount equal to the outstanding and unpaid balance of licensing fees or other amounts then owed by Nexperia to the Borrower pursuant to the [***] SOW and Section 7.7(c) of the DLA and (c) with respect to the Tranche B-1 Loan, an amount equal to the outstanding and unpaid balance of the licensing fees or other amounts then owed by Nexperia to the Borrower pursuant to the [***]-SOW and Section 7.7(d) of the DLA.

1.15 The definition of "Prefunded SOWs" is amended and restated in its entirety as follows:

"**"Prefunded SOWs"** means the [***] SOW, the [***] SOW and the [***]-SOW.

1.16 The definition of "Tranche B Closing Date" is amended and restated in its entirety as follows:

"**"Tranche B Closing Date"** means the date on which the Lender shall make available the Tranche B Commitment Amount as set forth in the following table:

Tranche B Closing Date	Tranche B Commitment Amount
The first Business Day in the first quarter of calendar year 2019 on which the conditions set forth in Section 3.2 are satisfied or waived in accordance with this Agreement.	$8,000,000

1.17 The following definitions shall hereby be inserted into Section 13 of the Loan and Security Agreement in the correct alphabetical order:

‘**“[***]-SOW”** means the SOW set forth in Addendum 4 to the DLA, as such SOW may be amended, restated supplemented or otherwise modified from time to time in accordance with its terms and the DLA.

‘**“Tranche B Loans”** is defined in Section 2.2(a).”

‘**“Tranche B-1 Closing Date”** means the date on which the Lender shall make available the Tranche B-1 Commitment Amount as set forth in the following table:

Tranche B-1 Closing Date	Tranche B-1 Commitment Amount
The first Business Day in the second quarter of calendar year 2019 on which the conditions set forth in Section 3.6 are satisfied or waived in accordance with this Agreement.	$2,000,000

‘**“Tranche B-1 Commitment Amount”** means the Tranche B-1 Loan that the Lender shall make available on the Tranche B-1 Closing Date as set forth in the definition of “Tranche B-1 Closing Date”.

‘**“Tranche B-1 Commitment Termination Date”** means the earlier of (a) the Tranche B-1 Closing Date (immediately after the making of the Tranche B-1 Loan on such date) and (b) the date on which the Commitments terminate pursuant to Section 9 of this Agreement.”

‘**“Tranche B-1 Loan”** is defined in Section 2.2(a).”

‘**“Tranche B-1 Maturity Date”** means the date on which a report is required to be delivered pursuant to the [***]-SOW, which shall be no later than the last Business Day of the first quarter of calendar year 2021, as such date may be extended pursuant to the terms hereof.”

SECTION 2. REPRESENTATIONS AND WARRANTIES

2.1 The Lender hereby represents and warrants to the Borrower as follows:

(a) **Private Limited Liability Company Power and Authority**. The Lender has (a) the private limited liability company power or other power and authority to make, deliver and perform the Amendment and the other Loan Documents to which it is a party and (b) taken all necessary private limited liability company or other action to authorize the execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party.

2.2 The Borrower hereby represents and warrants to the Lender as follows:

(a) **Incorporation of Representations and Warranties from Loan Documents**. After giving effect to this Amendment, each of the representations and warranties in Section 5 of the Loan and Security Agreement and in the other Loan Documents are true and correct in all material respects (except to the extent that such representation or warranty is qualified as to materiality, in which case it shall be true and correct in all respects) on and as of the date hereof as though made on and as of such date, except to the extent that any such representation or warranty expressly relates to an earlier date.

(b) **Corporate Power and Authority**. The Borrower has (a) the corporate or other power and authority to make, deliver and perform the Amendment and the other Loan Documents to which it is a party and (b) has taken all necessary corporate or other action to authorize the execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party.

(c) **Absence of Default**. At the time of and immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

SECTION 3. REAFFIRMATION

The Borrower hereby confirms that the security interests and liens granted by it pursuant to the Loan Documents continue to secure the Obligations as set forth in the Loan Documents and that such security interests and liens remain in full force and effect. The Borrower confirms and ratifies its obligations under each of the Loan Documents executed by it after giving effect to this Amendment.

SECTION 4. MISCELLANEOUS

4.1 **Reference to and Effect on the Loan Documents**.

(a) After giving effect to this Amendment, each reference in the Loan and Security Agreement to "*this Agreement*," "*hereunder*," "*hereof*," "*herein*," or words of like import, and each reference in the other Loan Documents to the Loan and Security Agreement (including, without limitation, by means of words like "*thereunder*", "*thereof*", "*therein*" and words of like import), shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment.

(b) Except as expressly amended or waived, as applicable, hereby, all of the terms and provisions of the Loan and Security Agreement and all other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lender under the Loan and Security Agreement or any Loan Document, or constitute a waiver or amendment of any other provision of the Loan and Security Agreement or any Loan Document (as amended hereby) except as and to the extent expressly set forth herein.

4.2 **Choice of Law; Dispute Resolution; Severability of Provisions; Counterparts; Electronic Execution of Documents; Captions; Construction of Agreement; Third Parties**. The terms of Sections 11, 12.5, 12.7, 12.10, 12.11, 12.12 and 12.14 of the Loan and Security Agreement with respect to Choice of Law, Dispute Resolution, Severability of Provisions, Counterparts, Electronic Execution of Documents, Captions, Construction of Agreement and Third Parties are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

4.3 **Loan Document and Integration**. This Amendment shall constitute a Loan Document, and together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers and members thereunto duly authorized, as of the date indicated above.

TRANSPHORM, INC., as the Borrower

By: /s/ Cameron McAulay

Name: Cameron McAulay
Title: CFO

[Signature Page to Amendment No. 1]

NEXPERIA B.V., as the Lender

By: /s/ Charles Smit

Name: Charles Smit

Title: General Counsel

[Signature Page to Amendment No. 1]

AMENDMENT NO. 2 TO LOAN AND SECURITY AGREEMENT

This Amendment No. 2 to Loan and Security Agreement, dated as of February 7, 2020 (this "Amendment"), is entered into by and between Nexperia B.V., a private limited liability company incorporated under the laws of the Netherlands, with its registered office at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands ("Nexperia" or the "Lender") and Transphorm, Inc., a Delaware corporation ("Transphorm" or the "Borrower"), and amends that certain Loan and Security Agreement, dated as of April 4, 2018, as previously amended by Amendment No. 1 to Loan and Security Agreement dated March 21, 2019 (such Loan and Security Agreement and Amendment No. 1, collectively, the "Loan and Security Agreement"). Capitalized terms used herein but not defined herein are used as defined in the Loan and Security Agreement.

W I T N E S S E T H:

WHEREAS, Transphorm intends to enter into an agreement and plan of merger and reorganization with Peninsula Acquisition Corporation, a Delaware corporation ("Parent"), and Peninsula Acquisition Sub, Inc. ("Merger Sub"), pursuant to which Merger Sub will merge with and into Transphorm, the corporate existence of Merger Sub will cease, and Transphorm will become a wholly-owned subsidiary of Parent (the "Transaction"), which Transaction will result in a Change of Control of Transphorm; the date on which the closing of the Transaction will occur is referred to herein as the "Closing Date";

WHEREAS, in connection with the Transaction, Transphorm will amend its Operating Documents and change its legal name;

WHEREAS, the parties wish for the Loan and Security Agreement to continue in full force and effect in accordance with its terms through and following the closing of Transaction, except to the extent otherwise set forth in this Amendment;

WHEREAS, in anticipation of and contingent upon the closing of the Transaction, the parties also wish to modify certain terms and conditions of the Agreement, effective as of the Closing Date immediately prior to the consummation of the Transaction;

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. AMENDMENTS TO THE LOAN AND SECURITY AGREEMENT

The Loan and Security Agreement is hereby amended as follows:

1.1 Effective as of the Closing Date immediately prior to the consummation of the Transactions, the definition of "Change of Control" is amended and restated in its entirety as follows:

"Change of Control" means the occurrence of any of the following events: (i) a consolidation, merger or other business transaction of the Borrower (or its parent entity) with or into any other entity as a result of which the stockholders of the Borrower (or its parent entity) immediately prior to such transaction do not own at least 50% of the issued

and outstanding stock (or, if not a corporation, the equity interests) of the surviving or resulting entity (or if such surviving or resulting entity is a wholly-owned subsidiary immediately following such transaction, its parent); (ii) a person or entity (or a group of persons or entities, as described in Section 13(d) of the Securities Exchange Act of 1934, as amended) acquires more than 50% of the issued and outstanding voting stock of the Borrower (or its parent entity); (iii) the sale, assignment, license or other disposition of all or substantially all of the assets of the Borrower (or its parent entity); or (iv) the closing of the Borrower's (or its parent entity's) first firm commitment underwritten public offering of stock registered under the Securities Act of 1933, as amended.

SECTION 2. LENDER CONSENT AND WAIVER

The Lender hereby consents and agrees as follows:

2.1 **Changes in Operations or Organization; Waiver of Notice.** Lender acknowledges and consents to Borrower amending its Operating Documents and changing its legal name in connection with the Transaction. Lender further acknowledges and agrees that it has received written notice of such amendment and legal name change, and further that this Amendment independently satisfies all obligations of Borrower to provide written notice to Lender thereof as required by Section 7.1 of the Loan and Security Agreement.

2.2 **No Change of Control or Event of Default; Waiver of Notice**. The Transaction shall not be deemed to be, or deemed to result in, directly or indirectly, a Change of Control of Borrower or an Event of Default, including without limitation for purposes of Section 8 and Section 9 of the Loan and Security Agreement. Notwithstanding the foregoing, to the extent the Transaction is deemed to result in a Change of Control of Transphorm, Lender acknowledges and agrees that it has received written notice thereof, and further that this Amendment independently satisfies all obligations of Borrower to provide written notice to Lender of such Change of Control as required by Section 6.10 of the Loan and Security Agreement.

2.3 **Financial Statements**. Lender acknowledges and agrees that (i) the delivery by Borrower on July 8, 2018 of its annual financial statements for the fiscal year ended December 31, 2018 satisfies the requirements of Section 6.2(a) of the Loan and Security Agreement, (ii) that such longer period for such delivery in excess of 180 days is agreed to by Lender and (iii) that any Default or Event of Default that may have arisen as a result of such delivery being later than the required time period in Section 6.2(a), and the consequences thereof, are hereby waived.

SECTION 3. REAFFIRMATION

The Borrower hereby confirms that the security interests and liens granted by it pursuant to the Loan Documents continue to secure the Obligations as set forth in the Loan Documents and that such security interests and liens remain in full force and effect. The Borrower confirms and ratifies its obligations under each of the Loan Documents executed by it after giving effect to this Amendment.

SECTION 4. MISCELLANEOUS

4.1 **Reference to and Effect on the Loan Documents**.

(a) After giving effect to this Amendment, each reference in the Loan and Security Agreement to "*this Agreement*," "*hereunder*," "*hereof*," "*herein*," or words of like import, and each reference in the other Loan Documents to the Loan and Security Agreement (including, without limitation, by means of words like "*thereunder*", "*thereof*", "*therein*" and words of like import), shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment.

(b) Except as expressly amended or waived, as applicable, hereby, all of the terms and provisions of the Loan and Security Agreement and all other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lender under the Loan and Security Agreement or any Loan Document, or constitute a waiver or amendment of any other provision of the Loan and Security Agreement or any Loan Document (as amended hereby) except as and to the extent expressly set forth herein.

4.2 **Choice of Law; Dispute Resolution; Severability of Provisions; Counterparts; Electronic Execution of Documents; Captions; Construction of Agreement; Third Parties**. The terms of Sections 11, 12.5, 12.7, 12.10, 12.11, 12.12 and 12.14 of the Loan and Security Agreement with respect to Choice of Law, Dispute Resolution, Severability of Provisions, Counterparts, Electronic Execution of Documents, Captions, Construction of Agreement and Third Parties are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

4.3 **Loan Document and Integration**. This Amendment shall constitute a Loan Document, and together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers and members thereunto duly authorized, as of the date indicated above.

TRANSPHORM, INC., as the Borrower

By: /s/ Primit Parikh
Name: Primit Parikh
Title: Co Founder & COO

NEXPERIA B.V., as the Lender

By: /s/ Charles Smit
Name: Charles Smit
Title: SVP & General Counsel

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

DEVELOPMENT and LICENSE AGREEMENT

This Development Agreement, effective as of April 4, 2018 ("*Effective Date*") is between:

Nexperia B.V. ("Nexperia"), Jonkerbosplein 52, 6534AB Nijmegen, The Netherlands;

and

Transphorm, Inc., 115 Castilian Drive, Goleta, CA 93117 ("*Transphorm"),*

Nexperia and Transphorm hereinafter collectively referred to as the "*Parties*" and each individually as a "*Party*".

WHEREAS, Nexperia is engaged in research and development, manufacture and sale of (among others) power MOS discrete semiconductors for use in the automotive market;

WHEREAS, Transphorm is engaged in the business of designing, developing, manufacturing and selling GaN on silicon products;

WHEREAS, parties have been in contact to assess models of cooperation and have now reached agreement on a long-term cooperation;

WHEREAS, parties are simultaneously entering various agreements with the aim to introduce GaN on silicon technology developed by Transphorm [***];

WHEREAS, this Agreement provides for development, transfer and licensing of certain Transphorm-developed manufacturing process technology (but specifically excluding Epi Process Technology (as defined below)) to Nexperia in Europe in three stages as more particularly described in the SOWs (as defined below) under this Agreement, with a limited exclusivity to Nexperia in exchange for funding Transphorm's technology development, giving Nexperia a reasonable lead-time;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties hereby agree as follows:

1 Definitions

The following terms used in this Agreement have the following meanings:

1.1 "*Acceptance Criteria*" means the objective measures (including procedures for making such measurements) of successful completion by Transphorm of a task (such as a Milestone or Deliverable) or engagement, or a portion thereof, that are set forth in any SOW.

1.2 "*Affiliates*" means, with respect to a Party hereto, all entities Controlled by such Party. "C*ontrol*" and its correlates means: (a) the ownership, directly or indirectly, of at least fifty percent (50%) of the issued voting securities of an entity; or (b) the possession, directly or indirectly, of the legal power to direct or cause the direction of the general management and policies of an entity or the power to elect or appoint at least fifty percent (50%) or more of the members of the governing body of the entity, whether through the ownership of

voting securities, by contract or otherwise. An entity may be considered an Affiliate only when such control exists.

1.3 "*Agreement*" means the present Agreement, the SOW, and all other addenda, exhibits and schedules attached hereto.

1.4 "*Authorized Purpose"* is defined in Section 15.1.

1.5 "*Automotive Field"* means the field of sale to third parties of power GaN products for ultimate incorporation in automobiles, which automobiles shall expressly exclude scooters, motorcycles and electric bicycles.

1.6 "*Background IPR*" of a Party means any Intellectual Property, other than Foreground IPR,which is owned or controlled by the Party or any of such Party's Affiliates at the effective date of this Agreement, or (b) in respect of which ownership or control is acquired by the Party or any of such Party's Affiliates during the Term of this Agreement because of activities that are independent from but concurrent with the Project.

1.7 "*Change of Control*" shall have the meaning given to that term in the LSA.

1.8 "*Confidential Information*" means (i) any business or technical information of the disclosing Party provided to or obtained by the receiving Party, including but not limited to any information relating to the disclosing Party's product plans, designs, costs, product prices and names, finances, marketing plans, business opportunities, personnel, research, development or know-how, and (ii) any written information that is designated by the disclosing Party as "confidential" or "proprietary" at the time of disclosure to the receiving Party or, if orally disclosed, is identified by the disclosing Party as confidential or proprietary at the time of disclosure to the receiving Party and is subsequently reduced to writing and marked as "confidential" by the disclosing Party in a writing provided to the receiving Party within fifteen (15) business days of such disclosure. Notwithstanding the foregoing, information disclosed by the Parties pursuant to this Agreement shall not be Confidential Information to the extent that it can be proven that the information:

(a) is in or enters the public domain other than through the fault or negligence of the receiving Party and without breach of this Agreement;

(b) is in the possession of the receiving Party prior to receiving it from the disclosing Party other than as a result of the receiving Party's breach of any legal obligation or a prior confidential disclosure by the disclosing Party;

(c) is obtained by the receiving Party from a Third Party without restriction on disclosure and which Third Party is under no obligation of confidentiality (either direct or indirect) to the disclosing Party which respect to such Confidential Information; or

(d) is developed by the receiving Party completely independently of and without use of any Confidential Information of the disclosing Party

1.9 "*Confidentiality Period",* with respect to any item of Confidential Information, means the Term of this Agreement or three (3) years after such item of Confidential Information was disclosed to the receiving Party, whichever is longer.

1.10 "*Deliverable(s)*" means all deliverable(s) due from Transphorm to Nexperia as specified in the SOWs.

1.11 "*Development Work*" means the development work that Transphorm shall perform as set forth in a SOW.

1.12 "*Due Date*" of a Deliverable means the date, according to the applicable SOW, upon which the Deliverable is due to be delivered to Nexperia.

1.13 "*Epi Process Technology*" means any technology related to Transphorm's proprietary MOCVD process of layering an epitaxial layer on a silicon layer (or GaN on silicon wafer) and wafers manufactured using such process.

1.14 "*Force Majeure Event*" is defined in Section 19.1.

1.15 "*Foreground IPR*" means any Intellectual Property that arises because of and within the course of a Project, including without limitation Intellectual Property that arises as a result of investigations and research conducted in preparation of a Project. Should Transphorm engage in the development of the Gen4 technology described in the technology roadmaps provided by Transphorm to Nexperia, Foreground IPR shall also include Intellectual Property arising from Transphorm's development of such technology.

1.16 "*Group Companies*" means, with respect to an entity, all other entities which directly or indirectly Control, are Controlled by, or are under common Control with such entity.

1.17 "*Intellectual Property*" or "*Intellectual Property Rights*" means rights in or to any patents, utility models, trade secrets, registered and unregistered designs, mask works, copyrights, database rights, moral rights and any other form of protection afforded by law to inventions, models, designs, trade secrets, know-how or Confidential Information, as well as any registrations, applications, divisions, continuations, re-examinations, renewals or reissues of any of the foregoing, but excluding any and all rights with respect to trademarks, trade names, logos, service marks and other indicia of origin.

1.18 "*Japanese Automotive Customer*" means any entity based in Japan that performs substantial design and development in Japan of power GaN products for ultimate incorporation in automobiles (other than scooters, motorcycles and electric bicycles). For purposes of clarification, an entity that substantially designs and develops power GaN products in Japan for ultimate incorporation in automobiles (other than scooters, motorcycles and electric bicycles) outside of Japan shall be deemed a Japanese Automotive Customer, while an entity that substantially designs and develops power GaN products outside of Japan (e.g., in Europe) for ultimate incorporation in automobiles (other than scooters, motorcycles and electric bicycles) in Japan shall not be a Japanese Automotive Customer**.**

1.19 *"Lead Time Period"* means the period starting on the Effective Date and ending on the earlier of (i) the fifth anniversary of the Effective Date (ii) the date when the majority of Transphorm's shares become publicly listed, or (iii) 12 months after the date on which a Change of Control of Transphorm is effectuated, other than pursuant to an initial public offering of Transphorm's shares; provided, however, that in case of each of (ii) and (iii) above, the Lead Time Period shall automatically extend until the second anniversary of the Effective Date.

1.20 *"LSA"* means the Loan and Security Agreement between Nexperia and Transphorm to provide for pre-funding of development work, to be entered into separately on the Effective Date;

1.21 "*Milestone(s)*" means one or more phases of the Project, as specified in the SOW.

1.22 "*Open License Terms*" means any license agreement that require as a condition of use, modification and/or distribution of a licensed work (i) the making available of source code of any work that contains, is combined with, requires or otherwise is based on such licensed work, or (ii) the granting of permission for creating derivative works of any work that contains, is combined with, requires or otherwise is based on such licensed work.

1.23 "*Open Source Software*" means any software that is subject to Open License Terms.

1.24 *"Other Field"* means all fields of application other than the Automotive Field;

1.25 "*Products*" means GaN on silicon products sold by Nexperia under its own branding.

1.26 "*Project*" means the development project set out in a SOW.

1.27 "*Specifications*" means the design, functional, and technical specifications for a Deliverable as set forth in a SOW.

1.28 "*Statements of Work*" or "*SOWs*" means the documents attached hereto as Addendums 1, 2 and 3, which documents describe the organization, technical and other details of each Project that is the subject of this Agreement, as may be amended in writing by the Parties during the Term in accordance with the provisions of this Agreement.

1.29 "*Steering Committee*" is defined in Section 4.1.

1.30 "*Subcontractor*" is defined in Section 5.1.

1.31 "*Term*" is defined in Section 14.1.

1.32 "*Third Party*" means any entity or person that is not a Party or Affiliate of a Party.

1.33 *"Transphorm Licensed IPR"* means Transphorm's Background IPR and Foreground IPR, in each case other than any Intellectual Property that is directed at or relates to Epi Process Technology.

2 Development; Exclusion of Epi Process Technology

2.1 Development. Transphorm shall use commercially reasonable efforts to perform the Development Work as described in the SOW's for the following technologies:

2.1 (a): Generation 3 or dMode, as described in the SOW attached hereto as Addendum 1 (the "*Gen3-SOW*");

2.1 (b): [***], as described in the SOW attached hereto as Addendum 2 (the "[***]-*SOW*");

2.1 (c): [***], as described in the SOW attached hereto as Addendum 3 (the "[***]-*SOW*");

2.2 Changes and refinements to SOW's. The parties acknowledge that each of the SOW's may be amended over time in good faith by mutual agreement of the parties to include more detailed measurable specifications and Deliverables. Parties will refine the SOWs by adding Acceptance Criteria whenever they have the information available to do such refinements.

2.3 Exclusion of Epi Process Technology. The parties expressly acknowledge and agree that Epi Process Technology is not within the scope of the Development Work or this Agreement. No Epi Process Technology shall be deemed to constitute a Deliverable under this Agreement.

2.4 Testing. Prior to delivery of a Deliverable, Transphorm will perform testing in accordance with the requirements set forth in the respective SOW to assure that the Deliverable conforms to applicable Specifications.

2.5 Delivery. Upon completion of each Milestone, Transphorm shall deliver to Nexperia the corresponding Deliverable, if any.

3 Acceptance and Rejection

3.1 Acceptance. Nexperia will only reject a Deliverable if it fails to meet any applicable Acceptance Criteria or otherwise does not materially conform to the SOW. Nexperia will give Transphorm written notice of acceptance or rejection of a Deliverable in accordance with procedures to be set forth in the applicable SOW or as otherwise reasonably agreed by the Steering Committee.

3.2 Rejection. In case of rejection of a Deliverable by Nexperia, Transphorm shall submit a corrective action plan within thirty (30) business days aimed at correcting the aspects of the Deliverable that failed the applicable Acceptance Criteria and redelivering the corrected Deliverable as soon as reasonably practicable.

4 Project Management and Oversight

4.1 Steering Committee. Each Party shall appoint two persons to a joint Steering Committee ("*Steering Committee*"), which shall convene once every month with the task to monitor the execution of the Development Work, and to discuss the need for any amendments to SOW's.

4.2 Updates. Transphorm shall provide a demonstration or written update about progress of the Development Work to all Steering Committee members during a Steering Committee meeting.

4.3 Assistance. Nexperia shall provide without cost to Transphorm reasonable amounts of feedback and assistance as Transphorm may reasonably request to facilitate Transphorm's performance of its obligations under this Agreement. In the event either party's performance of any obligation under this Agreement is delayed due to the lack of cooperation or assistance by, or other constraints or reasons attributable to, the other party,

the period of performance of such obligation as required under this Agreement will be deemed extended to reflect such delay.

5 Subcontractors

5.1 Transphorm shall be permitted to subcontract with Third Party contractors ("*Subcontractors*") for the performance of certain Development Work provided that Transphorm enters into a written agreement with the Subcontractor under which the Subcontractor shall be bound to maintain as confidential all Confidential Information of Nexperia it comes to know under terms and conditions no less protective of Nexperia than those in Section 15.

5.2 Transphorm shall remain primarily liable to Nexperia for all obligations of Transphorm hereunder that are subcontracted by Transphorm to a Subcontractor.

6 Payments and pre-funding

6.1 Payments due by Nexperia to Transphorm shall be as set forth in the SOWs. Nexperia will pay any due amounts to Transphorm within thirty (30) days from the receipt of the relevant invoice. Nexperia has the right to set off any due invoices against any amounts owed to Nexperia by Transphorm under the LSA as further set forth in Section 2.2(e) of the LSA.

6.2 Pre-funding

(a) Upon the delivery of the Deliverables identified in the [***]-SOW as due evidence of proof of concept for the [***]-SOW, Transphorm may request in writing pre-funding by Nexperia of the Development Work under the [***]-SOW as further set forth in Section 3.1 of the LSA.

(b) Upon the delivery of the Deliverables identified in the [***]-SOW as due evidence of proof of concept for the [***]-SOW, Transphorm may request in writing pre-funding by Nexperia of the Development Work under the [***]-SOW as further set forth in Section 3.2 of the LSA.

7 Information and Intellectual Property Rights

7.1 Ownership.Except as expressly provided herein otherwise, all right, title and interest inand to any Background IPR of a Party shall remain solely and exclusively with such Partyor its Affiliates. Any Foreground IPR developed solely by or on behalf of a Party shall besolely and exclusively owned by that Party. Any Foreground IPR developed, jointly by theParties shall be owned jointly by the Parties and each Party will have the right to use and exploit such jointly-owned Foreground IPR without permission from and without accounting to the other Party.

7.2 Insolvency. In the event Transphorm becomes subject to any court or administration order pursuant to any insolvency law, Transphorm shall offer Nexperia the right to purchase all Foreground IPR from Transphorm at commercially reasonable prices and terms, and to the extent allowed by applicable laws and regulation, provided that Nexperia has paid all outstandinglicense fees with respect to such Foreground IPR. Notwithstanding the

foregoing, the foregoing shall not obligate Transphorm to sell any such Foreground IPR to Nexperia at prices less than those offered by a third party for such Foreground IPR. Nexperia shall have the right to set off the purchase price for such Foreground IPR against any amounts owed to Nexperia by Transphorm under the LSA in accordance with the terms of Section 2.2(e) of the LSA.

7.3 Maintenance. Transphorm shall duly pay the fees and duties required to maintain its rights in its Background IPR and Foreground IPR relevant to the Development Work consistent with its past business practices. Should Transphorm wish to surrender its rights in any patents or patent applications constituting Foreground IPR, it shall first offer to sell each such patent or patent application to Nexperia for USD 1.00. Should Nexperia not accept such prices and terms, Transphorm may surrender such rights. or sell such rights to a third party, provided that in the event Transphorm sells such rights: (i) it shall retain a license for itself and a sublicense for Nexperia consistent with the terms of this agreement, and (ii) if Transphorm desires to offer to a third party better terms than those offered to Nexperia, it shall first offer Nexperia such terms.

7.4 License. Subject to the terms and conditions of this Agreement, including without limitation Nexperia's timely payment to Transphorm of the license fees as provided for in Section (c) in respect of a SOW, Transphorm grants to Nexperia an irrevocable, perpetual, world-wide, non-transferable, non-sublicensable (except as expressly permitted below), fully-paid license, under the Transphorm Licensed IPR, to develop, manufacture and sell Products using the Deliverables provided by Transphorm under this Agreement.

7.5 The foregoing license shall be non-exclusive except as expressly set forth in Section 7.6 below. Nexperia may grant sublicenses under the foregoing license to its subcontractors providing manufacturing services solely with Transphorm's prior written approval on a case by case basis, which approval shall not be unreasonably withheld or denied. Transphorm may withhold its approval for subcontractors that are its competitors.

7.6 Exclusive and Non-exclusive license.

(a) *Gen3,* [***] *and* [***]: With regard to the Deliverables provided under the Gen3-SOW, the [***]SOW and the [***]-SOW , and subject to the exceptions set forth in Section 7.6(b) below, the license set forth in Section 7.4 shall be:

(1) during the Lead Time Period exclusive to Nexperia (also excluding Transphorm) in the Automotive Field, throughout the world except for Japan;

(2) during the Lead Time Period "sole" to Nexperia (i.e. Transphorm shall not grant licenses to any other parties to develop, manufacture or sell products using such Deliverables but is not itself excluded or restricted from using or exploiting the Deliverables in any manner or from granting licenses to its customers as may be necessary for their use of Transphorm's products) in the Other Field;

(3) after the Lead Time Period non-exclusive to Nexperia in the Automotive Field and in the Other Field throughout the world;

(b) *Exceptions.* Notwithstanding anything in is Agreement to the contrary, during the Lead Time Period:

(1) Nexperia may not develop, manufacture or sell any Products using the Deliverables for or to Japanese Automotive Customers; and

(2) Transphorm may develop, manufacture or directly sell any products in the Automotive Field for or to Tesla, Inc. and Tata Sons or any of their respective Group Companies (collectively, the "*Specified Customers*") anywhere in the world.

(3) Nothing in this Agreement shall restrict any general and customary marketing activities of an acquirer or successor of Transphorm by way of a Change of Control with respect to such products of that acquirer or successor that are not the same as or substantially similar to Transphorm's products immediately prior to such Change of Control.

(c) *Restriction* on *Product Sampling*. Notwithstanding anything in this Agreement to the contrary, in the event of a Change of Control of Transphorm (other than pursuant to an initial public offering of Transphorm's shares):

(1) until the later of (i) the first anniversary of the effectuation of such Change of Control, or (ii) the date of the second anniversary of the Effective Date: Transphorm or its successor will not provide any product samples to any customers for use in the Automotive Field other than to Japanese Automotive Customers and the Specified Customers; and

(2) until the first anniversary of the effectuation of such Change of Control, Nexperia will not provide any product samples to Japanese Automotive Customers for use in the Automotive Field.

7.7 License Fees.

(a) *Gen3.* Nexperia shall pay to Transphorm a fixed license fee of MUSD 9,00 (nine million USD dollars), payable in three installments upon the completion of one or more Milestones as set forth in the Gen3-SOW. Each installment shall be payable within 30 days from the due delivery or completion of the relevant Milestone entitling such payment as set forth in the Gen3-SOW.

(b) [***]. Nexperia shall pay to Transphorm a fixed license fee of MUSD 5,00 (five million US dollars), payable in one installment upon the completion of the Milestone as set forth in the [***]-SOW. Each installment shall be payable within 30 days from the due delivery or completion of the relevant Milestone entitling such payment as set forth in the [***]-SOW.

(c) [***]. Nexperia shall pay to Transphorm a fixed license fee of MUSD 10,00 (ten million US dollars), payable in one installment upon the completion of the Milestone as set forth in the [***]-SOW. Each installment shall be payable within 30 days from the due delivery or completion of the relevant Milestone entitling such payment as set forth in the [***]-SOW.

7.8 Exceptions to Licenses. Notwithstanding anything to the contrary in this Agreement, no licenses are granted pursuant to this Section 7 by Transphorm under Intellectual Property Rights that are not Transphorm Licensed IPR or are not licensable by Transphorm without payment of royalty or other consideration to a Third Party.

8 Reserved

9 Third Party Intellectual Property; Open License Terms and Open Source Software

9.1 Warranty. Transphorm warrants that its Deliverables shall not knowingly include any items that are subject to Open License Terms or the use of which requires a license under Third Party Intellectual Property Rights, except for the Third Party licenses and Open License Terms identified in the SOWs, unless approved by Nexperia in writing.

9.2 Notification and approval. If, to Transphorm's knowledge, a Deliverable, or part thereof, is subject to Open License Terms or the use of which requires an Intellectual Property license from a Third Party, and such Open License Terms or Third Party licenses have not been identified in the relevant SOWs, Transphorm shall notify the Steering Committee and provide the Steering Committee with a full specification of all applicable license conditions. The Nexperia members in the Steering Committee will have the decisive vote as to whether such Deliverable or part thereof will be approved to be delivered to Nexperia under this Agreement or not. In case no approval is granted, Transphorm shall not use it in the framework of the Project.

9.3 Technical Assistance. In the event of any Third Party claim against either Party alleging violation of such Third Party's Intellectual Property Rights arising from the use of any Deliverable or any product directly resulting from the Project, the other Party shall, upon the request of the Party against which the claim is directed, provide such reasonable technical and other assistance as the requesting Party may reasonably require in connection with the defense of such claim.

10 Representations and Warranties; Limitations of Liability

10.1 Each Party represents and warrants that (i) it is a corporation duly organized, validly existing, and in good standing under the law of the jurisdiction of its organization; (ii) it has all requisite corporate power and authority to execute and deliver this Agreement and to effect the transactions contemplated hereby; (iii) the execution, delivery, and performance of this Agreement by it has been duly authorized by all requisite corporate action; and (iv) the execution of this Agreement does not in any way conflict with any of its prior commitments or agreements, and it shall not during the Term enter into any agreement that would in any way conflict with its obligations or the rights granted by it under this Agreement

10.2 Transphorm further represents and warrants that:

(a) it is in compliance in all material respects with all applicable laws and all decrees, orders, judgments, permits, and licenses of or from governmental bodies;

(b) it will perform all Development Work in a professional and workmanlike manner, consistent with the industry standards of skill and care exercised on projects of comparable scope and complexity

(c) the Deliverables will substantially conform to their respective Specifications; and

(d) to its knowledge, there are no Third Party claims pending or threatened alleging infringement of such Third Party's Intellectual Property Rights arising from the use of any Deliverable and that it shall promptly notify the Steering Committee in the event it becomes aware of any such Third Party claim.

(e) no action, suit, proceeding, arbitration, or governmental investigation is pending or, to Transphorm's knowledge, threatened against Transphorm that could reasonably be expected to interfere materially with the consummation of the transactions contemplated hereby.

10.3 EXCLUSIVE WARRANTIES. THE FOREGOING WARRANTIES IN SECTION 10.1 CONSTITUTE TRANSPHORMS'S EXCLUSIVE WARRANTIES WITH RESPECT TO THE DEVELOPMENT WORK AND DELIVERABLES AND ARE MADE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, ALL OF WHICH ARE HEREBY EXPRESSLY DISCLAIMED.

10.4 LIMITATIONS OF LIABILITY. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES (INCLUDING WITHOUT LIMITATION LOSS OF USE, LOSS OF OPPORTUNITY, MARKET POTENTIAL, GOODWILL AND/OR PROFIT, LOSS OF REPUTATION AND OTHER ECONOMIC LOSS) ARISING OUT OF THIS AGREEMENT WHETHER BASED ON CONTRACT, TORT, THIRD PARTY CLAIMS OR OTHERWISE, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY'S AGGREGATE LIABILITY ARISING OUT OF THIS AGREEMENT OR IN CONNECTION WITH THE USE OR EXPLOTIATION OF ANY DELIVERABLES EXCEED MUSD 24**,00** (twenty four million US Dollars).

11 Infringement

11.1 No Infringement. Save as disclosed to Nexperia prior to the Effective Date, Transphorm represents and warrants to the best of its knowledge that Transphorm is the owner of any Intellectual Property embodied in or arising from the Deliverables, or any part thereof, and that the Deliverables do not violate or infringe any Third Party Intellectual Property Right. Transphorm will promptly notify Nexperia if it becomes aware of any claim of such infringement.

11.2 Should any third party bring a lawsuit against Nexperia, its subcontractors or customers alleging that the Deliverables provided by Transphorm to Nexperia infringe such third party's patents, then Transphorm shall provide, at Nexperia's sole cost and expense, information and assistance reasonably requested by Nexperia to assist Nexperia in defending such claim, which assistance may include, without limitation, (i) licensing or transferring joint ownership of selected Transphorm owned patents to Nexperia for the sole purpose of making counterclaims against such third party, (ii) joining such lawsuit if necessary to establish standing to make such counterclaims, or (iii) granting licenses under Transphorm's patents to such third party under commercially reasonable terms in connection with a settlement of such lawsuit. Except for a non-exclusive license granted in a patent cross-license settlement agreement with such third party, Nexperia may not grant to any other party any rights or licenses under the patents for which joint ownership is

transferred to Nexperia, Promptly after the date such patent cross-license settlement agreement is executed between Nexperia and such third party, Nexperia shall transfer all its rights, rights and title in such patents back to Transphorm, subject to the licenses granted in such patent cross-license settlement agreement.

12 Indemnification

Each Party agrees that it will indemnify and hold harmless the other Party and its Affiliates, and their respective successors, assigns, officers, directors, employees, and agents, against losses, damages, costs and expenses ("*Losses*") actually incurred as the result of a Third Party claim alleging that the Products (when Nexperia is the indemnifying Party) or the Deliverables (when Transphorm is the indemnifying Party) have caused personal injury or death or damage to property (so long as indemnified Party or its products are in no way at fault for such injury or damage to property); provided, in each case that the indemnified Party provides the indemnifying Party with: (a) prompt written notice of such claim; (b) sole control over the defense and settlement of such claim; and (c) all information and assistance reasonably requested by the indemnifying Party to defend and/or settle such claim.

13 Regulatory Approval

The Parties agree to comply fully with all relevant laws and regulations of the United States Government in their performance of obligations under this Agreement. Without limiting the generality of the foregoing, if either Party's performance under this Agreement or any portion thereof becomes subject to or requires obtaining regulatory approval from a United States Government agency, then the performance under the relevant part of the Agreement will, unless otherwise agreed by the Parties, be suspended until such regulatory approval has been obtained. Parties shall jointly cooperate in good faith to obtain such approval at the reasonably earliest possible time, and shall accept any reasonable mitigation measures required by the relevant agency to provide such approval. Should the suspension so caused exceed a period of 6 [six] months, then parties shall in good faith discuss a solution that comes closest to the initial intent of the parties

14 Term and Termination

14.1 Term. Unless terminated earlier under this Section, this Agreement will commence on the Effective Date and continue until both Parties have fulfilled all of their obligations under all Statements of Work (the "*Term*").

14.2 Termination for Change of Control. Upon a Change of Control of either Party, such Party will provide written notice to the other Party. Each Party may immediately terminate this Agreement upon a Change of Control of the other Party upon at least thirty (30) days' written notice if such Change of Control is materially detrimental to the business interests of such Party.

14.3 Termination for Cause.

(a) *Bankruptcy or Insolvency.* Each Party may terminate this Agreement forthwith by means of a written notice to the other Party in the event that a creditor or other claimant takes possession of, or a receiver, administrator or similar officer is appointed over any of the assets of such other Party, or in the event that such other Party makes any voluntary arrangement with its creditors or becomes subject to any court or administration order pursuant to any bankruptcy or insolvency law.

(b) *Breach.* In case of a material breach by a Party of its obligations under this Agreement, the non-breaching Party shall provide the breaching Party written notice of such breach and give the breaching Party a reasonable period of no longer than 30 (thirty) business days to cure the breach. If the breach is not cured within that period, the non-breaching Party may terminate this agreement by written notice to the breaching Party. Such termination is without prejudice to any other remedies the non-breaching Party may have in connection with the material breach, such as rights to recover damages and rights to demand performance.

(c) *Termination of LSA.* Each Party may immediately terminate this Agreement, with written notice to the other Party, upon any exercise by Nexperia of its remedies under the LSA with respect to the Collateral (as that term is defined in the LSA).

14.4 Continued license. In case of termination of this Agreement for any reason except termination by Transphorm pursuant to Section 14.2, the licenses to Nexperia as per Section 7 shall survive the termination of this Agreement only with respect to the Deliverables that were delivered to Nexperia prior to such termination and with respect to which Nexperia has settled all applicable fees under Section (c).

14.5 Survival. The obligations of the Parties under this Agreement that by their nature would continue beyond the expiration or termination of this Agreement, shall survive expiration or earlier termination of this Agreement. Without limiting the foregoing, the following Sections will survive any expiration or termination of this Agreement: 1, 6.1, 7.1, 7.4, 7.5, 7.6, (c), 7.8, 10, (c), 14.5, 14.5, 15, and 17 through 24 .

15 Confidentiality

15.1 Disclosure to Affiliates. The receiving Party may disclose Confidential Information to the receiving Party's Affiliates that need to know the Confidential Information for exercising the receiving Party's and its Affiliates' rights and carrying out the receiving Party's and its Affiliates" obligations under this Agreement (the "*Authorized Purpose*"), are advised of this Agreement and are bound in writing by similar confidentiality obligations with respect to the Confidential Information as set out in this Agreement. The receiving Party shall be responsible for any breach of this Agreement by its Affiliates.

15.2 No Transfer; No License. All Confidential Information disclosed or transferred by either Party to the other shall remain the property of the disclosing Party. Except as otherwise expressly set forth in this Agreement, the receiving Party acknowledges and agrees that it does not, by implication, estoppel or otherwise, acquire any Intellectual Property Right, license, title or ownership with respect to any Confidential Information disclosed by the disclosing Party hereunder.

15.3 NO WARRANTY. ALL CONFIDENTIAL INFORMATION IS PROVIDED ON AN "AS IS" BASIS, WITHOUT ANY WARRANTY WHATSOEVER, WHETHER EXPRESS, IMPLIED OR OTHERWISE, REGARDING ITS ACCURACY, COMPLETENESS, PERFORMANCE, FITNESS OF THE INFORMATION FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, OR OTHERWISE, AND THE RECEIVING PARTY AGREES THAT THE DISCLOSING PARTY SHALL HAVE NO LIABILITY WHATSOEVER TO THE RECEIVING PARTY RESULTING FROM THE USE OF THE CONFIDENTIAL INFORMATION PROVIDED.

15.4 Keep Confidential Obligation.

(a) The receiving Party shall during the Confidentiality Period:

(1) not use the Confidential Information for any purpose other than the Authorized Purpose; and

(2) maintain in confidence the Confidential Information;

(b) The receiving Party agrees to use the same degree of care to maintain the confidentiality of all Confidential Information received from the disclosing Party that it uses to maintain the confidentiality of its own information of similar importance, but in no event will it use less than reasonable care to protect the confidentiality of such Confidential Information.

15.5 Return of Confidential Information. Upon expiration or termination of this Agreement, the receiving Party shall, upon the disclosing Party's written request, return all Confidential Information and any copies thereof immediately to the disclosing Party or certify destruction of same, except for one copy kept solely for archival purposes and subject to the confidentiality protections of this Agreement.

15.6 Compelled Disclosure. If a receiving Party is required, pursuant to administrative or judicial action or subpoena to disclose the other's Confidential Information, the receiving Party shall notify the disclosing Party thereof and give the disclosing Party the opportunity to seek any other legal remedies to prevent such disclosure or to otherwise maintain such Confidential Information in confidence, including a reasonable protective order.

16 No Publication

16.1 Neither party may publicize or disclose to any Third Party, without the written consent of the other party, the terms of this Agreement. Without limiting the generality of the foregoing sentence, no press releases may be made by either Party describing the Parties' relationship contemplated by this Agreement without the prior written consent of the other Party.

17 Notices

17.1 All notices given under this Agreement must be in writing and addressed to the receiving Party as set forth below:

If to Nexperia:

Nexperia B.V.

Attention: General Counsel
Nexperia B.V.
Jonkerbosplein 52
6534AB Nijmegen
The Netherlands

If to Transphorm:

Transphorm Inc.
115 Castilian Drive
Suite 100
Goleta, California 93117
USA
Attn: Primit Parikh

or such other contacts and/or addresses as may have been previously specified in writing by either Party to the other by notice in accordance with this Section.

17.2 Notices are validly given upon the earlier of confirmed receipt by the receiving Party or three days after dispatch by courier or certified mail, postage prepaid, properly addressed to the receiving Party.

18 Governing Law and Choice of Forum

The validity, performance, construction and interpretation of this Agreement shall be governed by the laws of the State of California, U.S.A., without regard to its conflict of law provisions. All disputes arising out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules. The arbitration shall be conducted in the English language. The award of the arbitrators shall be final and binding, subject to neither appeal nor confirmation. Each Party represents that the arbitration award can be entered and enforced under its national law in any court of competent jurisdiction. Place of arbitration shall be London (UK). The UN Convention on Contracts for the International Sale of Products (Vienna, 1980) shall not apply to this Agreement or to any dispute or transaction arising out of this Agreement.

18 Force Majeure

19.1 In the event that the performance by a Party of any of its obligations under this Agreement is prevented, restricted, delayed or interfered with by any circumstances beyond the reasonable control of that Party (a "*Force Majeure Event*"), then that Party shall, upon giving prompt notice to the other Party specifying the circumstances and obligations concerned, be excused from such performance to the extent of such prevention, restriction or interference, provided that the former Party shall endeavor to overcome the circumstances causing the non-performance and shall give prompt notice to the latter Party as soon as the performance of its obligations can be resumed.

19.2 In the event that the period of prevention, restriction or interference mentioned in Section 19.1 continues or can reasonably be expected to continue for more than 60 days, the latter Party shall be entitled to terminate this Agreement in writing.

20 Independent Contractors

The Parties are and intend to remain independent contractors. Nothing in this Agreement shall be construed as an agency, joint venture or partnership between the Parties.

21 Assignment and Change of Control

21.1 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. This Agreement shall not be assignable by either Party, in whole or in part, to any Third Party (other than to an Affiliate of that Party) without the prior written consent of the other Party, not to be unreasonably withheld, conditioned or delayed, provided that either Party may freely assign this Agreement, without obtaining the other Party's consent, to a successor to all or substantially all of its relevant assets, whether by Change of Control or otherwise. Any purported or attempted assignment, delegation or other transfer of any rights or obligations under this Agreement in contravention of the foregoing sentence shall be null and void.

22 No Waiver

22.1 Neither the failure nor the delay of either Party to enforce any provision of this Agreement shall constitute a waiver of such provision or of the right of each Party to enforce each and every provision of this Agreement.

23 Severability

23.1 If any of the provisions of this Agreement is determined to be invalid or unenforceable by any court of competent jurisdiction, such finding shall not invalidate the remainder of this Agreement which shall remain in full force and effect as if the provision(s) determined to be invalid or unenforceable had not been a part of this Agreement. In the event of such finding of invalidity or unenforceability, the Parties will endeavor to substitute forthwith the invalid, or unenforceable provision(s) by such effective provision(s) as will most closely correspond with the original intention of the provision(s) so voided.

24 Entire Agreement

24.1 This Agreement, together with all Statements of Work, sets forth the entire understanding and agreement between the Parties as to the subject matter of this Agreement and supersedes, cancels and merges all prior agreements, negotiations, commitments,

communications and discussions between the Parties relating to the subject matter hereof. Any change or variation to this Agreement shall be only binding upon the Parties if made by the Parties in writing and signed by an authorized representative of each of the Parties.

24.2 It is acknowledged and agreed that the performance by the Parties of their obligations pursuant to this Agreement shall by no means result in any obligation on the part of either Party to enter into any further agreement containing obligations for either Party beyond the obligations contained herein or to realize any transaction with the other with respect to the subject matter hereof or otherwise, including without limitation, any agreement or transaction concerning the supply of products or services by either Party to the other**.**

AS WITNESS, the Parties have, by their duly authorized representatives, executed this Agreement on the date first written above.

Nexperia B.V.		**Transphorm, Inc**	
By:	/s/ Charles Smit	By:	/s/ Cameron McAulay
Print Name:	Charles Smit	Print Name:	Cameron McAulay
Title:	General Counsel	Title:	Chief Financial Officer

ADDENDUM 1

Statement of Work - Transfer Generation 3 Technology

SCOPE:

Transphorm Generation 3 GaN die technology (650V rated) to be made available to Nexperia in order to enable Nexperia independent manufacturing in-house. This includes:

- waferfab manufacturing (as It is released in Fujitsu)
- provide access to assembly subcons and/or enable Nexperia in-house assembly.

DELIVERABLES:

- Process descriptions, process toolset details, process recipes, FMEA, constructional analysis, target and specification values, process capability data.
- Process control plan. Design rules. Yield / defectivity data.
- Product specifications, test methods, screening methods. Burn-in.
- Known (historic) problems and solutions, DOEs, process window studies
- Customer complaints / 8d reports / qualification reports
- Engineering support / interaction to meet below milestones
- Cross-site split trials, access to constructional analysis where not available in Nexperia
- Direct access to material suppliers, supply chain, including packaging

MILESTONES:

Due Date	Task	Evidence	Comment
Q1 '18	Agreed product/wafer spec, process and equipment set	Documented flow	
Q3 '18	Set up process modules	Verified capability	
Q4 '18	Set up metrology and test	Gage R&R vs Transphorm	$3M (Paid)
Q1 '19	Process integration	Working wafer to spec	$3M (Paid)
Q2 '19	Assembly	Working devices to spec	
Q3 '19	Reliability test	JEDEC qualified	$3M (Paid)
Q3 '20	Reliability test	AEC-Q101 qualified	

ADDENDUM 2

Statement of Work – [***]

SCOPE:

[***]

DELIVERABLES:

[***]

MILESTONES:

Due Date	Task	Evidence	Comment
Q1 '18	[***]	[***]	
Q2 '18	[***]	[***]	
Q4'18	[***]	[***]	[***]
Q2'19	[***]	[***]	
Q4'19	[***]	[***]	
Q4'19	[***]	[***]	
Q1'20	[***]	[***]	[***]
Q4'20	[***]	[***]	

ADDENDUM 3

Statement of Work - [***]

SCOPE:

[***]

DELIVERABLES:

[***]

MILESTONES:

Due Date	Task	Evidence	Comment
Q2 '18	[***]	[***]	
Q1'19	[***]	[***]	[***]
Q4'19	[***]	[***]	
Q1'20	[***]	[***]	
Q1'20	[***]	[***]	
Q3'20	[***]	[***]	
Q4'20	[***]	[***]	
Q4'20	[***]	[***]	
Q1'21	[***]	[***]	[***]
Q2'21	[***]	[***]	
Q2'21	[***]	[***]	
Q4'21	[***]	[***]	
Q2'22	[***]	[***]	
Q4'22	[***]	[***]	

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

AMENDMENT NO. 1 TO DEVELOPMENT AND LICENSE AGREEMENT

This Amendment No. 1 to Development and License Agreement, dated as of March 21st, 2019 (this "Amendment"), is entered into by and between Nexperia B.V., a private limited liability company incorporated under the laws of the Netherlands, with its registered office at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands ("Nexperia") and Transphorm, Inc., a Delaware corporation ("Transphorm"), and amends that certain Development and License Agreement, dated as of April 4, 2018, by and between Nexperia and Transphorm (the "Agreement"). Capitalized terms used herein but not defined herein are used as defined in the Development and License Agreement.

W I T N E S S E T H:

WHEREAS, the Agreement sets forth the terms and conditions under which Transphorm will perform certain Development Work described in Statements of Work, and may request from Nexperia pre-funding for such Development Work in accordance with the terms set forth therein and the terms of that certain Loan and Security Agreement between Nexperia and Transphorm dated as of April 4, 2018, by and (the "LSA");

WHEREAS, the Parties now wish to amend and add certain Statements of Work to the Agreement, and amend the terms relating to the pre-funding of the Development Work, in each case subject to the terms and conditions set forth in this Amendment and the terms of an amendment to the LSA which will be entered into on the date hereof;

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

1. Addendums 1, 2, and 3 attached to the Agreement are hereby replaced in their entirety with Addendums 1, 2, and 3 attached to this Amendment, respectively. Addendum 4 attached to this Amendment is hereby added to the Agreement as a new Addendum 4.

2. Section 1.28 of the Agreement is hereby replaced in its entirety with the following:

   1.28 "*Statements of Work*" or "*SOWs*" means the documents attached hereto as Addendums 1, 2, 3 ***and 4***, which documents describe the organization, technical and other details of each Project that is the subject of this Agreement, as may be amended in writing by the Parties during the Term in accordance with the provisions of this Agreement.

3. The following new Section 2.1(d) is hereby added at the end of Section 2.1 of the Agreement:

   2.1 (d): [***] technology, as described in the SOW attached hereto as Addendum 4 (the "[***]-*SOW*");

4. The following new Section 6.2(c) is hereby added at the end of Section 6.2 of the Agreement:

   (c) Upon the delivery of the Deliverables identified in the [***]-SOW as due evidence of proof of concept for the [***]-SOW, Transphorm may request in writing pre-funding by Nexperia of the Development Work under the [***]-SOW as further set forth in Section 3.6 of the LSA.

5. Section 7.7(c) of the is hereby amended to read :

   (c) [***]. Nexperia shall pay to Transphorm a fixed license fee of MUSD 8,00 (eight million US dollars), payable in one installment upon the completion of the Milestone as set forth in the [***]-SOW. Each installment shall be payable within 30 days from the due delivery or completion of the relevant Milestone entitling such payment as set forth in the [***]-SOW.

6. The following new Section 7.7(d) is hereby added at the end of the amended Section 7.7 of the Agreement:

   (d) [***]. Nexperia shall pay to Transphorm a fixed license fee of MUSD 2,00 (two million US dollars), payable in one installment upon the completion of the Milestone as set forth in the [***]-SOW. Each installment shall be payable within 30 days from the due delivery or completion of the relevant Milestone entitling such payment as set forth in the [***]-SOW.

7. Section 14.5 of the Agreement is hereby replaced in its entirety with the following:

   Survival. The obligations of the Parties under this Agreement that by their nature would continue beyond the expiration or termination of this Agreement, shall survive expiration or earlier termination of this Agreement. Without limiting the foregoing, the following Sections will survive any expiration or termination of this Agreement: 1, 6.1, 7.1, 7.4, 7.5, 7.6, 7.7, 7.8, 10, 14.3, 14.4, 14.5, 15, and 17 through 24.

8. After giving effect to this Amendment, each reference in the Agreement to "*this Agreement*," "*hereunder*," "*hereof*," "*herein*," or words of like import, shall mean and be a reference to the Agreement as amended by this Amendment.

9. Except as set forth in this Amendment, all other terms and conditions in the Agreement shall remain in full force and effect. In the event of conflict between the terms and conditions of the Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment will control.

10. The Agreement, as amended by this Amendment, constitutes the entire understanding and agreement of the parties, and supersedes all prior written or oral agreements, with respect to the subject matter hereof. The terms of Section 18 of the Agreement with

respect to Governing Law and Choice of Forum are incorporated herein by reference, *mutatis mutandis*, and the Parties hereto agree to such terms.

11. This Amendment may be executed in counterparts, and transmitted by facsimile or by electronic mail with scan attachment or by any other electronic means intended to preserve the original graphic and pictorial appearance of a party's signature, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

AS WITNESS, the Parties have, by their duly authorized representatives, executed this Agreement on the date first written above.

NEXPERIA B.V.

By: /s/ Charles Smit

Print Name: Charles Smit

Title: General Counsel

TRANSPHORM, INC.

By: /s/Cameron McAulay

Print Name: Cameron McAulay

Title: CFO

ADDENDUM 1

Statement of Work 2.1a – Transfer Generation 3 Technology

SCOPE:

Transphorm Generation 3 GaN die technology (650V rated) to be made available to Nexperia in order to enable Nexperia independent manufacturing in-house. This includes both waferfab manufacturing (using the RPR process description method) and provide access to assembly subcons and/or enable Nexperia in-house assembly. Additionally, wafer level burn-in, solderable BND layer, Ohmic step and scalability improvements (details below).

DELIVERABLES: (1) Process descriptions, process toolset details, process recipes, FMEA, constructional analysis, target and specification values, process capability data. (2) Process control plan. Design rules. Yield / defectivity data. (3) Product specifications, test methods, screening methods. Burn-in. (4) Direct access to material suppliers, supply chain, including packaging

MILESTONES:

Due Date	Task	Evidence	Comment
Jun‘18	Agreed product/wafer spec, process and equipment set	Documented flow	DONE
Sep’18	Mask set for mix DMAN/Aizu; verify tighter Ohmic in Aizu	Masks / report	DONE
Oct’18	RPRs and metrology fully documented	Report (M1)	PASSED and $3M paid
Jan'19	[1] Burn In at wafer level plan / feasibility study [2] Solderable BND proposal and plan [3] Capability improvement high Cpk Ohmics [4] Scalability: 1500 wpm vs 700 wpm, process simplification down selection	[1] Report and review of existing package level data [2] Documented plan [3] PCM (post Ohmic) [4] Plan for 2x scaling documented, PCM (post Ohmic), operations identified for DoEs	
Mar'19	[1] Burn In at wafer level phase 1 (mask design for Gen4 for feasibility evaluation) [3] Tighter overlay ohmic reliability, high CpK Ohmic: [4] Bypass Option for PAD Etch, process simplification impact validation w/ paper study	[1] OWBI scheme proposal, GDS, feasibility report [3] Maintain yields, HTRB, Probe Yield [4] Probe Yield, update RPR, paper study report	Not passed yet and M2 milestone of $3M not paid yet
Jun‘19	[2] Process mod. For LFPak: Solderable BND setup [3] High Cpk Ohmic & 1500wpm	[2] Wafers ready for Assy [3] Integration validation- Final test Yields.	
Sep‘19	[1] Results of OWBI experiment [2] Process mod. For LF Pak: Solderable BND setup package validation [3] Reliability for High Cpk&1500wpm [4] Process Simplification DoEs	[1] Report with Pkg level burn-in yield on wafers with OWBI [2] Shear test w/ TPH Assy, RPR [3] HTRB, Final RPRs and data report [4] Unit process proof of concept, report on DoEs	Not passed yet and M3 milestone of $3M not paid yet

ADDENDUM 2

Statement of Work 2.1b – [***]

SCOPE:

[***]

DELIVERABLES:

[*[**

MILESTONES:

Due Date	Task	Evidence	Comment
Jun ‘18	[***]	[***]	[***]
Sep ’18	[***]	[***]	[***]
Dec’18	[***]	[***]	[***]
Sep’19	[***]	[***]	
Dec’19	[***]	[***]	
Mar’20	[***]	[***]	[***]
Q3’20	[***]	[***]	

Due Date	Task	Evidence	Comment
Sep ‘18	[***]	[***]	[***]
Mar’19	[***]	[***]	
Apr’19	[***]	[***]	

ADDENDUM 3

Statement of Work 2.1c – [***]

SCOPE:

[***]

DELIVERABLES:

[***]

MILESTONES:

Due Date	Task	Evidence	Comment
Dec ‘18	[***]	[***]	[***]
Mar’19	[***]	[***]	[***]
Mar’20	[***]	[***]	
Dec’20	[***]	[***]	
Q1’21	[***]	[***]	[***]
Q4’21	[***]	[***]	
Q4’21	[***]	[***]	

ADDENDUM 4

Statement of Work 2.1c.1 – [***]

SCOPE:

[***]

MILESTONES:

Due Date	Task	Evidence	Comment
Jul ‘19	[***]	[***]	[***]
April 20	[***]	[***]	
Q1’21	[***]	[***]	[***]
Q1’22	[***]	[***]	
Q4’22	[***]	[***]	

AMENDMENT NO. 2 TO DEVELOPMENT AND LICENSE AGREEMENT

This Amendment No. 2 to Development and License Agreement, dated as of February 7, 2020 (this "Amendment"), is entered into by and between Nexperia B.V., a private limited liability company incorporated under the laws of the Netherlands, with its registered office at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands ("Nexperia") and Transphorm, Inc., a Delaware corporation ("Transphorm"), and amends that certain Development and License Agreement, dated as of April 4, 2018, by and between Nexperia and Transphorm, as previously amended by Amendment No. 1 dated March 21, 2019 (such Development and License Agreement and Amendment No. 1, collectively, the "Agreement"). Capitalized terms used herein but not defined herein are used as defined in the Agreement.

W I T N E S S E T H:

WHEREAS, Transphorm intends to enter into an agreement and plan of merger and reorganization with Peninsula Acquisition Corporation, a Delaware corporation ("Parent"), and Peninsula Acquisition Sub, Inc. ("Merger Sub"), pursuant to which Merger Sub will merge with and into Transphorm, the corporate existence of Merger Sub will cease, and Transphorm will become a wholly-owned subsidiary of Parent (the "Transaction"), which Transaction will result in a Change of Control of Transphorm; the date on which the closing of the Transaction will occur is referred to herein as the "Closing Date";

WHEREAS, the Parties wish for the Agreement to continue in full force and effect in accordance with its terms through and following the closing of Transaction, except to the extent otherwise set forth in this Amendment;

WHEREAS, in anticipation of and contingent upon the closing of the Transaction, the Parties also wish to modify certain terms and conditions of the Agreement, effective as of the Closing Date immediately prior to the consummation of the Transaction;

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

1. Effective as of the Closing Date immediately prior to the consummation of the Transaction, Section 1.7 of the Agreement shall be replaced in its entirety with the following:

"Change of Control" means the occurrence of any of the following events: (i) a consolidation, merger or other business transaction of a Party (or its parent entity) with or into any other entity as a result of which the stockholders of such Party (or its parent entity) immediately prior to such transaction do not own at least 50% of the issued and outstanding stock (or, if not a corporation, the equity interests) of the surviving or resulting entity (or if such surviving or resulting entity is a wholly-owned subsidiary immediately following such transaction, its parent); (ii) a person or entity (or a group of persons or entities, as described in Section 13(d) of the Securities Exchange Act of 1934, as amended) acquires more than 50% of the issued and outstanding voting stock of such Party (or its parent entity); (iii) the sale, assignment, license or other disposition of all or substantially all of the assets of such Party (or its

parent entity); or (iv) the closing of Transphorm's (or its parent entity's) first firm commitment underwritten public offering of stock registered under the Securities Act of 1933, as amended.

2. Each of Nexperia and Transphorm agrees that the Transaction shall not be deemed to be, or deemed to result in, directly or indirectly, a Change of Control of Transphorm, including without limitation for purposes of Section 1.19 of the Agreement.

3. Effective as of the Closing Date immediately prior to the consummation of the Transaction, Section 1.19 of the Agreement shall be replaced in its entirety with the following:

   "Lead Time Period" means the period starting on the Effective Date and ending on the earlier of: (i) the fifth anniversary of the Effective Date, and (ii) 12 months after the date on which a Change of Control of Transphorm is effectuated.

4. Notwithstanding the foregoing, to the extent the Transaction is deemed to result in a Change of Control of Transphorm, Nexperia acknowledges and agrees that it has received written notice thereof, and further that this Amendment independently satisfies all obligations of Transphorm to provide written notice to Nexperia of such Change of Control as required by Section 14.2 of the Agreement. Nexperia: (i) acknowledges that the Agreement shall continue in full force and effect in accordance with its terms through and following the Closing Date; and (ii) hereby waives any right to terminate the Agreement upon a Change of Control of Transphorm resulting from or in connection with the Transaction.

5. After giving effect to this Amendment, each reference in the Agreement to "*this Agreement*," "*hereunder*," "*hereof*," "*herein*," or words of like import, shall mean and be a reference to the Agreement as amended by this Amendment.

6. Except as set forth in this Amendment, all other terms and conditions in the Agreement shall remain in full force and effect. In the event of conflict between the terms and conditions of the Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment will control.

7. The Agreement, as amended by this Amendment, constitutes the entire understanding and agreement of the parties, and supersedes all prior written or oral agreements, with respect to the subject matter hereof. The terms of Section 18 of the Agreement with respect to Governing Law and Choice of Forum are incorporated herein by reference, *mutatis mutandis*, and the Parties hereto agree to such terms.

8. This Amendment may be executed in counterparts, and transmitted by facsimile or by electronic mail with scan attachment or by any other electronic means intended to preserve the original graphic and pictorial appearance of a party's signature, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

AS WITNESS, the Parties have, by their duly authorized representatives, executed this Amendment on the date first written above.

NEXPERIA B.V.	**TRANSPHORM, INC.**
By: /s/ Charles Smit	By: /s/ Primit Parikh
Print Name: Charles Smit	Print Name: Primit Parikh
Title: SVP & General Counsel	Title: Co Founder & COO

AIR COMMERCIAL REAL ESTATE ASSOCIATION

STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - GROSS

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties:** This Lease (**"Lease"**), dated for reference purposes only June 23, 2010 , is made by and between Castilian LLC, A California Limited Liability Company and Transphorm Inc., a Delaware Corporation (collectively the **"Parties"**, or individually a **"Party"**).

1.2(a) **Premises:** That certain portion of the Project (as defined below), including all improvements therein or to be provided by Lessor under the items of this Lease, commonly known by the street address of 75 Castilian Drive , located in the City of Goleta , County of Santa Barbara , State of California , with zip code 93117 , as outlined on Exhibit "A" attached hereto (**"Premises"**) and generally described as (describe briefly the nature of the Premises): Appx 3,849 SF, with limited nonexlusive loading dock access and kitchen use — See Exhibit "A" attached — of an appx 20,520 sf commercial industrial manufacturing building.
In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to any utility raceways of the building containing the Premises (**"Building"**) and to the common Areas (as defined in Paragraph 2.7 below), but shall not have any rights to the roof, or exterior walls of the Building or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**." (See also Paragraph 2)

1.2(b) **Parking:** nine (9) unreserved vehicle parking spaces. (See also Paragraph 2.6)

1.3 **Term:** two (2) years and no months (**"Original Term"**) commencing August 1, 2010 (**"Commencement Date"**) and ending July 31, 2012 (**"Expiration Date"**). (See also Paragraph 3)

1.4 **Early Possession:** N/A (**"Early Possession Date"**). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** $ 4,500.00 per month (**"Base Rent"**), payable on the 1st day of the month day of each month commencing August 1, 2010. (See also Paragraph 4)

☑ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted.

1.6 **Lessee's Share of Common Area Operating Expenses:** zero (0) percent (zero (0) %) (**"Lessee's Share"**). Lessee's Share has been calculated by dividing the approximate square footage of the Premises by the approximate square footage of the Project. In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution:**

(a) **Base Rent:** $ 4,500.00 for the ~~period~~ First Month .

(b) **Common Area Operating Expenses:** $ N/A for the period n/a .

(c) **Security Deposit:** $ 4,500.00 (**"Security Deposit"**). (See also Paragraph 5)

(d) **Other:** $ n/a for n/a .

(e) **Total Due Upon Execution of this Lease:** $ 9,000.00 .

1.8 **Agreed Use:** Office, R&D, and Prototype development / sales uses
(See also Paragraph 6)

1.9 **Insuring Party.** Lessor is the **"Insuring Party"**. (See also Paragraph 8)

1.10 **Real Estate Brokers:** (See also Paragraph 15)

(a) **Representation:** The following real estate brokers (the **"Brokers"**) and brokerage relationships exist in this transaction (check applicable boxes):

☑ Professional Investment Planning represents Lessor exclusively (**"Lessor's Broker"**);

☑ Radius Group Commercial Real Estate represents Lessee exclusively (**"Lessee's Broker"**); or

☐ represents both Lessor and Lessee (**"Dual Agency"**).

(b) **Payment to Brokers:** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of or % of the total Base Rent for the brokerage services rendered by the Brokers).

1.11 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by (**"Guarantor"**). (See also Paragraph 37)

1.12 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

☑ an Addendum consisting of Paragraphs 52 through 53;

☑ a site plan depicting the Premises;

☐ a site plan depicting the Project;

☑ a current set of the Rules and Regulations for the Project;

☐ a current set of the Rules and Regulations adopted by the owners' association;

/s/ PAP
/s/ MS

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☐ a Work Letter;

☑ other (specify); Exhibit C Right of First of Offer; Addendum

2. **Premises.**

2.1 **Letting**. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of size set forth in this Lease, or that may have been used in calculating Rent, is an approximation which the Parties agree is reasonable and any payments based thereon are not subject to revision whether or not the actual size Is more or less. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition**. Lessor shall deliver that portion of the Premises contained within the Building **("Unit")** to Lessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs **("Start Date")**, and, so long as the required service contracts described in Paragraph 7.1 (b) below are obtained by Lessee and in effect within thirty days following the Start Date, warrants that the existing premises including the electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems **("HVAC")**, loading doors, sump pumps, if any, and all other such elements in the Unit, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Unit does not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fall within the appropriate warranty period, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Lessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements of the Unit. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense (except for the repairs to the fire sprinkler systems, roof, foundations, and/or bearing walls - see Paragraph 7).

2.3 **Compliance**. Lessor warrants that to the best of its knowledge the improvements on the Premises and the Common Areas comply with the building codes that were in effect at the time that each such improvement, or portion thereof, was constructed, and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances in effect on the date of construction ~~Start Date~~ **("Applicable Requirements")**. Said warranty does not apply to the particular use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's particular use (see Paragraph 49), or to any Alterations or Utility installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Unit, Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building (**"Capital Expenditure"**), Lessor and Lessee shall allocate the cost or such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no even be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date that on which the Base Rent is due, an amount equal to 144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. ~~If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.~~

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgments**. Lessee acknowledges that: (a) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (b) Lessee has made such Investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it Is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

/s/ PAP

/s/ MS

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2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** Lessee shall be entitled to use the number of parking spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time by Lessor for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called **"Permitted Size Vehicles."** Lessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Lessor. In addition:

(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

(b) Lessee shall not service or store any vehicles in the Common Areas.

(c) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.7 **Common Areas - Definition.** The term **"Common Areas"** is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Unit that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations (**"Rules and Regulations"**) for the management, safety, care and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so tong as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay ~~Base~~ Rent other than utilities shall be abated for the period of such early possession. All other terms of this Lease (~~including but not limited to the obligations to pay Lessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises~~) shall be in effect during such period. Any such early possession shall not affect the Expiration Date.

3.3 **Delay in Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession as agreed, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises or the commencement date, whichever is later and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of the delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. Except as otherwise provided, if possession is not tendered to Lessee by the Start Date and Lessee does not terminate this Lease, as aforesaid, any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession of the Premises is not delivered within 4 months after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform

/s/ PAP
/s/ MS

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any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent**.

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent (**"Rent"**).

4.2 **Common Area Operating Expenses.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share (as specified in Paragraph 1.6) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses"** are defined, for purposes of this Lease, as all costs incurred by Lessor relating to the ownership and operation of the Project, including, but not limited to, the following:

(i) The operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement (see subparagraph (e)), of the following:

(aa) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, and roof drainage systems.

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered.

(iii) Trash disposal, pest control services, property management, security services, owner's association dues and fees, the cost to repaint the exterior of any structures and the cost of any environmental inspections.

(iv) Reserves set aside for maintenance and repair of Common Areas and Common Area equipment.

(v) Any increase above the Base Real Property Taxes (as defined in Paragraph 10).

(vi) Any "Insurance Cost Increase" (as defined in Paragraph 8).

(vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(viii) Auditors', accountants' and attorneys' fees and costs related to the operation, maintenance, repair and replacement of the Project.

(ix) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such capital improvement in any given month.

(x) Any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Unit, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Unit, Building, or other building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(d) Lessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the annual Common Area Operating Expenses. Within 60 days after written request (but not more than once each year). Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Lessee's payments during such year exceed Lessee's Share, Lessor shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of the statement.

(e) Except as provided in paragraph 4.2(a)(viii), Common Area Operating Expenses shall not include the cost of replacing equipment or capital components such as the roof, foundations, exterior walls or Common Area capital improvements, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.

(f) Common Area Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or insurance proceeds.

4.3 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of $25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due already due Lessor, for Rents which will be due in the future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase

/s/ PAP
/s/ MS

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the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. **Use**.

6.1 **Use**. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall net keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the Building or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Project. If Lessor elects to withhold consent, Lessor shall within 7 days alter such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 **Hazardous Substances**.

(a) **Reportable Uses Require Consent.** The term "**Hazardous Substance**" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank. (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used on the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit its agents or employees to cause any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused ~~or materially contributed to~~ by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or its agents or employees ~~any third party~~.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all toss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or its agents or employees ~~any third party~~ (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which suffered as a direct result of Hazardous Substances on the Premises prior to Lessee taking possession or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Lessee taking possession, unless such remediation measure is required as a result of Lessee's use (Including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1 (e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor shall ~~may~~, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or $100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by

/s/ PAP
/s/ MS

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Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to such Requirements, without regard to whether said Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor. and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance.** Lessor and Lessor's **"Lender"** (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance condition (see Paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination and is Lessee's responsibility hereunder. In addition, Lessee shall provide copies of all relevant material safety data sheets **(MSDS)** to Lessor within 10 days of the receipt of written request therefor.

7. **Maintenance; Repairs, Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations.**

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler and pressure vessels, (iii) clarifiers, and (iv) any other equipment, if reasonably required by Lessor. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the cost thereof.

(d) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1 (b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (ie. 1/144th of the cost per month). Lessee shall pay Interest on the unamortized balance but may prepay its obligation at any time.

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, ~~subject to reimbursement pursuant to Paragraph 4.2~~, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions**. The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term, "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent**. Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof)

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without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation ~~and/or upon Lessee's posting an additional Security Deposit with Lessor.~~

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialman's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 **Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership**. Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal**. By delivery to Lessee of written notice from Lessor at the time it consents there to ~~not earlier than 90 and not later than 30 days prior to the end of the term of this Lease,~~ Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration**. Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, ~~or any third party~~ (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. **Insurance; Indemnity.**

8.1 **Payment of Premiums.**

(a) As used herein, the term **"Insurance Cost Increase"** is defined as any increase in the actual cost of the insurance applicable to the Building and/or the Project and required to be carried by Lessor, pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), **("Required Insurance"),** over and above the Base Premium, as hereinafter defined, calculated on an annual basis. Insurance Cost Increase shall include, but not be limited to, requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. The term Insurance Cost Increase shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the parties insert a dollar amount in Paragraph 1.9, such amount shall be considered the **"Base Premium."** The Base Premium shall be the annual premium applicable to the 12 month period immediately preceding the Start Date. If, however, the Project was not insured for the entirety of such 12 month period, then the Base Premium shall be the lowest annual premium reasonably obtainable for the Required Insurance as of the Start Date, assuming the most nominal use possible of the Building. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of $2,000,000 procured under Paragraph 8.2(b).

(b) Lessee shall not be required to pay any Insurance Cost Increase to Lessor ~~pursuant to Paragraph 4.2. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Start Date or Expiration Date.~~

8.2 **Liability Insurance.**

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence with an annual aggregate of not less than $2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an **"insured contract"** for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to ~~and not contributory with~~ any similar insurance carried by Lessor~~, whose insurance shall be considered excess insurance only.~~

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(b) **Carried by Lessor.** Lessor shall maintain liability Insurance as described In Paragraph 8.2(a), In addition to, and not In lieu of, the Insurance required to be maintained by Lessee. Lessee shall not be named as an additional Insured therein.

8.3 **Property Insurance - Building, Improvements and Rental Value.**

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee under Paragraph 8.4. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $1,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises**. Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements**. Since Lessor is the insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 **Lessee's Property; Business Interruption Insurance.**

(a) **Property Damage**. Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed ~~$1,000~~ $10.000 per occurrence. The proceeds from any such insurance may be used by Lessee for the replacement of ~~personal property~~, ~~Trade Fixtures and~~ Lessee Owned Alterations and Utility Installations. Lessee shall provide Lessor with written evidence that such insurance is in force.

(b) **Business Interruption**. Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) **No Representation of Adequate Coverage**. Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 **Insurance Policies**. Insurance required herein shall be by companies duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating'' of at least A-, VI, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 **Waiver of subrogation.** ~~Without affecting any other rights or remedies~~ Not withstanding anything to the contrary herein, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity**. Except for Lessor's gross negligence or willful misconduct or breach of this lease, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 **Exemption of Lessor and its Agents from Liability.** Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 **Failure to Provide Insurance**. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. ~~Accordingly, for any month or portion thereof that Lessee does not maintain the~~

~~required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.~~

9. **Damage or Destruction.**

9.1 **Definitions.**

(a) "**Premises Partial Damage**" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 6 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 12 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total. Notwithstanding the foregoing, Premises Partial Damage shall not include damage to windows, doors, and/or other similar items which Lessee has the responsibility to repair or replace pursuant to the provisions of Paragraph 7.1.

(b) "**Premises Total Destruction**" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 6 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 12 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "**Insured Loss**" shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described In Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) "**Replacement Cost**" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "**Hazardous Substance Condition**" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises which requires repair, remediation, or restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an insured loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect: ~~provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose.~~ Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefore. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured loss occurs, ~~unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense),~~ Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence or such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. ~~If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except provided in Paragraph 8.6.~~

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee falls to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement**. In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, ~~but not to exceed the proceeds received from the Rental Value insurance~~. All other obligations of Lessee

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hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies**. If Lessor shall be obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

10.1 **Definitions**.

(a) **"Real Property Taxes"**. As used herein, the term "**Real Property Taxes**" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

(b) **"Base Real Property Taxes".** As used herein, the term **"Base Real Property Taxes"** shall be the amount of Real Property Taxes, which are assessed against the Premises, Building, Project or Common Areas in the calendar year during which the Lease is executed. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax have in common.

10.2 **Payment of Taxes.** ~~Except as otherwise provided in Paragraph 10.3,~~ Lessor shall pay all ~~the~~ Real Property Taxes applicable to the Project~~, and said payments shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.~~

10.3 **Additional Improvements.** Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety or any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 ~~**Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.~~

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installation, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.** Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal, interior janitorial and other utilities and services supplied to the Premises, together with any taxes thereon. ~~Notwithstanding the provisions of Paragraph 4.2, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the trash receptacle and/or an increase in the number of times per month that it is emptied, then Lessor may increase charge Lessee's Base Rent by an amount equal to such increased costs.~~ There shall be no abatement of Rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.**

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "**assign or assignment**") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent

~~(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.~~

~~(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent.~~ **"Net Worth of Lessee"** shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c). or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may ~~either: (i)~~ terminate this Lease, ~~or (ii) upon 30 days~~

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~~written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect.~~ Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease: provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attom to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease: provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessors prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A "**Default**" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "**Breach**" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises: or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee.

(c) The commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii)

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material data safety sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice lo Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described In subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "**debtor**" as defined In 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantors becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies**. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (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 the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall not ~~also~~ constitute the notice required by Paragraph 13.1. ~~In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.~~

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture.** Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges**. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or $100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

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13.5 **Interest** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due as to scheduled payments (such as Base Rent) or within 30 days following the date on which it was due for non-scheduled payment, shall bear interest from the date when due, as to scheduled payments, or the 31st day after it was due as to non-scheduled payments. The interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.**

(a) **Notice of Breach.** Lessor shall not be deemed in breach or this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation**. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Unit, or more than 25% of Lessee's Reserved Parking Spaces, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value or the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss or business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee , for purposes of Condemnation only, shall be considered the property or the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees**.

15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lesser, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the schedule of the Brokers in effect at the time of the execution of this Lease.

15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates.**

(a) Each Party (as "**Responding Party**") shall within 10 days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lesser.** The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as herein above defined.

/s/ PAP
/s/ MS

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18. **Severability**. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validly of any other provision hereof.

19. **Days**. Unless otherwise specifically indicated to the contrary, the word **"days"** as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the value of the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lesser represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. **Notices.**

23.1 **Notice Requirements**. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, ~~or by facsimile transmission,~~ and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice~~, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice~~. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given ~~**72 hours**~~ **(**3) business days after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mall or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. ~~Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail.~~ If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUE TO THE EXTENT THAT SUCH STATUE IS INCONSISTENT WITH THIS LEASE.

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) *Lessor's Agent.* A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: *To the Lessor:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. *To the Lessee and the Lessor:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) *Lessee's Agent.* An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. *To the Lessee:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. *To the Lessee and the Lessor:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) *Agent Representing Both Lessor and Lessee.* A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with

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/s/ MS

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respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. **No Right To Holdover.** Lessee has no light to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination**. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment**. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing**. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach ($200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants. and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. **Auctions**. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs.** Lessor may place on the Premises ordinary "For Sale'' signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

/s/ PAP
/s/ MS

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36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or far the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor, but in no event shall such payment exceed $5,000. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor falls or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements,(c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted an option, as defined below, then the following provisions shall apply.

39.1 **Definition**. "**Option**" shall mean: (a) the right to extend the term of or renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor: (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach or this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 months period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any-necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this lease.

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

41. **Reservations.** Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, and (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor lo effectuate such rights.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. **Authority; Multiple Parties; Execution.**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each such party represents that each individual executing this Lease on behalf of such entity ~~represents and warrants that he or she~~ is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as If all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Instrument.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

/s/ PAP
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46. **Amendments**. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.**

48. **Mediation and Arbitration of Disputes.** An Addendum requiring the Mediation and/or the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☑ is not attached to this Lease.

49. **Americans with Disabilities Act** Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, except as set forth in Section 2.3 Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's particular use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

50. **Work performed by Lessee:** Lessee shall have the right to install the following improvements at its sole cost and expense:

1) New Flooring in back File Storage room identified in Exhibit A
2) Additional Offices
3) Lab area in File Storage room identified in Exhibit A
4) Other improvements necessary for installing the improvements listed above

Prior to the commencement of work, plans must be submitted to Lessor for written approval. Lessee at Lessee's sole cost and expense shall have the right to make additional modifications with the Lessor's written consent, which shall not be unreasonably withheld.

51. **Rent Credit:** Lessee shall receive a Rent Credit for one (1) month of Base Rent. This Rent Credit shall be applied to the second month's rent. If Lessee decides to exercise its Option to Extend the Lease Term for an additional two (2) years, Lessee shall receive an additional Rent Credit for one (1) month of Base Rent. This additional Rent Credit shall be applied to the first month's Base Rent of the Option period.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

***2.* RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.**

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures

Executed at: San Francisco, CA	Executed at:
On: 7/22/10	On:
By LESSOR:	**By LESSEE:**
Castilian LLC, A California Limited Liability Company	Transphorm Inc., a Delaware Corporation
By: /s/ Martin Sances	By: /s/ P.A. Parikh
Name Printed: Martin Sances	Name Printed: Primit Parikh
Title: Co-Trustee Anthony Sances Trust Sole Member Castilian LLC	Title: Chief Operating Officer & Co-Founder
By:	By:
Name Printed:	Name Printed:
Title:	Title:
Address: 1933 Cliff Drive, Suite 2 Santa Barbara, CA 93109	Address:
Telephone:(805) 963-1971	Telephone:(__)
Facsimile:(805) 963-7271	Facsimile:(__)
Federal ID No.	Federal ID No.

/s/ PAP
INITIALS

/s/ MS
INITIALS

BROKER:

Attn:
Title:
Address:

Telephone: (___)
Facsimile: (___)
Federal ID No.

BROKER:

Attn:
Title:
Address:

Telephone: (___)
Facsimile: (___)
Federal ID No.

Notice: These forms are often modified to meet changing requirements of law and needs of the industry. Always write or call to make sure you are utilizing the most current form: AIR COMMERCIAL REAL ESTATE ASSOCIATION, 800 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616

/s/ PAP
/s/ MS

INITIALS **INITIALS**

RENT ADJUSTMENT(S)

STANDARD LEASE ADDENDUM

Dated: June 23, 2010

By and Between (Lessor) Castilian LLC, A California Limited Liability Company

(Lessee) Transphorm INC., a Delaware Corporation

Address of Premises: 75 Castilian Drive,
Goleta, CA 93117

Paragraph 52

A. **RENT ADJUSTMENTS:**

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below: (Check Method(s) to be Used and Fill in Appropriately)

☐ **I. Cost of Living Adjustment(s) (COLA)**

a. On (Fill in COLA Dates): _____

the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers), for (Fill in Urban Area):

_____ _____All Items 1982-1984=100), herein referred to as "CPI".

b. The monthly rent payable in accordance with paragraph A.I.a of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A, Ia. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the ☐ first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month") : _____. The sum as calculated shall constitute the new monthly rent hereunder, but in no event, shall any such now monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternatives index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the rule of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

☐ **II. Market Rental Value Adjustment(s) (MRV)**

a On (Fill in MRV Adjustment Date(s): _____

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☐ broker (**"Consultant"** - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

_____ /s/ PAP
INITIALS

_____ /s/ MS
INITIALS

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) Notwithstanding the forgoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and

2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

☑ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
August 1, 2011	$4,635.00
August 1, 2012	See Paragraph 53
August 1, 2013	See Paragraph 53

B. **NOTICE:**

Unless specified otherwise herein, notice of any such adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

~~C. **BROKER'S FEE:**~~

~~The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease.~~

NOTE: These forms are often modified to meet changing requirements of law industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 800 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8616.

/s/ PAP
/s/ MS

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 FORM RA-3-8/00E

OPTION(S) TO EXTEND
STANDARD LEASE ADDENDUM

Date: June 23, 2010

By and Between (Lessor) Castilian LLC, A California Limited Liability Company

By and Between (Lessee) Transphorm Inc., a Delaware Corporation

Address of Premises: 75 Castilian Drive, Goleta, CA 93117

Paragraph 53

A. OPTION(S) TO EXTEND:

Lessor hereby grants to Lessee the option to extend the term of this Lease for one (1) additional twenty four (24) month period(s) commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 3 but not more than 6 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (If there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in' paragraph 39.4 of this Lease, are conditions of' this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) This Option is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below: (Check Method(s) to be Used and Fill in Appropriately)

☐ **I. Cost of Living Adjustment(s) (COLA)**

a. On (Fill in COLA Dates): _____ _____ the Base Rent shall be adjusted by the change, if any; from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select ·one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers), for (Fill In Urban Area): _____ All Items (1982-1984 = 100), herein referred to as "CPI".

b. The monthly rent payable in accordance with paragraph A.l.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.l.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): ☐ the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month"): _____ The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

_____ /s/ PAP
INITIALS

_____ /s/ MS
INITIALS

☐ **II. Market Rental Value Adjustment(s) (MRV)**

a. On (Fill in MRV Adjustment Date(s)) _____ _____ the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☐ broker (**"Consultant"** - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, ie, the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and
2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

☑ **III. Fixed Rental Adjustments (s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Dates (s)):	The New Base Rent shall be:
August 1, 2012	$4,774.05
August 1, 2013	$4,917.27

B NOTICE:

Unless specified otherwise herein, notice of any rental adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. ~~BROKER'S FEE:~~

~~The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease.~~

_____ /s/ PAP
INITIALS

_____ /s/ MS
INITIALS

First **AMENDMENT TO LEASE**

THIS AMENDMENT TO LEASE is made and entered into as of January 22, 2016, by and between Castilian, LLC a California limited liability company ("Lessor") and Transphorm Inc., a Delaware Corporation ("Lessee").

WHEREAS, on or about June 23, 2010 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as: 75 Castilian Drive, Goleta, CA (the "Premises"), and

WHEREAS, Lessor and Lessee ☑ have ☐ have not previously amended said Lease **(Lease Modification signed by the Lessor May 17, 2011**), and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of ZERO ~~TEN~~ DOLLARS and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree to make the following additions and modifications to the Lease:

Paragraph 1.3. Term. The Lease expiration date shall be extended by thirty-six (36) months from June 30, 2016 to June 30, 2019.

Paragraph 1.5. Base Rent. Commencing July 1, 2016 the Base monthly rent outlined in Paragraph 1.5 shall be $22,000.00 per month (16,000 square feet x approx. $1.375 per square foot).

Paragraph 50. Rent Adjustments. Paragraph 52A is hereby deleted and replaced with the attached Paragraph 52B.

Paragraph 51. Options to Extend. Paragraph 53A is hereby deleted and replaced with the attached Paragraph 53B.

New Paragraph 54. Brokerage. Lessor and Lessee hereby acknowledge that Radius Group (Gene Deering) represents the Lessee and Professional Investment Planning (Trey Pinner) represents the Lessor. Upon the full execution of this First Amendment the Lessor shall pay a brokerage fee equal to three percent of the minimum Base Rent payable by Lessee from 7/1/2016 through 6/30/2019. Said brokerage fee shall be split 50/50 between Lessee's agent and Lessor's agent.

Lease Modification Paragraph 8. Lease Modification Paragraph 8 shall be replaced with the following:

Additional Language during Option to Extend Period (7/1/2019 - 6/30/2022):

A. Insurance Cost: In the event Lessee elects to exercise its Option to Extend, the restrictions on pass through for Insurance Cost Increase shall be removed during the extension period. The Base Premium shall be the Insurance Cost for the year 2018. On July 1, 2019, Paragraph 8.1(b) shall be modified to read "Lessee shall pay their pro-rata share of any Insurance Cost Increase to Lessor."

B. Real Property Tax: In the event Lessee elects to exercise its Option to Extend, the restrictions on pass through for Real Property Tax increases shall be removed during the extension term. The Base Real Property Tax shall be the period of July 1, 2018 to June 30, 2019. "Lessee shall

/s/ PAP
/s/ MS

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pay their pro-rata share of any Real Property Tax Increase over the Base Real Property Tax to Lessor annually during the Option to Extend Period."

☐ TERM: The Expiration Date is hereby ☐ advanced ☐ extended to

☐ AGREED USE: The Agreed Use is hereby modified to:

☐ BASE RENT ADJUSTMENT: Monthly Base Rent shall be as follows:

☐ OTHER:

The Agreement shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Agreement and any uncertainty and ambiguity shall not be interpreted against any one party.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

By Lessor:	**By Lessee:**
Castilian, LLC a California limited liability company	Transphorm Inc., a Delaware Corporation
By: /s/ Martin Sances	**By:** /s/ P. A. Parikh
Name Printed: Martin Sances	Name Printed: Primit Parikh
Title: Trustee Anthony Sances Jr. Trust, Member	Title: Co-Founder and COO
By:	**By:**
Name Printed:	Name Printed:
Title:	Title:

/s/ MS
/s/ PAP
INITIALS **INITIALS**

RENT ADJUSTMENT(S)
STANDARD LEASE ADDENDUM

Dated January 22, 2016

By and Between (Lessor) Castilian, LLC, a California limited liability company

(Lessee) Transphorm Inc., a Delaware Corporation

Address of Premises: 75 Castilian Drive
Goleta, CA

Paragraph 52B

A. RENT ADJUSTMENTS:

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below:

(Check Method(s) to be Used and Fill in Appropriately)

~~☐ **I. Cost of Living Adjustment(s) (COLA)**~~

~~a. On (Fill in COLA Dates):~~

~~the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S Department of Labor for (selected one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers) for (Fill in Urban Area):~~

~~. All items (1982 - 1984 = 100), herein referred to as "CPI",~~

~~b. The monthly rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the ☐ first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month").~~

~~. The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.~~

~~c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.~~

/s/ MS
INITIALS

/s/ PAP
INITIALS

☐ **II. Market Rental Value Adjustment(s) (MRV)**

a. On (Fill in MRV Adjustment Date(s)):

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☐ broker (**"Consultant"** - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and

2) the first month of each Market Rental Value term shall become the new 'Base Month' for the purpose of calculating any further Adjustments.

☑ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
July 1, 2017	$22,660.00
July 1, 2018	$23,340.00

B. **NOTICE**:
Unless specified otherwise herein, notice of any such adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. **BROKER'S FEE:**
The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA, 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

/s/ MS
/s/ PAP

INITIALS **INITIALS**

OPTION(S) TO EXTEND
STANDARD LEASE ADDENDUM

Dated January 22, 2016

By and Between (Lessor) Castilian, LLC, a California limited liability company

By and Between (Lessee) Transphorm Inc., a Delaware Corporation

Address of Premises: 75 Castilian Drive, Goleta, CA

Paragraph 53B

A. OPTION(S) TO EXTEND:

Lessor hereby grants to Lessee the option to extend the term of this Lease for one (1) additional thirty-six (36) month period(s) commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 6 but not more than 12 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are conditions of this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) This Option is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below:
(Check Method(s) to be Used and Fill in Appropriately)

/s/ MS
/s/ PAP

INITIALS INITIALS

~~☐ I. Cost of Living Adjustment(s) (COLA)~~

~~a. On (Fill in COLA Dates):~~

~~the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers), for (Fill in Urban Area):~~

~~All items (1982-1984 = 100), herein referred to as "CPI".~~

~~b. The monthly rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior (select one): ☐ the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month" or ☐ Fill in Other "Base Month").~~

~~The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.~~

~~c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.~~

☑ **II. Market Rental Value Adjustment(s) (MRV)**

a. On (Fill in MVR Adjustment Date(s)) July 1, 2019

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) ~~**Four**~~ **Six** months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MVR will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☑ broker ("**Consultant**" - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and
2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

/s/ MS
/s/ PAP

INITIALS **INITIALS**

☑ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
July 1, 2019	MRV Adjustment as per Paragraph 53B.A.II above
July 1, 2020	3% increase from July 2019 Base Rent
July 1, 2021	3% increase from July 2020 Base Rent

B. **NOTICE**:

Unless Specified otherwise herein, notice of any such adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. **BROKER'S FEE:**

~~The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.~~

	/s/ MS
	/s/ PAP
INITIALS	**INITIALS**

7/1/09 → moved in

STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - NET
AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties:** This Lease (**"Lease"**), dated for reference purposes only October 14, 2008, is made by and between Frieslander Holdings, LLC and Nederlander Holdings, LLC (**"Lessor"**) and Transphorm Inc., a Delaware Corporation (**"Lessee"**), (collectively the **"Parties"**, or individually a **"Party"**).

1.2(a) **Premises:** That certain portion of the Project (as defined below), including all improvements therein or to be provided by Lessor under the items of this Lease, commonly known by the street address of 111 Castilian Drive, Suite B, located in the City of Goleta, County of Santa Barbara, State of California, with zip code 93117, as outlined on Exhibit A attached hereto (**"Premises"**) and generally described as (describe briefly the nature of the Premises): Approximately 11,800 square feet of a larger multi tenant building.

In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the any utility raceways of the building containing the Premises (**"Building"**) and to the common Areas (as defined in Paragraph 2.7 below), but shall not have any rights to the roof or exterior walls of the Building or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**." (See also Paragraph 2)

1.2(b) **Parking:** thirty-two unreserved vehicle parking spaces. (See also Paragraph 2.6)

1.3 **Term:** seven years and zero months from Rent Commencement (**"Original Term"**) commencing the later of completion of Lessor's Tenant Improvement Work (Exhibit B) which shall not be delayed by Lessee's Tenant Improvement Work (Exhibits B & C) or (Six) 6 months from Lease Execution (**"Commencement Date"**) and ending seven (7) years from Rent Commencement Date (**"Expiration Date"**). (See also Paragraph 3)

1.4 **Early Possession:** upon Lease Execution (**"Early Possession Date"**).

(See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** $ 15,340.00 per month (**"Base Rent"**), payable on the first day of each month commending upon the Rent Commencement Date. (See also Paragraph 4)

☑ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted.

1.6 **Lessee's Share of Common Area Operating Expenses:** fifty three point six four percent (53.64%) (**"Lessee's Share"**). Lessee's Share has been calculated by dividing the approximate square footage of the Premises by the approximate square footage of the Project. In the event that the size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution:**

(a) **Base Rent:** $15,340.00 for the period of the first month.

(b) **Common Area Operating Expenses:** $4,720.00 ~~for~~ toward the period of the first month after Rent Commencement.

(c) **Security Deposit:** $20,060.00 (**"Security Deposit"**). (See also Paragraph 5)

(d) **Other:** $ for .

(e) **Total Due Upon Execution of this Lease:** $40,120.00.

1.8 **Agreed Use:** office, R&D, and Prototype and product development / sales uses, and manufacturing . (See also Paragraph 6)

1.9 **Insuring Party.** Lessor is the **"Insuring Party"**. (See also Paragraph 8)

1.10 **Real Estate Brokers:** (See also Paragraph 15)

(a) **Representation:** The following real estate brokers (the **"Brokers"**) and brokerage relationships exist in this transaction (check applicable boxes):

☑ Bob Tuler, Radius Group Commercial Real Estate represents Lessor exclusively (**"Lessor's Broker"**);

☑ Gene Deering, Radius Group Commercial Real Estate represents Lessee exclusively (**"Lessee's Broker"**); or

☑ Radius Group Commercial Real Estate represents both Lessor and Lessee (**"Dual Agency"**).

(b) **Payment to Brokers:** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of _____ or _____% of the total Base Rent for the brokerage services rendered by the Brokers).

1.11 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by _____ (**"Guarantor"**). (See also Paragraph 37)

1.12 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

☑ an Addendum consisting of Paragraphs 50 through 52;

☑ a site plan depicting the Premises (Exhibit A);

☐ a site plan depicting the Project;

☐ a current set of the Rules and Regulations for the Project;

☐ a current set of the Rules and Regulations adopted by the owners' association;

☐ a Work Letter;

☑ other (specify); Exhibit B: Lessor's and Lessee's Tenant Improvement Work, Exhibit C: Lessee's Tenant's Improvement Work, Exhibit D: Commencement Rider, Exhibit E: Environmental

Disclosures, Addendum No 2.

2. **Premises.**

2.1 **Letting**. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of size set forth in this Lease, or that may have been used in calculating Rent, is an approximation which the Parties agree is reasonable and any payments based thereon are not subject to revision whether or not the actual size Is more or less. **NOTE: Lessee Is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition**. Lessor shall deliver that portion of the Premises contained within the Building **("Unit")** to Lessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs **("Start Date")**, and, so long as the required service contracts described in Paragraph 7.1 (b) below are obtained by Lessee and In effect within thirty days following the Start Date, warrants that the existing electrical. plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems **("HVAC")** In office, loading doors, ~~**sump pumps**~~, if any, and all other such elements In the Unit, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be *free* of material defects, and that the Unit does not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fall within the appropriate warranty period, Lessor shall, as Lessors sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Lessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and ~~**(ii) 30 days as to**~~ the remaining systems and other elements of the Unit. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense (except for the repairs to the fire sprinkler systems, roof, foundations, and/or bearing walls - see Paragraph 7).

2.3 **Compliance**. Lessor warrants that to the best of Its knowledge the Improvements on the Premises and the Common Areas comply with the building codes that were In effect at the time that each such Improvement, or portion thereof, was constructed, and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances In effect on the Start Date **("Applicable Requirements")**. Said warranty does not apply to the particular use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's particular use (see Paragraph 49), or to any Alterations or Utility installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the Applicable Requirements and especially the zoning are appropriate for Lessee's 'Intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee selling forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee

does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense to the extent expressly set forth in this Lease. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Unit, Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building (**"Capital Expenditure"**), Lessor and Lessee shall allocate the cost or such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 moths' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference if any between the actual cost thereof and the amount equal to 5 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no even the earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (Such as, governmentally mandated seismic modifications), then Lessor and Lessee shall allocate the obligation to pay for the portion of such costs reasonably attributable to the Premises pursuant to the formula set out in Paragraph 7.1(d); provided, however, that ~~if~~ (I) Lessor shall provide written notice of the amount and purpose of such Capital Expenditure, and if (II) (A) the amount of such Capital Expenditure is more than Five Hundred Thousand Dollars ($500,000) and (B) either Lessor ~~is required~~ to undertake such Capital Expenditure is required during the last 2 years of this Lease (Including any renewal term hereunder for which Lessee has exercised its option to renew the term of this Lease), or if Lessor reasonably determines that it is not economically feasible to pay its share thereof (after taking into account the rent to be received under any renewal term for which Lessee has elected to exercise its option to renew the term of this Lease), then Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and falls to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor. For the avoidance of doubt, the liability of Lessor and Lessee under this Lease for any Capital Expenditure that is required by reason of a casualty at the Premises shall be governed by Section 9, below, and not by this Section 2.3(b).

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgments**. Lessee acknowledges that: (a) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's Intended use, (b) Lessee has made such Investigation as It deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it Is Lessor's sole responsibility to investigate the financial capability and/or suitability or all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** Lessee shall be entitled to use the number of parking spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time by Lessor for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called **"Permitted Size Vehicles."** Lessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Lessor. In addition:

(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

(b) Lessee shall not service or store any vehicles in the Common Areas.

(c) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without reasonable notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicles involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.7 **Common Areas - Definition.** The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and Interior utility raceways and installations within the Unit that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early possession. All other terms of this Lease ~~**(including but not limited to the obligations to pay Lessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises)**~~ shall be in effect during such period. Any such early possession shall not affect the Expiration Date.

3.3 **Delay in Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession as agreed, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of the delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. Except as otherwise provided, if possession is not tendered to Lessee by the Start Date and Lessee does not terminate this Lease, as aforesaid, any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession of the Premises is not delivered within 4

months after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent**.

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent (**"Rent"**).

4.2 **Common Area Operating Expenses.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share (as specified in Paragraph 1.6) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, In accordance with the following provisions;

(a) "**Common Area Operating Expenses**'' are defined, for purposes of this Lease, as all costs Incurred by Lessor relating to the ownership and operation of the Project, including, but not limited to, the following:

(i) The operation, repair and maintenance, in neat, clean, good order and condition , and if necessary the replacement, of the following:

(aa) The Common Areas and Common Area Improvements, Including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, and roof drainage systems.

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered.

(iii) Trash disposal, pest control services, property management, security services, owners' association dues and fees, the cost to repaint the exterior of any structures and the cost of any environmental inspections.

(iv) Reserves set aside for maintenance, repair and/or replacement of Common Area Improvements and equipment, so long as Lessor draws upon such reserves to fund the cost of the work for which those reserves were created, and imposes and additional charge on Lessee for the cost of such work only to the extent that reserves were insufficient to pay such costs in full.

(v) Real Property Taxes (as defined in Paragraph 10).

(vi) The cost of the premiums for the insurance maintained by Lessor pursuant to Paragraph 8 not including earthquake or flood Insurance.

(vii) Any deductible portion of an insured lass concerning the Building or the Common Areas (not to exceed $10,000 per event).

(viii) Auditors', accountants' and attorneys' fees and costs related to the operation, maintenance, repair and replacement of the Project.

(ix) The cost of any capital Improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such capital Improvement In any given month.

(x) Any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Unit, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Unit, Building, or other building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to Impose an obligation upon Lessor to either have said Improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere In this Lease to provide the same or some of them.

(d) Lessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the annual Common Area Operating Expenses. Within 60 days after ~~**written request (but not more than once each year)**~~ each calender year Lessor shall deliver to

Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Lessee's payments during such year exceed Lessee's Share, Lessor shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within ~~10~~ 30 days after delivery by Lessor to Lessee of the statement.

(e) Common Area Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or insurance proceeds.

(f) Common Area Operating Expenses shall not exceed $70,800 per year ($5,900/month or $0.50/square foot/month) for the first three years from "**Rent Commencement**" based on the property taxes established during the Base: Year including Lessor's improvements described in Exhibit B but excluding Lessee's improvements described in Exhibit C.

4.3 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of $25 in addition to any Late Charge and Lessor, at Its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise ~~**Defaults**~~ Breaches under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, expense, toss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the Initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, In Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 14 days after the expiration or termination of this Lease, if Lessor elects to apply the Security Deposit only to unpaid Rent, and otherwise within 30 days after the Premises have been vacated pursuant to Paragraph 7.4(c) below, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. **Use**.

6.1 **Use**. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall net keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the Building or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Project. If Lessor elects to withhold consent, Lessor shall within 7 days alter such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 **Hazardous Substances**.

(a) **Reportable Uses Require Consent.** The term "**Hazardous Substance**" as used In this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank. (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which

a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used on the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party acting by, for, or at the direction of Lessee.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all toss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party acting by, for, or at the direction of the Lessee (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which are suffered as a direct result of Hazardous Substances on the Premises prior to Lessee taking possession or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. If there is present on the premises any Hazardous Substances at the commencement of this Lease, and such Hazardous Substances must be abated in order for the Lessee to commence any tenant improvement work that Lessee is permitted to undertake pursuant to this Lease, then Lessor shall be solely responsible for all costs of such abatement.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entitles having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Lessee taking possession, unless such remediation measure is required as a result of Lessee's use (Including "**Alterations**", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1 (e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds ~~**12**~~ 36 times the then monthly Base Rent or ~~**$100,000**~~ $500,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make

such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to such Requirements, without regard to whether said Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance.** Lessor and Lessor's "**Lender**" (as defined In Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance condition (see Paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of written request therefor.

7. **Maintenance; Repairs, Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations.**

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation). Lessee shall, at Lessee's sole expense, keep the Premises, Utility installations (Intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7 .2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Except to the extent of Lessor's obligations hereunder, Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(b) **Service Contracts. ~~Lessee~~** Lessor shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler and pressure vessels, (iii) clarifiers, and (iv) any other equipment, if reasonably required by Lessor. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof. This section shall not apply to any of Lessee's fab facility.

(c) **Failure to Perform.** If Lessee **~~fails to perform~~** Breaches Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the cost thereof.

(d) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, If an item described in Paragraph 7.1 (b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (ie. 1/144th of the cost per month). Lessee shall pay interest on the unamortized balance but may prepay its obligation at any time.

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parking tots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas

and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease relating to the Lessor's repair and maintenance obligations or Lessee's remedies for any breach by Lessor of its repair and maintenance obligations.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions**. The term "**Utility Installations**" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term, "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent**. Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans, Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor. Lessor and Lessee acknowledge that Lessor has consented to Lessee's undertaking the renovations to the Premises described In Exhibit C hereto, and therefore: agree that the requirements of this Section 7.3(b) shall not apply to such renovations when Lessee elects to undertake them.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialman's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surely bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 **Ownership: Removal; Surrender; and Restoration.**

(a) **Ownership**. Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal**. By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration**. Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, pans and surfaces thereof broom clean and free of debris, and in ~~**good**~~ the same operating order, condition and state of repair existing as of the Commencement Date, ordinary wear and tear, casualty, condemnation. Hazardous Substances (other than Hazardous Substances for which Lessee is obligated to indemnify Lessor under this Lease) not introduced by Lessee, and Alterations not required to be surrendered upon the expiration or earlier termination of this Lease excepted. ~~**"Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice.**~~ Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee

shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Project) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee or any third party acting by, for, or at the direction of Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. **Insurance; Indemnity.**

8.1 **Payment of Premiums.** The cost of the premiums for the insurance policies required to be carried by Lessor, pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), shall be a Common Area Operating Expense. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Start Date or Expiration Date.

8.2 **Liability Insurance.**

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than ~~**$1,000,000**~~ $2,000,000 per occurrence with an annual aggregate of not less than ~~**$2,000,000**~~ $3,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "**Additional Insured-Managers or Lessors of Premises**" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "**insured contract**" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess Insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability Insurance as described In Paragraph 8.2(a), In addition to, and not In lieu of, the Insurance required to be maintained by Lessee. Lessee shall not be named as an additional Insured therein.

8.3 **Property Insurance - Building, Improvements and Rental Value.**

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the ~~**Premises**~~ Building. The amount of such insurance shall be equal to the full insurable replacement cost of the ~~**Premises**~~ Building, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee under Paragraph 8.4. ~~**If the coverage is available and commercially appropriate, such**~~ Such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the ~~**Premises**~~ Building as the result of a covered loss: Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $1,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with toss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 24 Months ~~**180 Days**~~ ("**Rental Value insurance**"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 **Lessee's Property; Business Interruption Insurance.**

(a) **Property Damage**. Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the

replacement of personal property, Trade Fixtures and Lessee owned Alterations and Utility Installations. Lessee shall provide Lessor with written evidence that such insurance is in force.

(b) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 **Insurance Policies.** Insurance required herein shall be by companies duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a 'General Policyholders Rating'' of at least A-, VI, as set forth in the most current issue of "**Best's Insurance Guide**", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "**insurance binders**" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 **Waiver of subrogation.** ~~**Without affecting any other rights or remedies**~~ Notwithstanding anything to the contrary herein, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity**. Except for Lessor's gross negligence or willful misconduct or Lessor's breach of this Lease, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 **Exemption of Lessor and Its Agents from Liability.** ~~**Notwithstanding the negligence or breach of this Lease by Lessor or its agents**~~ To the extent provided by Paragraph 8.6, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other. sources or places, (ii) any damages arising from any act or neglect .or any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii} injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 **Failure to Provide Insurance**. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. **Damage or Destruction.**

9.1 **Definitions.**

(a) "**Premises Partial Damage**" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total. Notwithstanding

the foregoing, Premises Partial Damage shall not include damage to windows, doors, and/or other similar items which Lessee has the responsibility to repair or replace pursuant to the provisions of Paragraph 7.1.

(b) "**Premises Total Destruction**" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "**Insured Loss**" shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described In Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) "**Replacement Cost**" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "**Hazardous Substance Condition**" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises which requires repair, remediation, or restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an insured loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect: ~~**provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose.**~~ Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefore, if Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured loss occurs, ~~**unless cause by a negligent of willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense),**~~ Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence or such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. ~~**If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except provided in Paragraph 8.6.**~~

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an insured loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee falls to exercise such

option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement**. In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies**. If Lessor shall be obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "**Commence**" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

9.8 **Waive Statutes.** Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

10. **Real Property Taxes.**

10.1 **Definition**. As used herein, the term "**Real Property Taxes**" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. The term "**Real Property Taxes**" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have In common.

10.2 **Payment of Taxes.** Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements.** Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety or any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installation, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.** Lessor shall provide, and Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of

water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the trash receptacle and/or an increase in the number of times per month that it is emptied, then Lessor may ~~increase~~ charge Lessee's ~~**Base Rent**~~ by an amount equal to such increased costs. There shall be no abatement of Rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or Ii cooperation with governmental request or directions.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.**

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "**assign or assignment**") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent

(b) ~~**Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.**~~ Unless Lessee is a corporation whose shares are listed for trading on a national securities exchange, any change of control transaction to which Lessee is a party shall constitute an assignment of this Lease that requires Lessor's consent. For purposes of the foregoing, the term "**change of control transaction**" shall mean any transaction or series of transactions involving either (i) a sale of all or substantially all of the assets of Lessee, or (ii) a sale of outstanding shares of Lessee's capital stock or merger, consolidation or other similar reorganization transaction, if the persons who were shareholders of the Lessee immediately prior to the closing of such transaction own less than fifty percent (50%) of the Lessee or the surviving or acquiring corporation, as applicable, immediately after the closing of such transaction. For the avoidance of doubt, the issuance of shares by Lessee in a bona fide equity financing transaction such as an offering of preferred equity securities to venture capital investors or an initial public offering of Lessee's shares under the Securities Act of 1933 share not be deemed to be a "**change of control transaction.**"

(c) The Involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. **"Net Worth of Lessee"** shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in ~~**Default**~~ Breach at the time consent is requested.

(g) ~~**Notwithstanding the foregoing, allowing a diminimus portion of the Premises, ie. 20. square feet or loss, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.**~~

(h) Any assignee to whom Lessee is expressly permitted to assign this Lease pursuant to this; Section 12, or to whom the assignment of this Lease is expressly approved by Lessor in accordance with this Section 12, shall be referred to in this Lease as a 'Permitted Transferee.'

(i) Lessee may, without Lessor's prior written consent and without constituting an assignment or sublease requiring Lessor's consent hereunder, sublet the Premises or assign the Lease to (a) an entity controlling, controlled by or under common control with Lessee, (b) a successor entity related to Lessee by merger, consolidation, nonbankruptcy reorganization, or government action or (c) a purchasers of substantially all the Lessee's stock or assets located in the Premises (each a "**Permitted Transfer**").

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for Lessor's considering and processing said request Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shell, by reason of accepting such assignment. entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee or all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease: provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease: provided, however. Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shalt further assign or sublet all or any part of the Premises without Lessors prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A "**Default**" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "**Breach**" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises: or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee.

(c) The commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of ~~3~~ 7 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 4.1, (viii) material data safety sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 business days following written notice lo Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described In subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "**debtor**" as defined In 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lesser was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantors becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies**. If Lessee ~~**fails to perform**~~ Breaches any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (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 the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part hereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the stale wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall

not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture.** Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease during the period of inducement. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The amount of the rent, other chargers, bonus, inducement or consideration abated (the "**Inducement**") shall be amortized in equal monthly increments on a straight-line basis over the remainder of the term of the Lease occurring after the date on which such inducement us provided to Lessee, and the portion thereof that may be recaptured under this Section 13.3 upon any Breach by Lessee shall not exceed the amount of the unamortized inducement as of the date of such Breach. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges**. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to ~~**10%**~~ 7% of each such overdue amount or $100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due as to scheduled payments (such as Base Rent) or within 30 days following the date on which it was due for non-scheduled payment, shall bear interest from the date when due, as to scheduled payments, or the 31st day after it was due as to non-scheduled payments. The Interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.**

(a) **Notice of Breach.** Lessor shall not be deemed in breach or this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of ~~**one**~~ thee month's Base Rent or the Security Deposit, reserving Lessee's right to reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation**. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as or the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Unit, or more than 25% of Lessee's Reserved Parking Spaces, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property or Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value or the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation for Lessee's relocation expenses, loss or business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee which were contracted and paid for exclusively by Lessee, for purposes or Condemnation only, shall be considered the property or the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees**.

~~**15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the schedule of the Brokers in effect at the time of the execution of this Lease**~~

15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connections with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the Indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates.**

(a) Each Party (as "**Responding Party**") shall within 10 business days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lesser.** The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Except as provided in Paragraph 15, upon such transfer or assignment and delivery or the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lesser. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as herein above defined.

18. **Severability**. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validly of any other provision hereof.

19. **Days**. Unless otherwise specifically indicated to the contrary, the word "**days**" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** ~~**The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.**~~ The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors or shareholders, and Lessee shall look solely to the Available Project (and to the rents, profits, and proceeds derived therefrom from and after the date of any judgment that Lessee recovers against Lessor) and to not other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers, or shareholders, or any of their personal assets for such satisfaction. The parties acknowledge that the Project consists of land on which this Building is situation and an additional area of approximately one and three-quarters' (1.75) acres that currently is vacant and is situated to the South side of the Building (the "**Vacant Land**"), and agree that the term "**Available Project**"

shall not include such Vacant Land if such Vacant Land is subdivided into a legal parcel that is separate from the remainder of the Project.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lesser and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Lessor or Lessee under this Lease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

23. **Notices.**

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 3 business days ~~**72 hours**~~ after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mall or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.** No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) *Lessors Agent.* A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) *Lessee's Agent.* An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) *Agent Representing Both Lessor and Lessee.* A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any Default or Breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Buyer and Seller agree to identify to Brokers as "**Confidential**" any communication or information given Brokers that is considered by such Party to be confidential.

26. **No Right To Holdover.** Lessee has no light to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the Slate in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination**. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment**. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing air of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing**. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action Is subsequently commenced in connection with such Default or resulting Breach ($200 Is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants. and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. **Auctions**. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs.** Lessor may place on the Premises ordinary "**For Sale**" signs at any time and ordinary "**For Lease**" signs during the last 6 months of the term hereof. Except for ordinary "**For Sublease**" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements. Lessee, at Lessee's expense shall be permitted to place building standard signage on the Premises. All signage to be approved in advance by Lessor in writing and to be in accordance with government regulations.

35. **Termination; Merger.** Unless specifically slated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to erect to the contrary by written notice to the holder of any such lesser Interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or far the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The Failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor falls or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements,(c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted an option, as defined below, then the following provisions shall apply.

39.1 **Definition**. "**Option**" shall mean: (a) the right to extend the term of or renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor: (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee or any permitted Transferee, and cannot be assigned or exercised by anyone other than said original Lessee or any permitted Transferee ~~**and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting**~~

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is ~~**unpaid**~~ past due (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach or this Lease, or (iv) ~~**in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 months period immediately preceding the exercise of the Option.**~~ In the event that Lessee has been given under this Lease, in any period of 12 consecutive calendar months, three or more written notices of separate Defaults that involve either monetary defaults or material non-monetary defaults.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

~~**(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this lease.**~~

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

41. **Reservations.** Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, and (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor lo effectuate such rights.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "**under protest**" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "**under protest**" within 6 months shall be deemed to have waived its right to protest such payment.

43. **Authority; Multiple Parties; Execution.**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, such party represents that each individual executing this Lease on behalf of such entity ~~**represents and warrants that he or she**~~ is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "**Lessee**", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as If all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Instrument.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments**. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary

modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48. **Mediation and Arbitration of Disputes.** An Addendum requiring the Mediation and/or the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☑ is not attached to this Lease.

49. **Americans with Disabilities Act** Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's particular use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures

Executed at: Santa Barbara	Executed at: Santa Barbara
On: October 16, 2008	On: October 16, 2008
By LESSOR:	**By LESSEE:**
Frieslander Holdings, LLC and Nederlander Holdings, LLC	Transphorm Inc., a Delaware Corporation
By: /s/ Marc Winnikoff	By: /s/ Umesh K. Mishra
Name Printed: Marc Winnikoff	Name Printed: Umesh K. Mishra
Title: Managing Member	Title: CEO
By:	By: /s/ Primit Parikh P A Parikh
Name Printed:	Name Printed: Primit Parikh
Title:	Title: COO
Address:	Address:
Telephone:(__)	Telephone:(__)
Facsimile:(__)	Facsimile:(__)
Federal ID No.	Federal ID No.

BROKER:	**BROKER:**
Radius Group Commercial Real Estate	Radius Group Commercial Real Estate
Attn: Bob Tuler	Attn: Gene Deering
Title: Principal	Title: Associate
Address: 205 E. Carrillo Street, Suite 100	Address: 205 E. Carrillo Street, Suite 100
Santa Barbara, CA 93101	Santa Barbara, CA 93101
Telephone: (805) 965-5500	Telephone: (805) 965-5500
Facsimile: (805) 965-1150	Facsimile: (805) 965-1150
Email: btuler@radiusgroup.com	Email: gdeering@radiusgroup.com
Federal ID No.	Federal ID No.

These forms are often modified to meet changing requirements of law and needs of the industry. Always write or call to make sure you are utilizing the most current form: AIR COMMERCIAL REAL ESTATE ASSOCIATION, 700 South Flower Street, Suite 600, Los Angeles, CA 90017, (213) 687-8777.

RENT ADJUSTMENT(S)

STANDARD LEASE ADDENDUM

Dated: October 14, 2008

By and Between (Lessor) Frieslander Holdings, LLC and Nederlander Holdings LLC

(Lessee) Transphorm Inc., a Delaware Corporation

Address of Premises: 111 Castilian Drive, Suite B, Goleta, CA 93117

Paragraph 50

A. **RENT ADJUSTMENTS:**

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below: (Check Method(s) to be Used and Fill in Appropriately)

☐ **I. Cost of Living Adjustment(s) (COLA)**

a. On (Fill in COLA Dates): _____

the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI-W (Urban Wage Earners and Clerical Workers) or ☐ CPI-U (All Urban Consumers), for (Fill in Urban Area):

_____

All Items 1982-1984=100), herein referred to as "CPI".

b. The month rent payable in accordance with paragraph A.I.a of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A, Ia. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the ☐ first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month") : _____. The sum as calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately proceeding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other government department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternatives index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the rule of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

☐ **II. Market Rental Value Adjustment(s) (MRV)**

a. On (Fill in MRV Adjustment Date(s): _____

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☐ broker (**"Consultant"** - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

~~(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.~~

~~(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.~~

~~(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.~~

~~2) Notwithstanding the forgoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.~~

~~b. Upon the establishment of each New Market Rental Value:~~

~~1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and~~

~~2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.~~

☑ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
13th Month From "Commencement Date"	$15,953.60
25th Month From "Commencement Date"	$16,591.74
37th Month From "Commencement Date"	$17,255.41
49th Month From "Commencement Date"	$17,945.63
61st Month From "Commencement Date"	$18,663.46
73rd Month From "Commencement Date"	$19,409.99

B. **NOTICE:**
Unless specified otherwise herein, notice of any such adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. **BROKER'S FEE:**
The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease.

NOTE: These forms are often modified to meet changing requirements of law and needs of the industry. Always write or call to make sure you are utilizing the most current form: AIR COMMERCIAL REAL ESTATE ASSOCIATION, 700 S. Flower Street, Suite 600, Los Angeles, Calif. 90017

OPTION(S) TO EXTEND
STANDARD LEASE ADDENDUM

Date: October 14, 2008

By and Between (Lessor) Frieslander Holdings, LLC and Nederlander Holdings LLC

By and Between (Lessee) Transphorm Inc., a Delaware Corporation

Address of Premises: 111 Castilian Drive, Suite B, Goleta, CA 93117

Paragraph 51

A. OPTION(S) TO EXTEND:

Lessor hereby grants to Lessee the option to extend the term of this Lease for Two (2) additional Sixty (60) month period(s) commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 6 but not more than 12 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (If there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are conditions of' this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) This Option ls personal to the original Lessee and any Permitted Transferee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is In full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) Indicated below: (Check Method(s) to be Used and Fill in Appropriately)

☑ **I. Cost of Living Adjustment(s) {COLA)**

a. On (Fill in COLA Dates): On the 97th, 109th, 121st, 133rd, 157th, 169th; 181st, 193rd months Once Option to Extend has been exercised

the Base Rent shall be adjusted by the change, if any; from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select ·one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☑ CPI U (All Urban Consumers), for (Fill in Urban Area):
Los Angeles - Riverside - Orange County
All Items (1982-1984 = 100), herein referred to as "**CPI**".

b. The monthly rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease (& paragraph 51.A.II). shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): ☑ the first month of the ~~term of this Lease~~ Period during which such month occurs as set forth in paragraph 1.3 ("**Base Month**") or ☐ (Fill in Other **"Base Month"**):

The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. in the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association In accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

☑ **II. Market Rental Value Adjustment(s) (MRV)**

a. On (Fill in MRV Adjustment Date(s)) 85th and 145th months from Rent Commencement.

the Base Rent shall be adjusted lo the **"Market Rental Value"** of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☑ broker ("**Consultant**" - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to- act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties falls lo appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, ie. the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than ninety-five percent (95%) of the rent payable for the month immediately preceding the rent adjustment

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "**Base Rent**" for the purpose of calculating any further Adjustments, and
2) the first month of each Market Rental Value term shall become the new "**Base Month**" for the purpose of calculating any further

~~☐ III. Fixed Rental Adjustments (s) (FRA)~~

~~The Base Rent shall be increased to the following amounts on the dates set forth below:~~

~~On (Fill in FRA Adjustment Dates (s)):~~	~~The New Base Rent shall be:~~

B Notice:

Unless specified otherwise herein, notice of any rental adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. BROKER'S FEE:

The Brokers shall be paid a Brokerage Fee for each adjustment specified above In accordance with paragraph 15 of the Lease.

NOTE: These forms are often modified to meet changing requirements of law and needs of the Industry. Always write or call to make sure you are utilizing the most current form: AIR COMMERCIAL REAL ESTATE ASSOCIATION, 700 S. Flower Street, Suite 600, Los Angeles, Calif. 90017

ADDENDUM

Date: October 14, 2008

By and Between (Lessor) Frieslander Holdings, LLC and Nederlander Holdings LLC

(Lessee) Transphorm Inc., a Delaware Corporation

Address of Premises: 111 Castilian Drive, Suite B, Goleta, CA 93117

PARAGRAPH 52: LETTER OF CREDIT

52.1. Concurrently with the execution of this Lease, and as a condition of this Lease becoming effective, Lessee shall deliver to Lessor an irrevocable, unconditional, transferable (without cost to the. beneficiary thereof) standby letter of credit issued by a financial institution reasonably acceptable to Lessor in the initial amount of Two Hundred Seventy-Six Thousand One Hundred Twenty Dollars ($276,120), which shall name Lessor as the beneficiary thereunder (the "**Letter of Credit**"). Lessor shall hold such Letter of Credit as the "**Security Deposit**" hereunder, and Lessor shall be entitled to draw upon the Letter of Credit, from time to time during the term of this Lease, at the times and in the amounts that Tenant would be entitled, under Paragraph 5 hereof, to apply the amount of any Lessee "**Security Deposit**" by reason of the Breach by Lessee of its obligations under this Lease.

Lessor shall only draw upon the Letter of Credit following a Breach and only to the extent required to cure the Breach. If Lessor draws upon the Letter of Credit solely due to Lessee's failure to renew the Letter of Credit before its expiration (I) such failure to renew shall not constitute a default hereunder and (II) Lessee shall at any time thereafter be entitled to provide Lessor with a replacement Letter of Credit that satisfies the requirements hereunder, at which time Lessor shall return the cash proceeds of the original Letter of Credit drawn by Lessor. Lessor hereby approves, of Silicon Valley Bank as the Issuer of the Letter of Credit.

52.2 PERIODIC REDUCTIONS. Commencing on the second (2nd) annual anniversary of the Rent Commencement Date of this Lease and continuing on each subsequent annual anniversary thereof (each such date, a "**LC Reduction Date**"), Lessee may reduce the amount of the Letter of Credit by fifteen percent (15%) of the amount thereof that Lessee is required to have in effect under this, paragraph 52.2. Immediately prior to such LC Reduction Date: provided that, Lessee shall not be entitled to reduce the amount of the Letter of Credit as of any LC Reduction Date if either (a) Lessee is then in default of the obligations under this Lease and Lessor has provided notice of such default, or (b) during the period of twelve (12) months preceding such LC Reduction Date, Lessor has delivered to Lessee a written notice of default by reason, of a default by Lessee in its obligations under this Lease.

52.3 OPTION PERIODS. If Lessee timely exercises any option to renew the term of this Lease in accordance with Paragraph 51.A hereof and is not In Breach of its obligations under this Lease as of the first date of any such renewal term (or. if later, the date as of which Lessee seeks to terminate the Letter of Credit under this Paragraph 2), then Lessee shall be entitled to terminate the Letter of Credit upon written request to Lessor. Upon receiving any such written request (and provided that Lessee is not then in Breach of its obligations hereunder), Lessor shall deliver the original letter of credit to Lessor.

52.3 SALE OR ENCUMBRANCE OF PROPERTY. If, during the period that Lessee is required to have the Letter of Credit in effect hereunder, Lessor elects to (a) encumber the .Property with a deed of trust or other encumbrance securing any loan for monies advanced, then Lessor shall be entitled to deliver the Letter of Credit to Lessor's lender as additional security for such loan, or (b) sell the Property, then Lessor shall be entitled to deliver the Letter of Credit to the purchaser of the Property. In either such event, upon request of Lessor. Lessee shall cooperate with Lessor in causing the Issuing Bank to issue a replacement letter of credit in the name of Lessor's lender or purchaser, as applicable.

Exhibit A

111 Castilian Drive, Suite B, Goleta

Premises

[***]

/s/ UM

/s/ PAP

/s/ MW

Exhibit B (Page 1 of 2)

111 Castilian Drive, Suite B, Goleta

Lessor's and Lessee's Tenant Improvement Work

/s/ UM

/s/ PAP

/s/ MW

Exhibit B (Page 2 of 2)
111 Castilian Drive, Suite B, Goleta
Lessor's and Lessee's Tenant Improvement Work

1. Lessor Improvements - Area A (See page 1 of Exhibit B)
   A. The Lessor shall construct the Lessor's improvements as shown in Exhibit B (Page 1) under Lessor Improvements at Lessor's sole cost. Lessor shall pay for all architectural plans, permitting and fees for Lessor's Improvements.
   B. The Lessor will contract with Cunningham Parris Construction ("**Contractor**"), for construction of Lessor's Improvements as shown in Exhibit B (Page 1).
2. Lessee Improvement - Area B (See Page 1 of Exhibit B)
   A. The Lessee shall pay for all costs for Lessee interior improvements and equipment yard to the space as shown in Exhibit B under Lessee Improvements including all cost of construction plans, permits and fees.
   B. Prior to commencement of construction for Lessee's Improvements in Exhibit B (Page 1), the Lessee shall pay to Lessor the cost for all Lessee's improvement
   C. The Lessor will contract with Cunningham Parris Construction ("**Contractor**"), for construction of Lessee's Improvements as shown in Exhibit B (Page 1). The Lessor will facilitate the construction of the Lessee's improvements.
   D. The Lessee shall notify the Lessor in writing, when the Lessee wants the Lessor to commence "**Lessee's Improvements**"
   E. Lessor at Lessee's expense, shall contract directly with Lenvik & Minor Architects for space planning, architectural working drawings, and submission of working drawings to building departments for Lessee Improvements.
   F. The Lessee shall pay for the pro-rata share cost for the architectural plan, fees and permits for Lessee's Improvements within 5 business days after Lessor bills Lessee for said costs
   G. Lessor will contract with Cunningham Parris Construction, a licensed building contractor for construction of Lessee's improvements.
   H. Lessee shall pay to Lessor within (5) business days the costs of any change orders requested in writing by Lessee for Lessee's Improvements.
   I. Lessee shall over this area in its current "**As is**" condition.
   J. Prior to commencement of Lessee improvement Work, Lessee may elect to contract directly with a licensed contractor (which shall be approved by the Lessor) for the construction of Lessee Improvement work instead of Lessor contracting with a contractor for said work, Lessee shall notify Lessor of such election in writing within 20 business days from the execution of lease.
   K. Lessee reserves the right to modify Lessee Improvements only in Area B as indicated in Exhibit B (Page 1). Such modification shall be approved by Lessor, any such approval shall not be unreasonably withheld
3. Fab Area - Area C (See Page 1 of Exhibit B)
   A. The Lessee shall be responsible for all costs and expenses including construction, supervision, permitting, plans and fees for the Fab Area. The Lessee will contract directly with a Lessor approved contractor for all the work to be done to the Fab Area.
   B. Lessee shall take over this area in its current "**As is**" condition.
   C. Lessee shall be responsible for all improvements to the Fab Area.

/s/ UM /s/ MW

/s/ PAP

Exhibit C

111 Castilian Drive, Suite B, Goleta

Lessee's Tenant Improvement Work

Lessee at Lessee's expense, shall have the right to install the following improvements, at any time during the Term:

- Clean Room for Semiconductor Manufacturing
- Additional Offices
- Floor Drains
- Increased HVAC Capabilities including roof mounted HVAC units
- Chemical Storage on the South Side of the building (with all the necessary permits) including liquefied nitrogen and natural gas tanks
- Other improvements necessary for installing the improvements listed above
- Add any additional electrical service needed for tenants operation
- And additional required equipment for the operation of a semiconductor manufacturing facility

Prior to Lease Execution, Lessee to provide Lessor a preliminary plan of their intended improvements for Lessor consent, such consent shall not be unreasonably withheld. Lessee shall only have work done by Lessor-approved contractor. Prior to Lease execution, subject to Lessor's approval, Lessor shall reasonably approve a short list of contractors Lessee intends to use, all of which shall be licensed and bonded.

Lessor approves Lessee to use Anderson Systems as a Contractor (http://www.andersys.com). At this point Anderson Systems is the lead candidate to build the clean room.

/s/ UM

/s/ PAP

/s/ MW

Exhibit D:
Commencement Rider

Property: 111 Castilian Drive, Suite B, Goleta, CA 93117

Verification Memorandum

Re: Lease dated October 14, 2008 between and Frieslander Holdings, LLC and Nederlander Holdings, LLC (''**Lessor**"), and Transphorm Inc., a Delaware Corporation ("**Lessee**") concerning premises located at 111Castilian Drive, Suite B, Goleta, CA 93117

In accordance with the Lease, Possession shall occur on Lease Execution and the Base Rent and Common Area Operating Expenses shall commence (Rent Commencement) upon the later of completion of Lessor's Tenant Improvement Work (Exhibit B) (which shall not be delayed by Lessee's Tenant Improvement Work (Exhibits B & C) or six (6) months from Lease Execution.

Per the above language, Lessor and Lessee acknowledge the following:

Possession has hereby been accepted as of(Enter Month Day/Year):

October 16, 2008

/s/ Marc Winnikoff
/s/ Umesh K. Mishra
/s/ P A Parikh

Rent Commencement is acknowledged as being (Enter Month/Day/Year):

Expiration Date is acknowledged as being (Enter Month/Day/Year):

Lessor:	Lessee:
Frieslander Holdings, LLC and Nederlander Holdings, LLC	**Transphorm Inc., a Delaware Corporation**
By: _____	By: _____
Date: _____	Date: _____

Exhibit E:
Environmental Disclosures

Property: 111 Castilian Drive, Suite B, Goleta, CA 93117

Verification Memorandum

Re: Lease dated October 14, 2008 between and Frieslander Holdings, LLC and Nederlander Holdings, LLC (''**Lessor**"), and Transphorm Inc., a Delaware Corporation ("**Lessee**") concerning premises located at 111 Castilian Drive, Suite B, Goleta, CA 93117

Lessee acknowledges receipt of the following Items.

1) Report of Indoor Air Sampling at Commercial Site, 111 Castilian Drive, Goleta, CA dated 3/27/08

2) Phase I Environmental Site Assessment: Commercial Property: 111 Castilian Drive, Goleta, CA dated 1/4/08

3) Report of Reconnaissance Investigation at Commercial Site (Phase II), Located at 111 Castilian Drive, Goleta, CA dated 2/11 /08

Lessee:
Transphorm Inc., a Delaware Corporation

By: /s/ Umesh K. Mishra, CEO

Date: October 16, 2008
/s/ P A Parikh, COO

/s/ MW

FIRST AMENDMENT
TO
STANDARD INDUSTRIAL COMMERCIAL MULTI-TENANT LEASE - NET

THIS FIRST AMENDMENT TO STANDARD INDUSTRIAL COMMERCIAL MULT - TENANT LEASE - NET (the "Amendment"), is made and entered into, effective as of March 17, 2009 the "Effective Date"), by and between **FRIESLANDER HOLDINGS, LLC and NEDERLANDER HOLDINGS, LLC** (together, "Lessor") and **TRANSPHORM. INC. (**"Lessee"), with reference to the following facts:

RECITALS:

A. Lessor is the owner of the real property and improvements situated at 115 Castilian drive, formerly known as 111 Castilian Drive, Suite. B, Goleta, California (the "Property"), and has leased to Lessee the space indicated as Suite B at the Property (the "Premises") pursuant to that certain Standard Industrial-Commercial Multi-Tenant Lease - Net and Addendum dated August 17, 2008, by and between Lessor and Lessee (the "Lease").

B. The parties have agreed to execute this Amendment in order to modify the Lease as set forth below:

RECITALS:

NOW, THREFORE, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. AMENDMENT OF LEASE. Notwithstanding any provisions of the Lease to the contrary, the Lease is hereby modified and amends as follows:

1.1 EXPANDED EQUIPMENT YARD. Lessor and Lessee agree that the equipment yard as shown in the Lease shall be expanded to include the additional areas identified therefor on Exhibit AA, Keynote A, subject to the following terms:

(a) Subject to the provisions of subsection (g) below. Lessee shall pay for all planning and permit fees due to or required by cognizant governmental authorities that are incurred for governmental review and permitting regarding the expanded equipment yard (Exhibit AA, Keynote A),the appurtenant six foot wide walkway (Exhibit AA. Keynote B), and twenty foot wide driveway (Exhibit AA, Keynote C).

(b) If the expanded equipment yard and appurtenant improvements are approved and permitted by cognizant government authorities, then the area shown in Exhibit AA, Keynote A, shall be incorporated into and become a part of the Premises, without; any obligation on the part of Lessee to pay and additional Base Rent therefor under the Lease.

(c) If the expanded equipment yard and appurtenant improvements are approved and permitted by the cognizant governmental authorities, then Lessee shall cause all

/s/ MW /s/ P.A.Parikh

service and deliveries in the six foot wide walkway (Exhibit AA, Keynote B) and twenty foot wide driveway (Exhibit AA, Keynote C) to (i) be undertaken either before 7:00 a.m., or after 6:00 p.m., or on weekends or holidays or (ii) be coordinated with the property manager so that the other tenant of the Property has unobstructed access to their rear loading area. Any violation of the requirement set forth in the immediately preceding sentence shall be a default by Lessee under paragraph 13 of the Lease.

(d) The proposed improvements shall be designed and submitted to governmental authorities for approval by Lenvik and Minor Architects.

(e) Lessor. Lessor's agents and contractors shall exercise commercially reasonable efforts to obtain the necessary governmental approvals and permits and to construct the expanded equipment yard, appurtenant walkway and driveway described above, provided, however, Lessor shall not have any liability to Lessee for failure to obtain required permits and approvals if Lessor exercises such commercially reasonable efforts and either encounters delays in obtaining such approvals or is unable to obtain any such approvals.

(f) If the proposed improvements as depicted in Exhibit AA are approved by cognizant governmental authorities, then Lessor shall pay for the construction costs of the new twenty foot wide driveway (Exhibit AA, Keynote C) which costs (i) shall include design, submittal, project management, job supervision, paving, landscape and profit and overhead on the preceding, and (ii) shall not include (and Lessor shall not be liable for) any of the planning and permitting for the work contemplated in Keynote A and B.

(g) Lessor shall construct and Lessee agrees to reimburse Lessor for the entire cost of the new walkway and new driveway, not to exceed $50,000 including associated design and permitting fees, in equal monthly increments over the initial term of the Lease, with each monthly payment due and payable on the first day of each calendar month along with the payment of Base Rent due under the Lease. For purposes of illustrating the foregoing, if the driveway costs $50,000, then Lessee would pay to Lessor 84 equal monthly payments of $595.24 (i.e.$50,000/84 months = $595.24 per month) along with each installment of the monthly Base Rent. Lessee shall be solely responsible for paying for the improvements described in Exhibit AA, Keynotes A and B.

(h) Lessor and Lessee hereby:

(i) Acknowledge that Lessee is seeking approval from the City of Goleta for certain screening for its equipment yard at the Premises; and

(ii) Agree that if the city of Goleta does not approve the proposed design for such screening, then (A) Lessor and Lessee shall incorporate changes suggested by the City of Goleta as a condition to providing approval of the design, and (B) if the City of Goleta does not approve the redesigned screening, then Lessor and Lessee shall use the previously approved screening; and

(iii) Agree that costs of the screening shall be shared as follows:

/s/ MW /s/ P.A.Parikh

(A) Lessee shall be responsible for the payment of the first $30,000 of the costs of the screening.

(B) The costs or the screening between $30,000 and $50,000, shall be initially paid by the Lessor, but shall be reimbursed by Lessee to Lessor in equal monthly payments as additional rent due and payable monthly (at the same time when Base Rent is due under the Leaser) over the course of the initial seven-year term of the Lease.

(C) Any costs of the screening in excess of $50,000 shall be payable solely by Lessor.

(i) If the. proposed improvements as depicted in Exhibit AA hereto are not approved by cognizant governmental authorities on or before May 31, 2009, and Lessor and Lessee do not agree by such date upon an alternative to such proposed improvements, then Lessor and Lessee shall not have any further rights or obligations under this Section 1.1 and this Section 1.1 shall be null and void.

1.2 ADDITIONAL WATER METER. The parties (a) acknowledge that the Goleta Water District ("GWD") preliminary has indicated that on account of the Lessee's proposed use of the Premises, an additional water meter may be required for the Property or the Premises, and (b) agree that if such an additional water meter is required by GWD, then (i) Lessee shall pay one-half of all costs for said meter installation and any other associated costs (including but not limited to encroachment permit, trenching, new plumbing, landscape work, curb replacement), and (ii) Lessor shall advance the remaining one-half of such costs, but shall be reimbursed by Lessee in equal monthly payments as additional rent due and payable monthly (at the same lime when Base Rent is due under the Lease) over the course of the initial seven-year term of the Lease.

1.3 AMENDMENT OF SECTION 7.3(b). The last sentence of Section 7.3(b) is hereby amended and restated in its entirety to read as follows:

"Lessor and Lessee acknowledge that Lessor has consented to Lessee's undertaking the renovation to the Premises described in Exhibit C hereto, and therefore agree that the requirements of this Section 7.3(b) for obtaining Lessor's consent has been satisfied, *provided that* Lessee shall remain other than the requirements that Lessee provide Lessor a lien and completion bond or an additional Security Deposit pursuant to the immediately preceding sentence hereof with respect to such renovation described in Exhibit C (the "TI Work")."

1.4 COMPLETION OF INTERIOR TI WORK BY LESSEE.

(a) **NON-RESPONSIBILITY: ANDERSON LIEN NOTICES.** The parties acknowledge that:

(i) Lessee is undertaking certain renovation and construction work involving (A) that portion of the Tl Work that is to be completed within 120 days of the Effective

/s/ MW /s/ P.A.Parikh

Date of this Amendment in area "C"(the "Fab Area") of Exhibit B to the Lease, and (B) the work in the expanded equipment yard identified as area "A" on Exhibit. A, to this Amendment (collectively, such renovation and construction work is referred to as the "Anderson Clean Room Work"'):

(ii) On January 23, 2009, Lessor recorded in the Official Records of Santa Barbara County, California, a Notice of Non-Responsibility as Instrument No. 2009-0003457, a copy of which has been provided to Lessee,

(iii) Lessor is not participating in and shall not have any liability to third parties for any portion of the cost of the Anderson Clean Room Work; and

(iv) Notwithstanding the circumstances described in the foregoing Sections 1.4(a)(ii), and (iii) hereof, Anderson Plumbing, a California corporation doing business as "Anderson Systems" ("Anderson"), has delivered to Lessor with respect to the Property a preliminary lien notice concerning certain goods and services that Lessee has engaged such vendor to provide to Lessee with respect to such Anderson Clean Room Work (such preliminary lien notice, the "Anderson Lien Notice").

(b) **REMOVAL OF LIENS**. Lessee covenants and agrees (i) to preclude any mechanic's or materialmen's liens from being recorded as exceptions to title to the Property in connection with the construction of the Anderson Clean Room Work, and (ii) that if any other contractor records a mechanic's or materialmen's lien as an exception to title to Lessor's Property in connection with the construction of the Anderson Clean Room Work, then Lessee shall cause such lien to be terminated and removed within five (5) business days of Lessee's being advised or discovering the existence of such lien.

(c) **COST OF REMAINING WORK**. Lessee hereby (i) represents and warrants to Lessor that (A) the unpaid cost of the work that has been completed as of the date Lessee funds the Pledge Account and the additional work that is to be completed as part of the Anderson Clean Room Work is not reasonably anticipated to exceed One Million Seven Hundred Fifty Thousand Dollars ($1,750,000), and (B) Lessee has obtained from Silicon Valley Bank and Leader Ventures (collectively, "Lender") a credit facility to fund payment of the costs of Anderson Clean Room Work (the "Credit Facility") and (ii) covenants and agrees to pay all costs of the Anderson Clean Room Work prior to delinquency.

(d) **PLEDGE OF ADDITIONAL FUNDS.**

(i) **PLEDGE**. Within ten (10) calendar days following the execution of this Amendment, Lessee shall (A) deposit into an account with Lessee's principal banking institution (the "Pledged Account") the sum of One Million Seven Hundred Fifty Thousand Dollars ($1,750,000) (the "Pledged Funds"), (B) execute and deliver to Lessor a written pledge agreement, in form reasonably acceptable to Lessor and Lessee, sufficient to grant to Lessor a first-priority perfected lien in the Pledged Account, to secure Lessee's obligations to pay the costs of the Anderson Clean Room Work as set forth hereunder an in the Lease, and (C) take such

/s/ MW /s/ P.A.Parikh

other actions, and cause Lender to take such other actions, as may be necessary to perfect the lien granted in the Pledged Account.

(ii) **RELEASE OF PLEDGED FUNDS.** Provided that Lessee is not then in default of its obligations to pay the costs of the Anderson Clean Room Work as set forth herein and in the Lease, Lessor agrees:

(A) To consent to the release of the Pledged Funds from the Pledged Account from time to time as and to the extent that Lessee presents to Lessor copies of (i) invoices for payment of the costs of the Anderson Clean Room Work, (ii) preliminary lien releases for the work for which such invoices are presented, (iii) a certificate of an architect or engineer involved in and familiar with the project, confirming that the work described on such invoices has been performed, and (iv) either (x) evidence that Lessee has paid such costs from the Credit Facility or other funds of Lessee, or (y) a request that such costs be paid from this Pledged Account.

(B) That upon completion of all work for the Interior TI Improvements and presentation of evidence that the costs thereof have been paid in full. Lessor shall consent to the release of the remaining Pledged Funds then held in the Pledged Account.

2. MISCELLANIOUS. Except as modified by Section 1. above, the Lease is hereby ratified and confirmed and remains in full force and effect. In the event of any conflict between the terms of this amendment and the terms of the Lease, the terms of this Amendment shall prevail. This Amendment may be executed in counterparts, each of which shall be deemed an original and both of which, taken together, shall be one and the same instrument, binding on each signatory. A copy of this Amendment that is executed by a party and transmitted by that party to the other party by facsimile or email shall be binding upon the signatory to the same extent as a copy hereof containing the signatory's original signature.

/s/ MW

/s/ P.A.Parikh

IN WITNESS WHEREOF, the undersigned have executed this Amendment, effective as of the Effective Date.

"LESSEE:"

TRANSPHORM, INC., a Delaware Corporation

By /s/ Primit Parikh
Primit Parikh, Chief Operating Officer

3/17/2009
Date

"LESSOR:"

FRIESLANDER HOLDINGS, LLC

By /s/ Marc Winnikoff 3/17/2009
Marc Winnikoff, Manager Date

NEDERRLANDER HOLDINGS, LLC

By /s/ Marc Winnikoff 3/17/2009
Marc Winnikoff, Manager Date

EXHIBITS.

Exhibit AA

EXHIBIT AA

TO

FIRST AMENDMENT TO LEASE

SECOND AMENDMENT

TO

ST ANDARD INDUSTRIAUCOMMERCIAL MULTI-TENANT LEASE - NET

THIS SECOND AMENDMENT TO STANDARD INDUSTRIAL/COMMERCIAL MULT - TENANT LEASE - NET (the "Amendment"), is made and entered into, effective as of August 1, 2011 (the "Effective Date"), by and among FRIESLANDER HOLDINGS, LLC and NEDERLANDER HOLDINGS, LLC (together, "Lessor"), and TRANSPHORM, INC. ("Lessee"), with reference to the following facts:

RECITALS:

A. Lessor is the owner of the real property and improvements situated at 115 Castilian Drive, formerly known as 111 Castilian Drive, Suite B, Goleta, California (the "Property"), and has leased to Lessee the space indicated as Suite Bat the Property (the "Premises") pursuant to that certain Standard Industrial/Commercial Multi-Tenant Lease- Net and Addendum dated October 14, 2008, by and between Lessor and Lessee (the "Original Lease"), as amended by that certain First Amendment thereto dated effective as of March 17, 2009 (the "First Amendment" and, together with the Original Lease, the "Lease").

B. Lessor and Lessee have agreed to execute this Amendment in order to memorialize the terms and conditions on which they shall amend the Lease to permit Tenant to expand its equipment yard at the Premises in accordance with the plans attached hereto as **EXHIBIT A**.

RECITALS:

NOW, THREFORE, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. AMENDMENT OF LEASE. Notwithstanding any provisions of the Lease to the contrary, the Lease is hereby modified and amended as follows:

1.1 EXPANDED EQUIPMENT YARD AND APPURTENANT IMPROVEMENTS.

(a) EXPANDED EQUIPMENT YARD. Lessor and Lessee agree that the equipment yard as shown in the Lease shall be expanded to include the additional areas identified therefor on EXHIBIT A as the "Expanded Equipment Yard" (such area, the "Expanded Equipment Yard"). Lessee shall obtain all permits required under applicable law for the work to be performed in the Expanded Equipment Yard, and shall pay for all planning and permit fees due to or required by cognizant governmental authorities that are incurred for governmental review and permitting with respect to the Expanded Equipment Yard and all improvements constructed thereon.

(b) APPURTENANT IMPROVEMENTS. Lessor and Lessee agree that the driveway, drainage, landscaping and any other improvements (the "Appurtenant Improvements") appurtenant to the existing equipment yard at the Premises (the "Existing Equipment Yard") shall

be reconstructed and installed adjacent to Expanded Equipment Yard by Lessee as indicated on EXHIBIT A. Lessee shall obtain all permits required under applicable law for the work to be performed with respect to such Appurtenant Improvements and shall pay for alt planning and permit fees due to or required by cognizant governmental authorities that are incurred for governmental review and permitting with respect to the Appurtenant Improvements and all improvements constructed thereon.

1.2 COMPLETION OF WORK BY LESSEE.

(a) ALTERATIONS. Lessor has approved of Lessee's plans for construction of Alterations in the Expanded Equipment Yard. All such Alterations shall be undertaken in compliance with Section 7.3 of the Original Lease (regarding obtaining governmental permits, plans, *etc.).* Lessee shall not be required to restore any of the foregoing at the end of the Term or obtain bonds or post additional security in connection with such work.

(b) NON-RESPONSIBILITY. The parties acknowledge that:

(i) Lessee intends to undertake certain renovation and construction work in the Expanded Equipment Yard (collectively, such renovation and construction work is referred to as the "Equipment Yard Work");

(ii) Lessor may record in the Official Records of Santa Barbara County, California, a Notice of Non-Responsibility to confirm, of record, that Landlord shall have no financial responsibility for costs incurred in connection with such Equipment Yard Work; and

(iii) Lessor is not participating in and shall not have any liability to third parties for, and Lessee shall indemnify, defend, and hold Lessor free and harmless from and against any claims for, any of the cost of the Equipment Yard Work.

(c) REMOYAL OF LIENS. Lessee covenants and agrees (i) to preclude any mechanic's or materialmen's liens from being recorded as exceptions to title to the Property in connection with the construction of the Equipment Yard Work, and (ii) that if any other contractor records a mechanic's or materialmen's lien as an exception to title to Lessor's Property in connection with the construction of the Equipment Yard Work, then Lessee shall cause such lien to be terminated and removed within five (5) business days of .Lessee's being advised or discovering the existence of such lien.

1.3 TERM OF LEASE. The parties agree that:

(a) The Expanded Equipment Yard shall be deemed to be a portion of the "Premises" under the Lease; and

(b) The remainder of the term of the Lease with respect to such Premises, including the 60-month extended term contemplated by the Paragraph 51 of the Original Lease, shall apply to Lessee's lease of the Expanded Equipment Yard hereunder.

1.4 ADDITIONAL RENT. In consideration of Lessor's covenants under this Section l with respect to the Expanded Equipment Yard, the amount of monthly Base Rent payable by Lessee under Section J .5 of the Original Lease (as heretofore increased pursuant to Paragraph 50 of the Original Lease) shall be increased by the sum of Two Thousand Dollars ($2,000) effective as of August l, 2011. Such Based Rent, as so increased, shall be subject to further adjustment at the times and in the manner contemplated by Paragraph 50 of the Lease.

2. MISCELLANEOUS. Except as modified by Section 1, above, the Lease is hereby ratified and confirmed and remains in full force and effect. In the event of any conflict between the terms of this Amendment and the terms of the Lease, the terms of this Amendment shall prevail. This Amendment may be executed in counterparts, each of which shall be deemed an original and both of which, taken together, shall be one and the same instrument, binding on each signatory. A copy of this Amendment that is executed by a party and transmitted by that party to the other party by facsimile or email shall be binding upon the signatory to the same extent as a copy here of containing the signatory's original signature.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Second Amendment, effective as of the Effective Date.

"LESSEE:"

TRANSPRORM, INC., a Delaware Corporation

By /s/ Primit Parikh
Primit Parik, President & COO

9/19/11
Date

"LESSOR:"

FRIESLANDER HOLDINGS, LLC

By: /s/ Marc Winnikoff 9/22/11
Marc Winnikoff, Manager Date

NEDERLANDER HOLDINGS, LLC

By /s/ Marc Winnikoff 9/22/11
Marc Winnikoff, Manager Date

EXHIBITS:

Exhibit A

Third AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of November 24, 2015, by and between Frieslander Holdings, LLC and Nederlander Holdings, LLC ("Lessor") and Transphorm Inc., a Delaware Corporation ("Lessee").

WHEREAS, on or about October 14, 2008 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as: 111 Castilian Drive, Suite B, Goleta, CA (the "Premises"), and

WHEREAS, Lessor and Lessee ☑ have ☐ have not previously amended said Lease **(First Amendment dated March 17, 2009 and Second Amendment dated August 1, 2011)**, and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of ZERO ~~TEN~~ DOLLARS and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree to make the following additions and modifications to the Lease:

Paragraph 1.3. Term. The Lease expiration date shall be extended to June 30, 2021.

Paragraph 1.5. Base Rent. Commencing July 1, 2016 the Base monthly rent outlined in Paragraph 1.5 shall be $19,262 per month (11,800 square feet x $1.45 per square foot plus $2,152 for the yard area (approx. $0.35/SF)).

Paragraph 50. Rent Adjustments. Paragraph 50 is hereby deleted and replaced with the attached Paragraph 53.

Paragraph 51. Options to Extend. Paragraph 51 is hereby deleted and replaced with the attached Paragraph 54.

Paragraph 52. Letter of Credit. Paragraph 52 is hereby deleted and any remaining Letter of Credit held by the Lessor shall be removed subject to the Lessee providing financial statements for Lessor's sole approval, including (a) current Balance Sheet and (b) 2013 and 2014 P&Ls. Lessee also to provide Lessor the Lessee's current ownership breakdown and current articles of incorporation for Lessor's sole approval.

New Paragraph 56. Brokerage. Lessor and Lessee hereby acknowledge that Radius Group (Gene Deering) represents the Lessee and Radius Group (Bob Tuler) represents the Lessor (Radius Group is a dual agent). Upon the full execution of this Amendment the Lessor shall pay a brokerage fee equal to three percent of the minimum Base Rent payable by Lessee from 7/10/2016 through 6/30/2021. Said brokerage fee shall be split 50/50 between Lessee's agent and Lessor's agent.

New Paragraph 57. Third Amendment Only Binding Upon Execution and Delivery. Preparation of this Third Amendment to Lease by either party or their agent and submission of same to the other Party shall not be deemed a binding document until such time that document is fully executed and delivered by all Parties hereto.

~~☐ TERM: The Expiration Date is hereby ☐ advanced ☐ extended to~~

~~☐ AGREED USE: The Agreed Use is hereby modified to:~~

~~☐ BASE RENT ADJUSTMENT: Monthly Base Rent shall be as follows:~~

~~☐ OTHER:~~

The Agreement shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Agreement and any uncertainty and ambiguity shall not be interpreted against any one party.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

By Lessor:	**By Lessee:** /s/ P. A. Parikh
Frieslander Holdings, LLC and Nederlander Holdings, LLC	Transphorm Inc., a Delaware Corporation
By: /s/ Marc Winnikoff	**By:** /s/ P. A. Parikh (Primit Parikh).
Name Printed: Marc Winnikoff	Name Printed: Primit Parikh
Title: Managing Member	Title: Co-Founder and COO
By:	**By:**
Name Printed:	Name Printed:
Title:	Title:

RENT ADJUSTMENT(S)
STANDARD LEASE ADDENDUM

Dated November 24, 2015

By and Between (Lessor) Frieslander Holdings, LLC and Nederlander Holdings, LLC

(Lessee) Transphorm Inc., a Delaware Corporation

Address of Premises: 111 Castilian Drive, Suite B, Goleta, CA

Paragraph 53

A. RENT ADJUSTMENTS:

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below:

(Check Method(s) to be Used and Fill in Appropriately)

~~☐ **I. Cost of Living Adjustment(s) (COLA)**~~

~~a. On (Fill in COLA Dates):~~

~~the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S Department of Labor for (selected one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers) for (Fill in Urban Area):~~

~~. All items~~

~~(1982 - 1984 = 100), herein referred to as "CPI".~~

~~b. The monthly rent payable in accordance with paragraph A.1.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.1.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the ☐ first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month").~~

~~. The sum~~

~~so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.~~

~~c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the mater shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.~~

☐ **II. Market Rental Value Adjustment(s) (MRV)**

a. On (Fill in MRV Adjustment Date(s)):

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☐ broker (**"Consultant"** - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and

2) the first month of each Market Rental Value term shall become the new 'Base Month' for the purpose of calculating any further Adjustments.

☑ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
July 1, 2017	$19,840.00
July 1, 2018	$20,435.00
July 1, 2019	$21,048.00
July 1, 2020	$21,680.00

B. **NOTICE**:
Unless specified otherwise herein, notice of any such adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. **BROKER'S FEE:**
The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.

OPTION(S) TO EXTEND
STANDARD LEASE ADDENDUM

Dated November 24, 2015

By and Between (Lessor) Frieslander Holdings, LLC and Nederlander Holdings, LLC

By and Between (Lessee) Transphorm Inc., a Delaware Corporation

Address of Premises: 111 Castilian Drive, Suite B Goleta, CA

Paragraph 54

A. OPTION(S) TO EXTEND:

Lessor hereby grants to Lessee the option to extend the term of this Lease for two (2) additional thirty-six (36) month period(s) commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 6 but not more than 12 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are conditions of this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply

(iv) This Option is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below:
(Check Method(s) to be Used and Fill in Appropriately)

☐ **I. Cost of Living Adjustment(s) (COLA)**

a. On (Fill in COLA Dates:)

the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers), for (Fill in Urban Area):

All items (1982-1984 = 100), herein referred to as "CPI".

b. The monthly rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior (select one): ☐ the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month" or ☐

Fill in Other "Base Month").

The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

☑ **II. Market Rental Value Adjustment(s) (MRV)**

a. On (Fill in MVR Adjustment Date(s)) July 1, 2021 and July 1, 2024

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) ~~**Four**~~ **Six** months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MVR will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☑ broker ("**Consultant**" - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and
2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

☑ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
July 1, 2021	MRV Adjustment as per Paragraph 54.A.II above
July 1, 2022	3% increase from July 2021 Base Rent
July 1, 2023	3% increase from July 2022 Base Rent
July 1, 2024	MRV Adjustment as per Paragraph 54.A.II above
July 1, 2025	3% increase from July 2024 Base Rent
July 1, 2026	3% increase from July 2025 Base Rent

B. **NOTICE**:

Unless Specified otherwise herein, notice of any such adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. **BROKER'S FEE:**

The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	TRANSPHORM, INC., a Delaware corporation
Number of Shares:	36,471 (Subject to Section 1.7)
Class of Stock:	Series C Preferred (Subject to Section 1.7)
Warrant Price:	$ 2.879 per share (Subject to Section 1.7)
Issue Date:	November 3, 2010
Expiration Date:	The 10th anniversary after the Issue Date
Credit Facility:	This Warrant is issued in connection with the Facility B Equipment Advances referenced in the Loan and Security Agreement between Company and Silicon Valley Bank dated as January 25,2008 as amended by the certain First Amendment to Loan and Security Agreement dated as of October 1, 2008, that certain Second Amendment to Loan and Security Agreement dated as of April 15, 2009 and that certain Third Amendment to Loan and Security Agreement dated as of November 3, 2010.

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SILICON VALLEY BANK (Silicon Valley Bank, together with any registered holder from time to time of this Warrant or any holder of the shares issuable or issued upon exercise of this Warrant, "Holder") is entitled to purchase lhe number of fully paid and nonassessable shares of the class of securities (the "Shares") of the Company at the Warrant Price, all as sel forth above and as adjusted pursuant to Article 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

ARTICLE1. EXERCISE.

1.1 Method of Exercise. Holder may exercise this Warrant by delivering a duly executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Article 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Article 1.1, Holder may from time to time convert !his Warran!, in whole or in part, into a number of Shares detenmined by dividing (a) the aggregate fair market value of the Shares or other securities otherwise issuable upon exercise of this Warrant minus the aggregate Warrant Price of such Shares by (b) the fair market value of one Share. The fair market value of the Shares shall be determined pursuant to Article 1.3.

1.3 Fair Market Value. If the Company's common stock is traded in a public market and the Shares are common stock, the fair market value of each Share shall be the closing

price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where lhe Warrant is exercised immediately prior lo the effectiveness of the Company's initial public offering, the "price to public" per share price specified ln the final prospectus relating to such offering). If the Company's common stock is traded in a public market and the Shares are preferred stock, the fair market value of a Share shall be the closing price of a share of the Company's common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or, in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering, the initial "price to public' per share price specified in the final prospectus relating to such offering), in both cases, multiplied by the number of shares of the Company's common stock into which a Share is convertible. If the Company's common stock is not traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing the Shares not so acquired.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the Joss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition of Company.

1.6.1 "Acquisition". For the purpose of this Warrant, "Acquisition" means any sale, license, or other disposition of all or substantially all of the assets of the Company, or any reorganization, consolidation, or merger of the Company where Holders of the Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction.

1.6.2 Treatment of Warrant at Acquisition.

A) Upon the written request of lhe Company, Holder agrees that, in the event of an Acquisition that is not an asset sale and in which the sole consideration is cash, either (a) Holder shall exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such Acquisition or (b) if Holder elects not to exercise the Warrant, this Warrant will expire upon the consummation of such Acquisition. The Company shall provide Holder with written notice of its request relating to the foregoing (together with such reasonable information as Holder may request in connection with such contemplated Acquisition giving rise to such notice), which is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

B) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition that is an "arms length" sale of all or substantially all of the Company's assets (and only its assets) to a third party that is not an Affiliate (as defined below) of the Company (a "True Asset Sale"), either (a) Holder shall exercise Its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such True Asset Sale or (b) if Holder elects not to exercise lhe Warrant, this Warrant will continue until lhe Expiration Date if the Company continues as a going concern following the closing of any such True Asset Sale. The Company shall provide Holder with written notice of its request relating lo the foregoing (together

with such reasonable information as Holder may request in connection with such contemplated Acquisition giving rise to such notice), which is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

C) Upon the written request of the Company, Holder agrees that, in the event of a stock for stock Acquisition of the Company by a publicly traded acquirer If, on the record date for the Acquisition, the fair market value of the Shares (or other securities issuable upon exercise of this Warrant) is equal lo or greater than four (4) times the Warrant Price, Company may require the Warrant to be deemed automatically exercised and the Holder shall participate in the Acquisition as a holder of the Shares (or other securities issuable upon exercise of the Warrant) on the same terms as other holders of the same class of securities of the Company.

D) Upon the closing of any Acquisition other than those particularly described in subsections (A), (B) and (C) above, the successor entity shall assume the obligations of this warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing. The Warrant Price and/or number of Shares shall be adjusted accordingly.

As used herein "Affiliate" shall mean any person or entity that owns or controls directly or indirectly ten (10) percent or more of the stock of Company, any person or entity that controls or is controlled by or is under common control with such persons or entities, and each of such person's or entity's officers, directors, joint venturers or partners, as applicable.

1.7 Adjustment in Underlying Preferred Stock Price and Exercise Price. If the company sells and issues to investors preferred stock in the Next Equity Financing (as defined below). at Bank's sole option, this Warrant may, concurrent with the closing of the Next Equity Financing, be adjusted to instead be exercisable for shares of the same series and class and bearing the same rights, preferences, and privileges of such shares of stock, with the Warrant Price hereunder adjusted to equal the per share purchase price of such stock issued in the Next Equity Financing and the number of such shares subject to this Warrant adjusted to equal One Hundred Five Thousand Dollars ($105,000) divided by such modified per share Warrant Price. For purposes of this Warrant, "Next Equity Financing" means the next bona fide sale (or series of related sales) to investors by the Company of its preferred stock following the Issue Date resulting in aggregate cash proceeds to the Company of not less than $1,000,000.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on the Shares payable in common stock, or other securities, then upon exercise of this Warrant, tor each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the Shares by reclassification or otherwise into a greater number of shares or takes any other action which increase the amount of stock into which the Shares are convertible, the number of shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities

and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event. Such an event shall include any automatic conversion of the outstanding or issuable securities of the Company of the same class or series as the Shares to common stock pursuant to the terms of lhe Company's Certificate of Incorporation upon the closing of a registered public offering of the Company's common stock. The Company or its successor shall promptly issue to Holder an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, substitution or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Article 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events.

2.3 Adjustments for Diluting Issuances. The Warrant Price and the number of Shares issuable upon exercise of this Warrant or, if the Shares are preferred stock, the number of shares of common stock issuable upon conversion of the Shares, shall be subject to adjustment, from time to time in the manner set forth in the Company's Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Company's Certificate of Incorporation relating to the above in effect as of the Issue Date may not be amended, modified or waived, without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other shares of the same series and class as the Shares granted to Holder.

2.4 No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution. issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment.

2.5 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant. the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Warrant Price, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer or other duly authorized officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price in effect upon lhe date thereof and the series of adjustments leading to such Warrant Price.

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to Holder as of the date hereof as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than (i) the price per share at which the Shares were last issued in an arms-length transaction in which at least $500,000 of the Shares were sold and (ii) the fair market value of the Shares as of the date of this Warrant.

(b) All Shares which may be Issued upon the exercise of the purchase right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon any of its stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for sale any shares of the Company's capital stock to holders of its Series B Preferred Stock (or other securities convertible into such capital stock), other than (i) pursuant to the Company's stock option or other compensatory plans, (ii) in connection with commercial credit arrangements or equipment financings, or (iii) in connection with strategic transactions for purposes other than capital raising; (c) to effect any reclassification or recapitalization of any of its stock; or (d) offer holders of registration rights the opportunity to participate in an underwritten public offering of the Company's securities for cash, then, in connection with each such event, the Company shall give Holder: (1) at least 10 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which Holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; (2) in the case of the matters referred to in (c) above at least 10 days prior written notice of the date when the same will take place (and specifying the date on which Holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (d) above, the same notice as is given to Holders of such registration rights. Company will also provide information requested by Holder reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

3.3 Registration Under Securities Act of 1933. as amended. The Company agrees that the Shares or, if the Shares are convertible into common stock of the Company, such common stock, shall have the rights and obligations set forth in Section 2.2, Sections 2.4 through 2.11, Section 2.13 and Section 5 (the "Holder Sections") of the Company's Second Amended and Restated Investors' Rights Agreement dated as of April 26, 2010, as may be amended from time to lime (the "Rights Agreement") and shall be considered a "Holder" for purposes of the Holder Sections only. The Holder Sections may not be amended, modified or waived without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification, or waiver affects the rights associated with all other shares of the same series and class as the Shares granted to Holder.

3.4 No Shareholder Rights. Except as provided in this Warrant, Holder will not have any rights as a shareholder of the Company until the exercise of this Warrant.

ARTICLE 4. REPRESENTATIONS. WARRANTIES OF HOLDER. Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder will be acquired for investment for Holder's account,

not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder has received or has had full access to all the information ii considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

ARTICLE 5. MISCELLANEOUS.

5.1 This Warrant is exercisable in whole or in part at any time and from time to time on or before the Expiration Date.

5.2 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATJON IS EXEMPT FROM REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitaUon, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Silicon Valley Bank ("Bank") to provide an opinion of counsel if the transfer is to Bank's parent company, SVB Financial Group (formerly Silicon Valley Bancshares), or any other affiliate (as "affiliate" is defined under the Act) of Bank. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of current information as referenced in Rule 144(c), Holder represents that it has complied with Rule 144(d) and (e) in reasonable detail, the selling broker represents that it has complied with Rule 144(f), and the Company is provided with a copy of Holder's notice of proposed sale.

5.4 Transfer Procedure. After receipt by Bank of the executed Warrant, Bank will transfer all of this Warrant to SVB Financial Group by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Article 5.3 and upon providing the Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, SVB Financial Group or any subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant or the Shares to any person or entity who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded.

5.5 Notices. All notices and other communications from the Company to Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, at such address as may have been furnished to the Company or Holder, as the case may (or on the first business day after transmission by facsimile) be, in writing by the Company or such Holder from time to time. Effective upon receipt of the fully executed Warrant and the initial transfer described in Article 5.4 above, all notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HA 200
Santa Clara, CA 95054
Telephone: 408-654-7400

Facsimile: 408-496-2405

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

TRANSPHORM, INC.
115 Castilian Drive
Goleta, CA 93117
Attn: Primit Parikh
Telephone: (805)-456-1300
Facsimile: (805) 967-5793

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be converted pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares (or such other securities) issued upon such conversion to Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

[Signature page follows.]

"COMPANY"

Date: November 03, 2010

TRANSPHORM, INC.

By: /s/ Umesh Mishra

Name: Umesh Mishra, Chairman & CEO
(Print)

Title: Chairman of the Board, President or Vice President

By: /s/ Primit Parikh

Name: Primit Parikh, President & COO
(Print)

Title: Chief Financial Officer, Secretary, Assistant Treasurer or Assistant Secretary

"HOLDER"

SILICON VALLEY BANK

By: /s/ Jack Garza

Name: Jack Garza
(Print)

Title: Relationship Manager

SCHEDULE 1

CAPITALIZATION TABLE

[See attached.]

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase _____ shares of the Common/Series ____ Preferred [strike one] Stock of TRANSPHORM, INC. pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant inlo Shares/cash [strike one] in the manner specified in the Warrant. This conversion is exercised for _____ of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____

Holders Name

_____

_____

(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 of the Warrant as the date hereof.

HOLDER:

_____

By: _____
Name: _____
Title: _____
(Date): _____

APPENDIX 2

ASSIGNMENT

For value received, Silicon Valley Bank hereby sells, assigns and transfers unto

Name: SVB Financial Group
Address: 3003 Tasman Drive (HA-200)
Santa Clara, CA 95054

Tax ID: [***]

that certain Warrant to Purchase Stock issued by TRANSPHORM, INC. (the "Company'), on

November__, 2010 (the 'Warrant") together with all rights, title and interest therein.

SILICON VALLEY BANK

By: _____
Name: _____
Title: _____

Date: _____

By its execution below, and for the benefit of the Company, SVB Financial Group makes each of the representations and warranties set forth in Article 4 of the Warrant and agrees to all other provisions of the Warrant as of the date hereof.

SVB FINANCIAL GROUP

By: _____
Name: _____
Title: _____

Transphorm Inc. 115 Castilian Drive, Goleta, CA 93117 805-456-1300

May 21, 2015

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HA 200
Santa Clara, CA 95054

Re: Warrant to Purchase Stock, by and between Transphorm, Inc. and Silicon Valley Bank, dated January 25, 2008, as amended (the "Jan. 2008 Warrant"), Warrant to Purchase Stock, by and between Transphorm, Inc. and Silicon Valley Bank, dated October 3, 2008 (the "Oct. 2008 Warrant"), Warrant to Purchase Stock, by and between Transphorm, Inc. and Silicon Valley Bank, dated April 15, 2009 (the "2009 Warrant"), and Warrant to Purchase Stock, by and between Transphorm, Inc. and Silicon Valley Bank, dated November 3, 2010 (the "2010 Warrant"), (collectively, the "Warrants")

Dear Silicon Valley Bank:

We are pleased to announce that Transphorm, Inc. ("**Transphorm**") is entering into a stock purchase agreement with Kohlberg Kravis Roberts & Co., L.P. and/or certain affiliates thereof (collectively, "**KKR**"), pursuant to which KKR will purchase, in one or more closings, preferred stock of Transphorm (the "**Transaction**").

This letter is being delivered to Silicon Valley Bank ("**SVB**") to officially notify SVB of the Transaction and to obtain an amendment to the Warrants. In connection with the Transaction, the preferred stock issuable upon the exercise of the Warrants will no longer exist. As such, this letter seeks to amend the Warrants so that immediately following the Transaction, the Warrant will be exercisable for shares of the Transphorm's common stock, par value $0.001 per share ("**Common Stock**").

By signing below, SVB hereby consents, effective upon the closing of the Transaction, that: (i) where the Jan. 2008 Warrant currently references "Class of Stock: Series A Preferred" on the first page, it shall hereby be replaced with "Class of Stock: Common Stock", (ii) where the Oct. 2008 Warrant currently references "Class of Stock: Series A Preferred" on the first page, it shall hereby be replaced with "Class of Stock: Common Stock", (iii) where the 2009 Warrant currently references "Class of Stock: Series B Preferred" on the first page, it shall hereby be replaced with "Class of Stock: Common Stock", and (iv) where the 2010 Warrant currently reference "Class of Stock: Series C Preferred" on the first page, it shall hereby be replaced with "Class of Stock: Common Stock". For purposes of clarity, all references to "Shares" in the Warrants will immediately following the Transaction refer to the Common Stock of Transphorm.

Additionally SVB hereby waives its rights under Section 1.7 of the 2009 Warrant and the 2010 Warrant in connection with the Transaction. SVB hereby waives any notice provisions in the Warrants not complied with hereunder in connection with the Transaction. Except as expressly modified by the terms of this consent, the Warrants shall remain in full force and effect in accordance with its terms.

Please indicate SVB's consent and acknowledgement by signing two copies of this letter, returning one copy by email to Killian Nolan at knolan@wsgr.com, with the original signed copy to follow by mail by May 26, 2015 to Wilson Sonsini Goodrich & Rosati, Attn: Killian Nolan, 650 Page Mill Road, Palo Alto, CA 94304. Please keep the other signed copy for your records. If the initial closing of the Transaction is not completed, this consent and acknowledgement will be of no force and effect.

We are extremely excited about the contemplated Transaction and the opportunity to continue our relationship with you following completion of the Transaction. Should you have any questions regarding this request, please contact me at (805) 456-1300 x140 or scott.gibson@transphormusa.com. We look forward to your consent, and thank you for your cooperation in this matter.

Very truly yours,

/s/ Scott Gibson

Transphorm, Inc.
Name: Scott Gibson
Title: Chief Financial Officer

On behalf of SVB, I have read the foregoing, understand it and, by signing below, acknowledge and agree to the foregoing consent, affirmation and waiver.

SILICON VALLEY BANK

By: /s/ Scott Newman

Name: Scott Newman

Title: Portfolio and Funding Manager

Dated: 5/21/2015

February 4, 2020

SVB Financial Group
Attn: Warrants
80 E Rio Salado Pkwy, Ste 600
Tempe, AZ 85281

Re: Warrant to Purchase Stock, dated as of November 3, 2010, as amended by that certain letter amendment, dated as of May 21, 2015, by and between Transphorm, Inc. and SVB Financial Group (as successor-in-interest to Silicon Valley Bank) (the "Warrant")

Dear SVB Financial Group:

We are pleased to announce that Transphorm, Inc., a Delaware corporation ("**Transphorm**"), intends to enter into an Agreement and Plan of Merger and Reorganization, by and among Transphorm, Peninsula Acquisition Corporation ("**Parent**") and Peninsula Acquisition Sub, Inc. ("**Merger Sub**", and such agreement, the "**Merger Agreement**"), pursuant to which Merger Sub will merge with and into Transphorm, with Transphorm continuing as the surviving corporation and a wholly-owned subsidiary of Parent (the "**Merger**"), whereby the stockholders of Transphorm will receive shares of common stock of Parent ("**Parent Common Stock**") in exchange for their capital stock of Transphorm. In connection with the Merger, Transphorm will change its name to "Transphorm Technology, Inc" and Parent will change its name to "Transphorm, Inc."

The Warrant currently provides that, until November 3, 2020, SVB Financial Group ("**SVB**") is entitled to purchase 36,471 shares of common stock of Transphorm ("**Transphorm Common Stock**"), at an exercise price of $2.879 per share.

This letter is being delivered to SVB to officially notify SVB of the Merger and to advise SVB that (i) in connection with the Merger, the Warrant will be assumed by Parent, amended as set forth below and converted into a warrant (the "**Amended Warrant**") to purchase a number of shares of Parent Common Stock equal to the number of shares of Transphorm Common Stock subject to the Warrant immediately prior to the Merger (i.e., 36,471 shares), multiplied by the conversion ratio applicable to shares of Transphorm Common Stock as specified in the Merger Agreement (with the resulting number rounded down to the nearest whole share), and (ii) the per share exercise price of the Amended Warrant will be equal to the per share exercise price of the Warrant immediately prior to the Merger (i.e., $2.879), divided by the conversion ratio applicable to shares of Transphorm Common Stock as specified in the Merger Agreement (with the resulting exercise price rounded up to the nearest whole cent).

By signing below, SVB hereby acknowledges and agrees, contingent and effective upon the consummation of the Merger, that, notwithstanding anything contrary in the Warrant, the Warrant shall be exercisable for 3,023 shares of Parent Common Stock and the Warrant shall be amended as follows:

1. Where the Warrant currently references "Number of Shares: 36,471 (Subject to Section 1.7)" in the preamble on the first page of the Warrant, it shall hereby be replaced with:

   "Number of Shares: 3,023"

2. Where the Warrant currently references “Warrant Price: $2.879 per share” in the preamble on the first page, of the Warrant it shall hereby be replaced with:

   “Warrant Price: $34.74 per share”

3. All references to “Shares” in the Warrant will, immediately following the Merger, mean shares of Parent Common Stock.

4. Section 1.3 is hereby amended such that the following language is deleted in the two instances in which it appears in Section 1.3: “(or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company’s initial public offering, the “price to public” per share price specified in the final prospectus relating to such offering)”.

5. Section 1.4 is hereby amended in its entirety to read as follows: “Promptly after Holder exercises or converts this Warrant, and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall deliver to Holder certificates for the Shares acquired (or shall issue book entry security entitlements in respect thereof) and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing the Shares not so acquired.”

6. Section 1.7 of the Warrant is hereby deleted in its entirety.

7. The second sentence of Section 2.2 is hereby deleted in its entirety.

8. Section 2.3 is hereby deleted in its entirety.

9. Paragraph 1 of Appendix 1 of the Warrant is hereby amended in entirety to read as follows: “(1) Holder elects to purchaser [-] shares of Parent Common Stock pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full. [or] (1) Holder elects to convert the attached Warrant into Shares/cash [strike one] in the manner specified in the Warrant. The conversion is exercised for [-] of the Shares covered by the Warrant. [Strike paragraph that does not apply.]”

10. The first clause of Paragraph 2 in Appendix 1 of the Warrant is hereby amended to add the following phrase after “a certificate or certificates”: “(or book entry security entitlements)”.

For purposes of clarity, all references to “Shares” in the Warrant will, immediately following the consummation of the Merger, refer to Parent Common Stock. Additionally, SVB hereby waives (i) its rights under Section 2.6 of the Warrant in connection with the Merger and (ii) any notice or consent provisions in the Warrant not complied with hereunder in connection with the Merger. Except as expressly modified by the terms of this consent, the Warrant shall remain in full force and effect in accordance with its terms.

Please indicate SVB’s consent and acknowledgement by signing two copies of this letter, returning one copy by email to Justin Lu as justin.lu@wsgr.com, with the original signed copy to follow by mail by February 11, 2020 to Wilson Sonsini Goodrich & Rosati, Attn: Arjun Adusumilli, 650 Page Mill Road, Palo Alto, CA 94304. Please keep the other signed copy for your records. If the Merger is not completed, this consent and acknowledgement will be of no effect.

We are extremely excited about the contemplated Merger and the opportunity to continue our relationship with you following completion of the Merger. Should you have any questions regarding this notice, please contact me at (805) 456-1300 or cmcaulay@transphormusa.com. Thank you for your cooperation in this matter.

Very truly yours,

Transphorm, Inc.
Name: Cameron McAulay
Title: Chief Financial Officer

On behalf of SVB, I have read the foregoing, understand it, and by signing below, acknowledge and agree to the foregoing consent, affirmation and waiver.

SVB FINANCIAL GROUP

By:	/s/ David Busch
Name:	David Busch
Title:	Senior Manager, Corporate Investments & Funding
Dated:	2/4/2020

Exhibit 10.21.1
Execution

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 8 OF THIS WARRANT.

TRANSPHORM, INC.
WARRANT TO PURCHASE SHARES OF
SERIES PREFERRED STOCK

THIS CERTIFIES THAT, for value received and subject to the provisions and upon the terms and conditions set forth in this Warrant, **LEADER EQUITY, LLC** and its assignees are entitled to subscribe for and purchase at the Warrant Price that number of the fully paid and nonassessable shares of Series Preferred Stock of **TRANSPHORM, INC**., a Delaware corporation (the "***Company***"), as is equal to the nearest whole number derived from dividing $105,000 (the **"Warrant Coverage"**) by the Warrant Price.

1. Definitions. As used herein, capitalized terms not otherwise defined herein shall have the following respective meanings:

(a) **"*Act*"** means the Securities Act of 1933, as amended.

(b) "***Common Stock*"** means the Common Stock of the Company.

(c) **"*Common Stock Equivalents*"** means, (i) with respect to any Convertible Security, the number of shares of Common Stock that would result from full conversion, exercise or exchange of a Convertible Security in one or more steps, and (ii) with respect to a Unit, the number of shares of Common Stock resulting after aggregating all Common Stock and Common Stock Equivalents underlying Convertible Securities which are contained within a Unit.

(d) **"*Convertible Security*"** means (i) any stock or securities directly or indirectly convertible into or exchangeable for Common Stock and (ii) any rights, warrants or options, except warrants issued with respect to bridge loan financing from then existing investors, to subscribe for or purchase Common Stock or stock or securities directly or indirectly convertible into or exchangeable for Common Stock.

(e) **"*Date of Grant*"** means November 03, 2010.

(f) **"*Effective Price Per Share of Common Stock*"** means the sale price of a single Convertible Security or Unit divided by the sum of (i) the number of Common Stock Equivalents underlying such Convertible Security or Unit plus (ii) the number determined by dividing (A) the number of additional shares of Common Stock or Common Stock Equivalents that become issuable for no or nominal additional consideration in connection with the next Qualified Financing in which such Convertible Securities or Units are sold, including extraordinary issuances of securities to employees, directors or consultants in connection with the transaction but excluding warrants issued with respect to bridge loan financing from then existing investors and excluding any additional shares of Common Stock issuable upon conversion of previously-existing series of the Company's preferred stock as a result of antidilution adjustments to rates of conversion of such preferred stock triggered by the next Qualified Financing, by (B) the aggregate number of shares of Common Stock and Common Stock Equivalents underlying the Securities sold in the next Qualified Financing.

(g) **"*Holder*"** means the initial holder of this Warrant set forth in the first paragraph of this Warrant and any other person or entity which becomes a holder of this Warrant pursuant to the terms of this Warrant.

(h) "***IPO***" means the initial public offering of the Company's Common Stock effected pursuant to a registration statement on Form S-1 (or its successor) filed under the Act.

(i) "***Next Round Price***" means the lowest Effective Price Per Share of Common Stock at which Securities are sold in the Company's next Qualified Financing after the Date of Grant.

(j) "***Other Warrants***" means any other warrants issued by the Company in connection with the transaction with respect to which this Warrant was issued, and any warrant issued upon transfer or partial exercise of or in lieu of this Warrant. The term "Warrant" as used herein shall be deemed to include Other Warrants unless the context clearly requires otherwise.

(k) "***Qualified Financing***" means the first sale or issuance by the Company after the Date of Grant and prior to the Company's IPO of Securities of the Company to investors in a single transaction or a series of related transactions resulting in aggregate gross cash proceeds to the Company of not less than $2,000,000.

(l) "***Securities***" means Common Stock, Convertible Securities or Units.

(m) "***Series C Price***" means $2.879 per share.

(n) "***Series Preferred***" means (i) (A) the Company's presently authorized Series C Preferred Stock if Holder exercises this Warrant for Series C Preferred Stock, or (B) the type of Securities sold and issued by the Company in such Qualified Financing if Holder exercises this Warrant for the Securities sold and issued during the next Qualified Financing; (ii) after the conversion of all of the outstanding shares of Series Preferred Stock into Common Stock, either automatically or by vote of the requisite holders thereof, the Company's Common Stock; (iii) upon any conversion, exchange, reclassification or change, any security into which the securities described in clauses (i) or (ii) of this definition may be converted, exchanged, reclassified or otherwise changed; or (iv) if Pay to Play Provisions are applied to the Series Preferred and the Holder participates in the subsequent Pay to Play round in an amount equal to its pro-rata share of the round based on the number of Series Preferred Shares issuable under the Warrant for either (i) (A) or (B) above, the security that a holder of Series Preferred would have received had such holder participated in the manner necessary to receive or retain the security having the rights more favorable to the holder. "Pay to Play Provisions" means (i) provisions that require the holder of a security to participate in a subsequent round of equity financing or lose all or a portion of the benefit of antidilution protection applicable to a security or have such security automatically convert to common stock or another series of capital stock, or (ii) an exchange transaction having the same or similar economic effect. The Holder must, at the time of Pay to Play elect either (i) (A) or (B) above for purposes of establishing its pro-rata amount in the Pay to Play round. For clarity, Holder does not have to exercise its warrant into either (i) (A) or (B) above in order to participate in the Pay to Play round of financing.

(o) "***Shares***" means the shares of Series Preferred of Company issuable upon exercise of this Warrant.

(p) "***Units***" means any combination of Common Stock and Convertible Securities issued by Company sold together as a single unit.

(q) "***Warrant Price***" means, as it may be adjusted from time to time pursuant to Section 5, (i) the Series C Price if Holder exercises this Warrant for Series C Preferred Stock, or (ii) the Next Round Price if Holder exercises this Warrant for the Securities sold and issued by the Company during the next Qualified Financing.

2. Term. The purchase right represented by this Warrant is exercisable, in whole or in part, at any time and from time to time from the Date of Grant through the tenth anniversary of the Date of Grant.

Notwithstanding the foregoing, in the event of a Corporate Event (as defined in Section 5(a)) where the consideration received by holders of Series Preferred in such Corporate Event is all cash, then this Warrant (i) to the extent the cash consideration per share of Series Preferred exceeds the Warrant Price, shall be deemed exercised in

accordance with the provisions of Section 3(b) immediately prior to the closing of the Corporate Event, or (ii) to the extent the cash consideration per share of Series Preferred does not exceed the Warrant Price, shall terminate.

3. Method of Exercise; Payment; Issuance of New Warrant; Net Issuance.

(a) Subject to Section 2 hereof, the purchase right represented by this Warrant may be exercised by the Holder, in whole or in part and from time to time, at the election of the Holder, by (a) the surrender of this Warrant (with the notice of exercise substantially in the form attached hereto as Exhibit A-1 duly completed and executed) at the principal office of the Company and by the payment to the Company, by certified or bank check, or by wire transfer to an account designated by the Company (a "***Wire Transfer***") of an amount equal to the then applicable Warrant Price multiplied by the number of Shares then being purchased; (b) if in connection with a registered public offering of the Company's securities, the surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A-2 duly completed and executed) at the principal office of the Company together with notice of arrangements reasonably satisfactory to the Company for payment to the Company from the proceeds of the sale of shares to be sold by the Holder in such public offering of an amount equal to the then applicable Warrant Price per share multiplied by the number of Shares then being purchased; or (c) exercise of the "net issuance" right provided for in Section 3(b) hereof. The person or persons in whose name(s) Shares shall be registered upon exercise of this Warrant shall be deemed to have become the holder(s) of record of, and shall be treated for all purposes as the record holder(s) of, the shares represented thereby (and such shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of this Warrant, certificates for the shares of stock so purchased shall be delivered to the Holder as soon as possible and in any event within thirty (30) days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder as soon as possible and in any event within such thirty-day period; provided, however, that at such time as the Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, if requested by the Holder, the Company shall cause its transfer agent to deliver the certificate representing Shares issued upon exercise of this Warrant to, or credit the securities account of, a broker or other person (as directed by the Holder exercising this Warrant) within the time period required to settle any trade made by the Holder after exercise of this Warrant.

(b) Right to Convert Warrant into Stock: Net Issuance.

(i) Right to Convert. In addition to and without limiting the rights of the Holder under the terms of this Warrant, the Holder shall have the right to convert this Warrant or any portion thereof (the "***Conversion Right***") into shares of Series Preferred as provided in this Section 3(b) at any time or from time to time during the term of this Warrant. Upon exercise of the Conversion Right with respect to a particular number of shares subject to this Warrant (the "***Converted Warrant Shares***"), the Company shall deliver to the Holder (without payment by the Holder of any exercise price or any cash or other consideration) that number of shares of fully paid and nonassessable Series Preferred as is determined according to the following formula:

$$X = \frac{B - A}{Y}$$

Where:

X = the number of shares of Series Preferred that shall be issued to Holder

Y = the fair market value of one share of Series Preferred

A = the aggregate Warrant Price of the specified number of Converted Warrant Shares immediately prior to the exercise of the Conversion Right (*i.e.*, the number of Converted Warrant Shares *multiplied by* the Warrant Price)

B = the aggregate fair market value of the specified number of Converted Warrant Shares (*i.e.*, the number of Converted Warrant Shares *multiplied by* the fair market value of one Converted Warrant Share)

(ii) Method of Exercise. The Conversion Right may be exercised by the Holder by the surrender of this Warrant at the principal office of the Company together with a written statement (which may be in the form of Exhibit A-1 or Exhibit A-2 hereto) specifying that the Holder thereby intends to exercise the Conversion Right and indicating the number of shares subject to this Warrant which are being surrendered (referred to in Section 3(b)(i) hereof as the Converted Warrant Shares) in exercise of the Conversion Right. Such conversion shall be effective upon receipt by the Company of this Warrant together with the aforesaid written statement, or on such later date as is specified therein (the "***Conversion Date***"), and, at the election of the Holder, may be made contingent upon the closing of the sale of the Company's Common Stock to the public in a public offering pursuant to a registration statement under the Act (a "***Public Offering***").

(iii) Determination of Fair Market Value. For purposes of this Section 3(b), "fair market value" of a share of Series Preferred (or Common Stock if the Series Preferred has been automatically converted into Common Stock) as of a particular date (the "***Determination Date***") shall mean:

(1) If the Conversion Right is exercised in connection with and contingent upon a Public Offering, and if the Company's registration statement relating to such Public Offering ("***Registration Statement***") has been declared effective by the Securities and Exchange Commission, then the initial "Price to Public" specified in the final prospectus with respect to such Public Offering.

(2) If the Conversion Right is not exercised in connection with and contingent upon a Public Offering, then as follows:

(A) If traded on a securities exchange, the fair market value of the Common Stock shall be deemed to be the average of the closing prices of the Common Stock on such exchange over the five trading days immediately prior to the Determination Date, and the fair market value of the Series Preferred shall be deemed to be such fair market value of the Common Stock multiplied (if the Series Preferred is not then constituted as Common Stock) by the number of shares of Common Stock into which each share of Series Preferred is then convertible;

(B) If traded on the Nasdaq Stock Market or other over-the-counter system, the fair market value of the Common Stock shall be deemed to be the average of the closing bid prices of the Common Stock over the five trading days immediately prior to the Determination Date, and the fair market value of the Series Preferred shall be deemed to be such fair market value of the Common Stock multiplied (if the Series Preferred is not then constituted as Common Stock) by the number of shares of Common Stock into which each share of Series Preferred is then convertible; and

(C) If there is no public market for the Common Stock, then fair market value shall be reasonably determined in good faith by the board of directors of the Company.

(iv) In making a determination under clauses (A) or (B) above, if on the Determination Date, five trading days had not passed since the IPO, then the fair market value of the Common Stock shall be the average closing prices or closing bid prices, as applicable, for the shorter period beginning on and including the first trading day after the pricing of the IPO and ending on the trading day prior to the Determination Date (or if such period includes only one trading day the closing price or closing bid price, as applicable, for such trading day). If closing prices or closing bid prices are no longer reported by a securities exchange or other trading system, the closing price or closing bid price shall be that which is reported by such securities exchange or other trading system at 4:00 p.m. New York City time on the applicable trading day.

4. Stock Fully Paid; Reservation of Shares. All Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance pursuant to the terms and conditions herein, be fully paid and nonassessable, and free from all preemptive rights and taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a

sufficient number of shares of its Series Preferred to provide for the exercise of the rights represented by this Warrant and, while applicable, a sufficient number of shares of its Common Stock to provide for the conversion of the Series Preferred into Common Stock.

5. Adjustment of Warrant Price and Number of Shares. The number and kind of securities purchasable upon the exercise of this Warrant and the Warrant Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) Corporate Events. In case of any reclassification or change of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is the acquiring and the surviving corporation and which does not result in any reclassification or change of outstanding securities issuable upon exercise of this Warrant) (each, a "***Corporate Event***"), the Company, or such successor corporation, as the case may be, shall duly execute and deliver to the Holder a new Warrant (in form and substance satisfactory to the Holder), or the Company shall make appropriate provision without the issuance of a new Warrant, so that the Holder shall have the right to receive upon exercise of this Warrant, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the shares of Series Preferred theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such Corporate Event by a holder of the number of shares of Series Preferred then purchasable under this Warrant. Any new Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5. The provisions of this Section 5(a) shall similarly apply to successive Corporate Events.

(b) Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its outstanding shares of Series Preferred, the Warrant Price shall be proportionately decreased and the number of Shares issuable hereunder shall be proportionately increased in the case of a subdivision and the Warrant Price shall be proportionately increased and the number of Shares issuable hereunder shall be proportionately decreased in the case of a combination.

(c) Stock Dividends and Other Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall (i) pay a dividend with respect to Series Preferred payable in Series Preferred, then the Warrant Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend or distribution, to that price determined by multiplying the Warrant Price in effect immediately prior to such date of determination by a fraction (A) the numerator of which shall be the total number of shares of Series Preferred outstanding immediately prior to such dividend or distribution, and (B) the denominator of which shall be the total number of shares of Series Preferred outstanding immediately after such dividend or distribution; or (ii) make any other distribution with respect to Series Preferred (except any distribution specifically provided for in Sections 5(a) and 5(b)), then, in each such case, provision shall be made by the Company such that the Holder shall receive upon exercise of this Warrant a proportionate share of any such dividend or distribution as though it were the holder of the Series Preferred (or Common Stock issuable upon conversion thereof) as of the record date fixed for the determination of the shareholders of the Company entitled to receive such dividend or distribution.

(d) Adjustment of Number of Shares. Upon each adjustment in the Warrant Price, the number of Shares of Series Preferred purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Shares purchasable immediately prior to such adjustment in the Warrant Price by a fraction, the numerator of which shall be the Warrant Price immediately prior to such adjustment and the denominator of which shall be the Warrant Price immediately thereafter.

(e) Antidilution Rights. The other antidilution rights applicable to the Shares of Series Preferred purchasable hereunder are set forth in the Company's Certificate of Incorporation, as amended through the Date of Grant, a true and complete copy of which is attached hereto as Exhibit B (the "***Charter***"). The Company shall promptly provide the Holder with any restatement, amendment, modification or waiver of the Charter promptly after the same has been made. If the Company proposes a restatement, amendment, modification or waiver of anti-dilution rights that treats

the Holder differently than the other holders of the Shares of Series Preferred purchasable hereunder with respect to such antidilution rights, then such restatement, amendment, modification or waiver shall require the consent of the Holder.

6. Notice of Adjustments. Whenever the Warrant Price or the number of Shares purchasable hereunder shall be adjusted pursuant to Section 5 hereof, the Company shall deliver to Holder a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Warrant Price and the number of Shares purchasable hereunder after giving effect to such adjustment. In addition, whenever the conversion price or conversion ratio of the Series Preferred shall be adjusted, the Company shall deliver to Holder a certificate signed by its chief financial officer, chief operating officer or chief executive officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the conversion price or ratio of the Series Preferred after giving effect to such adjustment.

7. Fractional Shares. No fractional shares of Series Preferred will be issued in connection with any exercise or conversion hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefor based on the fair market value of the Series Preferred on the date of exercise or conversion as reasonably determined in good faith by the Company's Board of Directors.

8. Compliance with Act; Disposition of Warrant or Shares of Series Preferred.

(a) Compliance with Act. The Holder, by acceptance hereof, agrees that this Warrant, and the shares of Series Preferred to be issued upon exercise hereof and any Common Stock issued upon conversion thereof are being acquired for investment and that the Holder will not offer, sell or otherwise dispose of this Warrant, or any shares of Series Preferred to be issued upon exercise hereof or any Common Stock issued upon conversion thereof except under circumstances which will not result in a violation of the Act or any applicable state securities laws. Upon exercise of this Warrant, unless the Shares being acquired are registered under the Act and any applicable state securities laws or an exemption from such registration is available, the Holder shall confirm in writing that the shares of Series Preferred so purchased (and any Common Stock issued upon conversion thereof) are being acquired for investment and not with a view toward distribution or resale in violation of the Act and shall confirm such other matters related thereto as may be reasonably requested by the Company. This Warrant and all shares of Series Preferred issued upon exercise of this Warrant and all Common Stock issued upon conversion thereof (unless registered under the Act and any applicable state securities laws) shall be stamped or imprinted with a legend in substantially the following form:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 8 OF THE WARRANT UNDER WHICH THESE SECURITIES WERE ISSUED, DIRECTLY OR INDIRECTLY."

Said legend shall be removed by the Company, upon the request of the Holder, at such time as the restrictions on the transfer of the applicable security shall have terminated. In addition, in connection with the issuance of this Warrant, the Holder specifically represents to the Company by acceptance of this Warrant as follows:

(1) The Holder is aware of the Company's business affairs and financial condition, and has acquired information about the Company sufficient to reach an informed and knowledgeable decision to acquire this Warrant. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experiences as an investor in

securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons. The Holder is acquiring this Warrant for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof in violation of the Act.

(2) The Holder understands that this Warrant has not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein.

(3) The Holder further understands that this Warrant must be held indefinitely unless subsequently registered under the Act and qualified under any applicable state securities laws, or unless exemptions from registration and qualification are otherwise available. The Holder is aware of the provisions of Rule 144, promulgated under the Act.

(4) The Holder is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Act.

(b) Disposition of Warrant or Shares. With respect to any offer, sale or other disposition of this Warrant or any shares of Series Preferred acquired pursuant to the exercise of this Warrant, the Holder agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of counsel, or other evidence, if reasonably satisfactory to the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the Act as then in effect or any federal or state securities law then in effect) of this Warrant or such shares of Series Preferred or Common Stock and indicating whether or not under the Act certificates for this Warrant or such shares of Series Preferred to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. Upon receiving such written notice and reasonably satisfactory opinion or other evidence, the Company, as promptly as practicable but no later than fifteen (15) days after receipt of the written notice, shall notify the Holder that the Holder may sell or otherwise dispose of this Warrant or such shares of Series Preferred or Common Stock, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 8(b) that the opinion of counsel or other evidence is not reasonably satisfactory to the Company, the Company shall so notify the Holder promptly with details thereof after such determination has been made. Notwithstanding the foregoing, this Warrant or such shares of Series Preferred or Common Stock may, as to such federal laws, be offered, sold or otherwise disposed of (i) pursuant to an effective registration statement covering such securities or (ii) in accordance with Rule 144 or 144A under the Act, provided that the Company shall have been furnished with such information as the Company may reasonably request to provide a reasonable assurance that the provisions of Rule 144 or 144A have been satisfied. Each certificate representing this Warrant or the shares of Series Preferred thus transferred (except a transfer pursuant to an effective registration statement or Rule 144 or 144A) shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for the Holder, such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

(c) Applicability of Restrictions. Neither any restrictions of any legend described in this Warrant nor the requirements of Section 8(b) above shall apply to any transfer of, or grant of a security interest in, this Warrant (or the Series Preferred or Common Stock obtainable upon exercise thereof) or any part hereof (i) to a partner of the Holder if the Holder is a partnership or to a member of the Holder if the Holder is a limited liability company, (ii) to a partnership of which the Holder is a partner or to a limited liability company of which the Holder is a member, or (iii) to a single affiliate of the Holder if the Holder is a corporation, where, in each case, the transferee is an "accredited investor"; provided, however, in any such transfer, if applicable, the transferee shall on the Company's request agree in writing to be bound by the terms of this Warrant as if an original holder hereof.

(d) Market Stand-off Agreement. The Holder hereby agrees that the Holder shall not sell or otherwise transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, of any Common Stock (or other securities) of the Company held by the Holder (other than those included in the registration) during the one hundred eighty (180) day period following the effective date of a registration statement of the Company filed under the Securities Act (or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on the publication or other distribution of research reports and analyst recommendations and opinions, including, but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4)); provided, that all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities are bound by and have entered into similar agreements. The obligations described in this clause (d) shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions and may stamp each such certificate with the second legend set forth in clause (a) above with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of such one hundred eighty (180) day or other period. The Holder agrees to execute a market standoff agreement with said underwriters in customary form consistent with the provisions of this clause (d).

9. Rights as Shareholders; Information. No Holder, as a holder of this Warrant, shall be entitled to vote or receive dividends or be deemed the holder of Series Preferred or any other securities of the Company which may at any time be issuable upon the exercise or conversion hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised or converted and the Shares purchasable upon the exercise or conversion hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, the Company will transmit to the Holder such information, documents and reports as are generally distributed to the holders of any class or series of the securities of the Company concurrently with the distribution thereof to the shareholders. In addition, the Company agrees to provide in a timely manner any information reasonably requested by the Holder to enable the Holder and its affiliates to comply with their accounting reporting requirements.

10. Additional Rights.

(a) Acquisition Transactions. The Company shall provide the Holder with at least twenty (20) days' written notice prior to closing thereof of the terms and conditions of any of the following transactions (to the extent the Company has notice thereof): (i) the sale, lease, exchange, conveyance or other disposition of all or substantially all of the Company's property or business, or (ii) its merger into or consolidation with any other corporation (other than a wholly-owned subsidiary of the Company), or any transaction (including a merger or other reorganization) or series of related transactions, in which more than 50% of the voting power of the Company is disposed of.

(b) Exercise Prior to Expiration. To the extent this Warrant is not previously exercised as to all of the Shares subject hereto, and if the fair market value of one share of the Series Preferred is greater than the Warrant Price then in effect, this Warrant shall be deemed automatically exercised pursuant to Section 3(b) above (even if not surrendered) immediately before its expiration. For purposes of such automatic exercise, the fair market value of one share of the Series Preferred upon such expiration shall be determined pursuant to Section 3(b). To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this Section 10(b), the Company agrees to promptly notify the Holder of the number of Shares, if any, the Holder is to receive by reason of such automatic exercise.

11. Representations and Warranties. The Company represents and warrants to the Holder as of the Date of Grant as follows:

(a) This Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms, subject to laws of general application relating to

bankruptcy, insolvency and the relief of debtors and the rules of law or principles at equity governing specific performance, injunctive relief and other equitable remedies.

(b) The Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and free from preemptive rights.

(c) The rights, preferences, privileges and restrictions granted to or imposed upon the Series Preferred and the holders thereof are as set forth in the Charter, and on the Date of Grant, each share of the Series Preferred represented by this Warrant is convertible into one share of Common Stock.

(d) The shares of Common Stock issuable upon conversion of the Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms of the Charter will be validly issued, fully paid and nonassessable.

(e) The execution and delivery of this Warrant are not, and the issuance of the Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's Charter or by-laws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any Federal, state or local government authority or agency or other person, except for the filing of notices pursuant to federal and state securities laws, which filings will be effected by the time required thereby.

(f) There are no actions, suits, audits, investigations or proceedings pending or, to the knowledge of the Company, threatened against the Company in any court or before any governmental commission, board or authority which, if adversely determined, could have a material adverse effect on the ability of the Company to perform its obligations under this Warrant.

(g) The number of shares of Common Stock of the Company outstanding on the Date of Grant, on a fully diluted basis (assuming the conversion of all outstanding convertible securities and the exercise of all outstanding options and warrants), does not exceed 25,452,332 shares.

12. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

13. Notices. Any notice, request, communication or other document required or permitted to be given or delivered to the Holder or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, to the Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant. Such notice, request, communication or other document may also be delivered by any other means of transmission so long as reasonable confirmation of receipt by the addressee is obtained.

14. Binding Effect on Successors. This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Series Preferred issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the Holder.

15. Lost Warrants or Stock Certificates. The Company covenants to the Holder that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or stock certificate,

the Company will make and deliver a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

16. Descriptive Headings. The descriptive headings of the various Sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The language in this Warrant shall be construed as to its fair meaning without regard to which party drafted this Warrant.

17. Governing Law. This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California.

18. Survival of Representations, Warranties and Agreements. All representations and warranties of the Company and the Holder contained herein shall survive the Date of Grant, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and the Holder contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

19. Remedies. In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, the Holder (in the case of a breach by the Company), or the Company (in the case of a breach by the Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

20. Severability. The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

21. Recovery of Litigation Costs. If any legal action or other proceeding is brought for the enforcement of this Warrant, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Warrant, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

22. Entire Agreement. This Warrant constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties, whether oral or written, with respect to such subject matter.

The Company has caused this Warrant to be duly executed and delivered as of the Date of Grant specified above.

TRANSPHORM, INC.

By	/s/ Primit Parikh
Title	PRESIDENT & COO
Address:	115 Castilian Drive Goleta CA - 93117

EXHIBIT A-1

NOTICE OF EXERCISE

To: TRANSPHORM, INC. (the "Company")

1. The undersigned hereby:

☐ elects to purchase _____ shares of Series Preferred Stock of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full, or

☐ elects to exercise its net issuance rights pursuant to Section 3(b) of the attached Warrant with respect to _____ Shares of Series Preferred Stock.

2. Please issue a certificate or certificates representing _____ shares in the name of the undersigned or in such other name or names as are specified below:

_____

(Name)

_____

_____

(Address)

3. The undersigned represents that the aforesaid shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares, all except as in compliance with applicable securities laws. The undersigned confirms and acknowledges the investment representations, warranties and covenants made in Section 8(a) of the Warrant continue to be true as of the date hereof and agrees to comply with the covenants of the Holder set forth in the Warrant.

_____

(Signature)

_____

(Date)

EXHIBIT A-2

NOTICE OF EXERCISE

To: TRANSPHORM, INC. (the "Company")

1. Contingent upon and effective immediately prior to the closing (the "Closing") of the Company's public offering contemplated by the Registration Statement on Form S___ , filed_____, 200__, the undersigned hereby:

☐ elects to purchase_____shares of Series Preferred Stock of the Company (or such lesser number of shares as may be sold on behalf of the undersigned at the Closing) pursuant to the terms of the attached Warrant, or

☐ elects to exercise its net issuance rights pursuant to Section 3(b) of the attached Warrant with respect to_____Shares of Series Preferred Stock.

2. Please deliver to the custodian for the selling shareholders a stock certificate representing such_____shares.

3. The undersigned has instructed the custodian for the selling shareholders to deliver to the Company $_____or, if less, the net proceeds due the undersigned from the sale of shares in the aforesaid public offering. If such net proceeds are less than the purchase price for such shares, the undersigned agrees to deliver the difference to the Company prior to the Closing.

(Signature)

(Date)

EXHIBIT B

CHARTER

Transphorm, Inc. 115 Castilian Drive, Goleta, CA 93117 805-456-1300

May 21, 2015

Leader Ventures, LLC
Attn: Chief Financial Officer
311 California Street, Suite 420
San Francisco, CA 93114

Re: **Warrant to Purchase Shares of Preferred Stock, by and between Transphorm, Inc. and Leader Equity, LLC dated April 15, 2009 (the "2009 Warrant") and Warrant to Purchase Shares of Preferred Stock, by and between Transphorm, Inc. and Leader Equity, LLC dated November 3, 2010 (the "2010 Warrant"), (collectively, the "Warrants")**

Dear Leader Ventures:

We are pleased to announce that Transphorm, Inc. ("**Transphorm**") is entering into a stock purchase agreement with Kohlberg Kravis Roberts & Co., L.P. and/or certain affiliates thereof (collectively, "**KKR**"), pursuant to which KKR will purchase, in one or more closings, preferred stock of Transphorm (the "**Transaction**").

This letter is being delivered to Leader Ventures, LLC ("**Leader**") to officially notify Leader of the Transaction and to obtain an amendment to the Warrants. In connection with the Transaction, the preferred stock issuable upon the exercise of the Warrants will no longer exist. As such, this letter seeks to amend the Warrants so that immediately following the Transaction, the Warrant will be exercisable for shares of the Transphorm's common stock, par value $0.001 per share ("**Common Stock**").

By signing below, Leader hereby consents, effective upon the closing of the Transaction, that: (i) where the 2009 Warrant defines "Series Preferred" in Section 1(n) it will now refer to Common Stock, and (ii) where the 2010 Warrant defines "Series Preferred" in Section 1(n) it will now refer to Common Stock. For purposes of clarity, all references to "Shares" or "Preferred Shares" in the Warrants will immediately following the Transaction refer to the Common Stock of Transphorm. Additionally, Leader hereby waives its rights under Section 5(a) of the Warrants in connection with the Transaction. Leader hereby waives any notice provisions in the Warrants not complied with hereunder in connection with the Transaction. Except as expressly modified by the terms of this consent, the Warrants shall remain in full force and effect in accordance with its terms.

Please indicate Leader's consent and acknowledgement by signing two copies of this letter, returning one copy by email to Killian Nolan at knolan@wsgr.com, with the original signed copy to follow by mail by May 26, 2015 to Wilson Sonsini Goodrich & Rosati, Attn: Killian Nolan, 650 Page Mill Road, Palo Alto, CA 94304. Please keep the other signed copy for your records. If the initial closing of the Transaction is not completed, this consent and acknowledgement will be of no force and effect.

We are extremely excited about the contemplated Transaction and the opportunity to continue our relationship with you following completion of the Transaction. Should you have any questions regarding this request, please contact me at (805) 456-1300 x140 or scott.gibson@transphormusa.com. We look forward to your consent, and thank you for your cooperation in this matter.

Very truly yours,

/s/ Scott Gibson

Transphorm, Inc.
Name: Scott Gibson
Title: Chief Financial Officer

On behalf of Leader, I have read the foregoing, understand it and, by signing below, acknowledge and agree to the foregoing consent, affirmation and waiver.

LEADER VENTURES, LLC

By: /s/ Robert W. Molke

Name: Robert W. Molke

Title: Managing Director

Dated: 5/22/2015

February 4, 2020

Leader Ventures, LLC
Attn: Robert Molke, Managing Director and CFO
350 Rhode Island Street, South Tower, Suite 240
San Francisco, CA 94103
Email: molke@leaderventures.com

Re: Warrant to Purchase Shares of Series Preferred Stock, dated as of November 3, 2010, as amended by that certain letter amendment, dated as of May 21, 2015, by and between Transphorm, Inc. and Leader Ventures, LLC (the "Warrant")

Dear Leader Ventures, LLC:

We are pleased to announce that Transphorm, Inc., a Delaware corporation ("**Transphorm**"), intends to enter into an Agreement and Plan of Merger and Reorganization, by and among Transphorm, Peninsula Acquisition Corporation ("**Parent**") and Peninsula Acquisition Sub, Inc. ("**Merger Sub**", and such agreement, the "**Merger Agreement**"), pursuant to which Merger Sub will merge with and into Transphorm, with Transphorm continuing as the surviving corporation and a wholly-owned subsidiary of Parent (the "**Merger**"), whereby the stockholders of Transphorm will receive shares of common stock of Parent ("**Parent Common Stock**") in exchange for their capital stock of Transphorm. In connection with the Merger, Transphorm will change its name to "Transphorm Technology, Inc" and Parent will change its name to "Transphorm, Inc."

The Warrant currently provides that, until November 3, 2020, Leader Ventures, LLC ("**Leader**") is entitled to purchase 36,471 shares of common stock of Transphorm ("**Transphorm Common Stock**"), at an exercise price of $2.879 per share.

This letter is being delivered to Leader to officially notify Leader of the Merger, and to advise Leader that (i) in connection with the Merger, the Warrant will be assumed by Parent, amended as set forth below and converted into a warrant (the "**Amended Warrant**") to purchase a number of shares of Parent Common Stock equal to the number of shares of Transphorm Common Stock subject to the Warrant immediately prior to the Merger (i.e., 36,471 shares), multiplied by the conversion ratio applicable to shares of Transphorm Common Stock as specified in the Merger Agreement (with the resulting number rounded down to the nearest whole share), and (ii) the per share exercise price of the Amended Warrant will be equal to the per share exercise price of the Warrant immediately prior to the Merger (i.e., $2.879), divided by the conversion ratio applicable to shares of Transphorm Common Stock as specified in the Merger Agreement (with the resulting exercise price rounded up to the nearest whole cent).

By signing below, Leader hereby acknowledges and agrees, contingent and effective upon the consummation of the Merger, that, notwithstanding anything contrary in the Warrant, the Warrant shall be exercisable for 3,023 shares of Parent Common Stock and the Warrant shall be amended as follows:

1. The definition of "Common Stock" in Section 1(b) is hereby amended and restated in its entirety to read as follows:

   "**Common Stock**" means the common stock of Peninsula Acquisition Corporation.

2. The definition of “Warrant Price” in Section 1(q) is hereby amended and restated in its entirety to read as follows:

“**Warrant Price**” means $34.74.

3. Sections 1(c), 1(d), 1(f), 1(h), 1(i), 1(k), 1(l), 1(m) and 1(p) are hereby deleted in their entirety.

4. All references to “Common Stock” in the Warrant will, immediately following the Merger, mean Parent Common Stock.

5. The first sentence of Section 3(a) is hereby amended and restated to delete clause (b) therefrom.

6. Section 3(b)(ii) is hereby amended and restated in its entirety to read as follows:

“Method of Exercise. The Conversion Right may be exercised by the Holder by the surrender of this Warrant at the principal office of the Company together with a written statement in the form attached as Exhibit A hereto specifying that the Holder thereby intends to exercise the Conversion Right and indicating the number of shares subject to this Warrant which are being surrendered (referred to in Section 3(b)(i) hereof as the Converted Warrant Shares) in exercise of the Conversion Right. Such conversion shall be effective upon receipt by the Company of this Warrant together with the aforesaid written statement, or on such later date as is specified therein (the “**Conversion Date**”).”

7. Section 3(b)(iii) is hereby amended such that clause (1) is deleted in its entirety and clause (2) is amended such that the following language is deleted: “if the conversion right is not exercised in connection with and contingent upon a Public Offering, then as follows:”.

8. Section 3(b)(iv) is hereby deleted in its entirety.

9. Section 5(e) is hereby deleted in its entirety.

10. All references to “Exhibit A-1” are hereby deleted and replaced with “Exhibit A”.

11. Exhibit A-2 is hereby deleted in its entirety.

For purposes of clarity, all references to “Common Stock” in the Warrant will, immediately following the consummation of the Merger, refer to Parent Common Stock. Additionally, Leader hereby waives (i) its rights under Sections 5(a), 5(d) and 6 of the Warrant in connection with the Merger and (ii) any notice or consent provisions in the Warrant not complied with hereunder in connection with the Merger. Except as expressly modified by the terms of this letter agreement, the Warrant shall remain in full force and effect in accordance with its terms.

Please indicate Leader's consent and acknowledgement by signing two copies of this letter, returning one copy by email to Justin Lu at justin.lu@wsgr.com, with the original signed copy to follow by mail by February __, 2020 to Wilson Sonsini Goodrich & Rosati, Attn: Arjun Adusumilli, 650 Page Mill Road, Palo Alto, CA 94304. Please keep the other signed copy for your records. If the Merger is not completed, this consent and acknowledgement will be of no effect.

We are extremely excited about the contemplated Merger and the opportunity to continue our relationship with you following completion of the Merger. Should you have any questions regarding this notice, please contact me at (805) 456-1300 or cmcaulay@transphormusa.com. Thank you for your cooperation in this matter.

Very truly yours,

Transphorm, Inc
Name: Cameron McAulay
Title: Chief Financial Officer

On behalf of Leader, I have read the foregoing, understand it, and by signing below, acknowledge and agree to the foregoing consent, affirmation and waiver.

LEADER VENTURES, LLC

By: /s/ Robert W. Molke

Name: Robert W. Molke

Title: Managing Director

Dated: 2/4/2020

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREUNDER HA VE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED (the "1933 ACT"), OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD. OFFERED FOR SALE. PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO YOU THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT, OR ANY APPLICABLE STATE SECURITIES LAWS.

PLAIN ENGLISH WARRANT AGREEMENT

This is a PLAIN ENGLISH WARRANT AGREEMENT dated November 3, 2010 by and between TRANSPHORM. INC., a Delaware corporation, and TRIPLEPOINT CAPITAL LLC, a Delaware limited liability company.

The words "We", "Us", or "Our" refer to the warrant holder, which is TRIPLEPOINT CAPITAL LLC. The words "You" or "Your" refers to the issuer. which is TRANSPHORM. INC., and not to any individual. The words "the Parties" refers to both TRIPLEPOINT CAPITAL LLC and TRANSPHORM, INC. This Plain English Warrant Agreement may be referred to as the "Warrant Agreement".

The Parties have entered into (i) a Plain English Master Lease Agreement dated as of November 3. 2010, and related Software or Hardware Facility Schedules and Summary Schedules which are collectively referred to in this Warrant Agreement as the "Lease Agreement" and (ii) an Equipment Loan and Security Agreement dated as of November 3. 2010, the "Loan Agreement".

In consideration of such Lease Agreement and Loan Agreement. the Parties agree to the following mutual agreements and conditions set forth below:

WARRANT INFORMATION			
Effective Date November 3, 2010	**Warrant Number** 0653-W-01	**Lease Facility Schedules and Loan Facility Number** 0653-LE-01H/0653-LE-01S and 0653-LO-01H/0653-LO-01S	
Warrant Coverage $210,000 (6% of $3,500,000)	**Number of Shares** 72,942, subject to adjustment per the terms of this Warrant Agreement	**Price Per Share** $2.879, subject to adjustment per the terms of this Warrant Agreement	**Type of Stock** Series C Preferred Stock, subject to adjustment per the terms of this Warrant Agreement

OUR CONTACT INFORMATION		
Name	**Address For Notices**	**Contact Person**
TriplePoint Capital LLC	2755 Sand Hill Road, Ste. 150 Menlo Park, CA 94025 Tel: (650) 854-2090 Fax: (650) 854-1850	Sajal Srivastava, COO Tel: [***] Fax: (650) 854-1850 email: legal@triplepointcapital.com
YOUR CONTACT INFORMATION		
Customer Name	**Address For Notices**	**Contact Person**
Transphorm, Inc.	115 Castilian Drive Goleta, CA 93117	Primit Parikh, COO Tel: [***] Fax: (805) 961-9528 Email: pparikh@transphormusa.com

1. WHAT YOU AGREE TO GRANT US

You grant to Us and We are entitled, upon the terms and subject to the conditions set forth in this Warrant Agreement, to purchase from You, at a price per share equal to the Exercise Price, that number of fully paid and non-assessable shares of Your Warrant Stock equal to Two Hundred Ten Thousand Dollars ($210,000), divided by the Exercise Price.

The number of shares of Warrant Stock and the Exercise Price of such Warrant Stock are subject to adjustment as provided in Section 4 hereof.

For purposes of this Warrant Agreement, the following capitalized terms have the meanings given below:

"Exercise Price" means the lower of(a) $2.879 if we exercise this Warrant Agreement for Your Series C Preferred Stock and (b) the lowest per share price for which Your preferred stock is sold in the Next Round if we exercise this Warrant Agreement for the class and series of Your preferred stock issued in the Next Round.

"Next Round" means the next bona fide round of equity financing in which You issue and sell shares of your preferred stock for aggregate gross cash proceeds of at least $1,000,000 (excluding any amounts received upon conversion or cancellation of indebtedness) subsequent to the Effective Date.

"Warrant Stock" means (a) the class and series of Your preferred stock issued in the Next Round, if the lowest per share price for which such preferred stock is sold in the Next Round is less than $2.879, or (b) in all other cases, Your Series C Preferred Stock. For avoidance of doubt, if this Warrant Agreement is exercised prior to the Next Round then this Warrant Agreement shall be exercisable for Your Series C Preferred Stock.

The Parties agree that this Warrant Agreement to purchase the Warrant Stock has a fair market value equal to $100 and that $100 of the issue price is included as part of the leased value and will be allocable to the Warrant Agreement and the original issue discount on the Lease Agreement shall be considered to be zero.

2. WHEN ARE WE ENTITLED TO PURCHASE YOUR WARRANT STOCK.

The term of this Warrant Agreement and our right to purchase Warrant Stock will begin on the Effective Date, and shall be available for the greater of (i) 7 years from the Effective Date or (ii) 5 years from the effective date of Your initial public offering.

Notwithstanding the foregoing, in the event of a Merger Event (as defined in Section 4) where the consideration received by holders of Warrant Stock in such Merger Event is all cash, then this Warrant Agreement (i) to the extent the cash consideration per share of Warrant Stock exceeds the Exercise Price, shall be deemed exercised in accordance with the provisions of Section 3 (net issuance method) immediately prior to the closing of the Merger Event, or (ii) to the extent the cash consideration per share of Warrant Stock does not exceed the Exercise Price, shall terminate, unless exercised prior to such Merger Event.

3. HOW WE MAY PURCHASE YOUR WARRANT STOCK.

We may exercise Our purchase rights, in whole or in part, at any time, or from time to time, prior to the expiration of the term of this Warrant Agreement, by giving You a completed and executed **Notice of Exercise** in the form attached as **Exhibit I**. Promptly upon receipt of the Notice of Exercise and in any event no later than twenty-one (21) days after you have received Our Notice of Exercise and payment of the aggregate Exercise Price for the shares purchased, You will issue to Us a certificate for the number of shares of Warrant Stock that We have purchased and You will execute the **Acknowledgment of Exercise** in the form attached hereto as **Exhibit II** indicating the number of shares which will be available to Us for future purchases. if any.

We may pay for the Warrant Stock by either (i) cash or check, or (ii) by the **net issuance method** as determined below. If We elect the net issuance method, You will issue Warrant Stock using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of shares of Warrant Stock to be issued to Us.

Y = the number of shares of Warrant Stock We request to be exercised under this Warrant Agreement.

A = the fair market value of one share of Warrant Stock.

B = the Exercise Price.

For purposes of the above calculation, current fair market value of Warrant Stock shall mean with respect to each share of Warrant Stock:

If the exercise is in connection with the initial public offering of Your Common Stock, and if Your registration statement relating to such public offering has been declared effective by the SEC. then the fair market value per share shall be the product of (x) the initial "Price to Public" specified in the final prospectus of the offering and (y) the number of shares of Common Stock into which each share of Warrant Stock is convertible at the time of such exercise;

If this Warrant Agreement is exercised after, and not in connection with Your initial public offering, and:

ð if traded on a securities exchange, the fair market value shall be the product of (x) the average of the closing prices over a five (5) day period ending three (3) days before the day the current fair market value of the securities is being determined and (y) the number of shares of Common Stock into which each share of Warrant Stock is convertible at the time of such exercise: or

ð if actively traded over-the-counter, the fair market value shall be the product of (x) the average of the closing bid and asked prices quoted on the NASDAQ system (or similar system) over the five (5) day period ending three (3) days before the day the current fair market value of the securities is being determined and (y) the number of shares of Common Stock into which each share of Warrant Stock is convertible at the time of such exercise.

If this Warrant Agreement is exercised prior to or after Your initial public offering, and:

ð Your Common Stock is not listed on any securities exchange or quoted in the NASDAQ System or the over-the• counter market, the current fair market value of Warrant Stock shall be the product of (x) the fair market value of a share of Your Common Stock (the highest price per share which You could obtain from a willing buyer (not a current employee or director) for shares of Common Stock sold. from authorized but unissued shares). as determined in good faith by Your Board of Directors and (y) the number of shares of Common Stock into which each share of Warrant Stock is convertible at the time of such exercise. unless You shall become subject to a merger, acquisition or other consolidation pursuant to which You are not the surviving party, in which case the fair market value of Warrant Stock shall be deemed to be the value received by the holders of Your Warrant Stock on a common equivalent basis pursuant to such merger or acquisition or other consolidation.

During the term of this Warrant Agreement, You will at all times from and after the Effective Date have authorized and reserved a sufficient number of shares of (a) Warrant Stock to provide for the exercise of our rights to purchase Warrant Stock, and (b) Common Stock to provide for the conversion of the Warrant Stock.

If We elect to exercise part of the Warrant Agreement, You will promptly issue to Us an amended Warrant Agreement stating the remaining number of shares that are available. All other terms and conditions of that amended Warrant Agreement shall be identical to those contained in this Warrant Agreement.

If at the end of the term of this Warrant Agreement, the fair market value of one share of Warrant Stock (or other security issuable upon the exercise hereof) as determined in accordance herewith is greater than the Exercise Price in effect on such date. then this Warrant Agreement shall automatically be deemed on and as of such date to be converted pursuant to the net issuance method described herein as to al1 shares of Warrant Stock (or such other securities) for which it shall not previously have been exercised or converted, and You shall promptly deliver a certificate representing the shares of Warrant Stock (or such other securities) issued upon such conversion to Us.

4. WHEN WILL THE NUMBER OF SHARES AND EXERCISE PRICE CHANGE.

ð **If You are Acquired.** If at any time: (i) there is a reorganization of Your stock (other than a reclassification, exchange or subdivision of Your stock otherwise provided for in this Warrant Agreement); (ii) You merge or consolidate with or into another entity, whether or not You are the surviving entity: (iii) You sel1 or convey, or grant an exclusive license with respect to, all or substantially all of Your assets to any other person; or (iv) there occurs any transaction or series of related transactions that result in the transfer of fifty percent (50%) or more of the outstanding voting power of the capital stock of You (each of the foregoing events are referred to as a "Merger Event"), then, as a part of such Merger Event, lawful provision shall be made so that We shall thereafter be entitled to receive, upon exercise of Our rights under this Warrant Agreement, the number of shares of preferred stock or other securities of the successor or surviving person resulting from such Merger Event, equal in value to that which would have been issuable if We

had exercised Our rights under this Warrant Agreement immediately prior to the Merger Event. In any such case, appropriate adjustment (as determined in good faith by Your Board of Directors) shall be made in the application of the provisions of this Warrant Agreement with respect to Our rights and interest after the Merger Event so that the provisions of this Warrant Agreement (including adjustments of the Exercise Price and number of shares of Warrant Stock purchasable) shall be applicable to the greatest extent possible.

- **If You Reclassify Your Stock.** If at any time You combine, reclassify, exchange or subdivide Your securities or otherwise, change any of the securities as to which purchase rights under this Warrant Agreement exist into the same or a different number of securities of any other class or classes, this Warrant Agreement will thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities which were subject to the purchase rights under this Warrant Agreement immediately prior to such combination. reclassification, exchange, subdivision or other change.

- **If You Subdivide or Combine Your Shares.** If at any time You combine or subdivide Your Series C Preferred Stock, the Exercise Price will be proportionately decreased in the case of a subdivision, or proportionately increased in the case of a combination,

- **If You Pay Stock Dividends.** If at any time You pay a dividend payable in, or make any other distribution (except any distribution specifically provided for in the above paragraphs) of Your Series C Preferred Stock, then the Exercise Price shall be adjusted, from and after the record date of such dividend or distribution, to that price determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction (i) the numerator of which shall be the total number of all shares of Your Series C Preferred Stock outstanding immediately prior to such dividend or distribution, and (ii) the denominator of which shall be the total number of all shares of Your Series C Preferred Stock outstanding immediately after such dividend or distribution. We will thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares of Warrant Stock (calculated to the nearest whole share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Warrant Stock issuable upon the exercise hereof immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment

- **If You Change the Antidilution Rights of the Warrant Stock or Issue New Preferred or Convertible Stock.** All antidilution rights applicable to the Warrant Stock purchasable under this Warrant Agreement are as set forth in Your Certificate of Incorporation, as amended through the Effective Date. You will promptly provide Us with any restatement, amendment, modification of or waiver of any right under Your Certificate of Incorporation to the extent that You provide the same to all other holders of the Warrant Stock. You will provide Us with copies of any notices that You send to Your stockholders with respect to any issuance of Your stock or other equity security to occur after the Effective Date (other than issuances of stock or equity securities pursuant to customary stock plans).

5. WE CAN TRANSFER THIS PLAIN ENGLISH WARRANT AGREEMENT.

Subject to the terms and conditions contained in Section 7, We (or any successor transferee) may transfer in whole or in part this Warrant Agreement and all its rights. You will record the transfer on Your books when You receive Our Notice of Transfer in the form attached hereto as Exhibit IIL and Our payment of all transfer taxes and other governmental charges involved in such transfer.

6. REPRESENTATIONS, WARRANTIES, AND COVENANTS FROM YOU.

- **Reservation of Warrant Stock.** The Warrant Stock issuable upon exercise of Our rights under this Warrant Agreement will be duly and validly reserved and when issued in accordance with the provisions of this Warrant Agreement will be validly issued, fully paid and non-assessable, and will be free of any taxes, liens. charges or encumbrances of any nature whatsoever; provided, however, that the Warrant Stock issuable pursuant to this Warrant Agreement may be subject to restrictions on transfer under state and/or Federal securities laws. Upon Our exercise, You will issue to Us certificates for shares of Warrant Stock without charging Us any tax, or other cost incurred by You in connection with such exercise and the related issuance of shares of Warrant Stock. You will not be required to pay any tax, which may be payable in respect of any transfer involved and the issuance and delivery of any certificate in a name other than TriplePoint Capital LLC.

- **Due Authority.** Your execution and delivery of this Warrant Agreement and the performance of Your obligations hereunder. including the issuance to Us of the right to acquire the shares of Warrant Stock, have been duly authorized by all necessary corporate action on Your part and this Warrant Agreement is not inconsistent with Your Certificate of Incorporation or Bylaws, does not contravene any law or governmental rule, regulation or order applicable to it, do not and will not contravene any provision of or constitute a default under, any material indenture, mortgage, contract or other instrument to which You are a party or by which You are bound. and this Warrant Agreement constitutes a legal, valid and binding agreement, enforceable in accordance with its respective terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and the rules of law or principles at equity governing specific performance, injunctive relief and other equitable remedies.

ð **Consents and Approvals.** No consent or approval of, giving of notice to, registration with. or taking of any other action in respect of any state, Federal or other governmental authority or agency is required with respect to execution, delivery and Your performance of Your obligations under this Warrant Agreement, except for the filing of any required notices pursuant to Federal and state securities laws, which filings will be effective by the times required thereby.

ð **Issued Securities.** All of Your issued and outstanding shares of Common Stock, Warrant Stock or any other securities have been duly authorized and validly issued and are fully paid and nonassessable. All outstanding shares of Common Stock and Warrant Stock were issued in full compliance with all Federal and state securities laws. In addition as of the Effective Date:

Your authorized capital consists of (A) 30,00,000 shares of Common Stock, of which 2,696,821 shares of Common Stock are issued and outstanding, (B) 5,256,250 shares of Series A Preferred Stock, of which 5,208,334 shares are issued and outstanding, (C) 7,870,965 shares of Series B Preferred Stock, of which 7,741,933 shares are issued and outstanding, and (D) 7,250,000 shares of Series *C* Preferred Stock, of which 7,016,325 shares are issued and outstanding.

You have reserved (A) 3,770,908 shares of Common Stock for issuance under Your Stock Incentive Plan, under which 2,466,087 options are outstanding, (B) 47,916 shares of Series A Preferred Stock for issuance upon exercise of warrants to purchase Series A Preferred Stock, (C) 129,032 shares of Series B Preferred Stock for issuance upon exercise of warrants to purchase Series B Preferred Stock and (D) 145,884 shares of Series C Preferred Stock for issuance upon exercise of warrants (including this Warrant) to purchase Series C Preferred Stock. Except as otherwise provided in this Warrant Agreement and as noted above, there are no other options, warrants, conversion privileges or other rights presently outstanding to purchase or otherwise acquire any authorized but unissued shares of Your capital stock or other of Your securities.

Except as set forth in Your Investors' Rights Agreement, a true, correct and complete copy of which has been delivered to Us prior to the issuance of this Warrant, Your stockholders do not have preemptive rights to purchase new issuances of Your capital stock.

ð **Other Commitments to Register Securities.** Except as set forth in this Warrant Agreement and the Investors' Rights Agreement, You are not, pursuant to the terms of any other agreement currently in existence, under any obligation to register under the 1933 Act any of Your presently outstanding securities or any of Your securities which may hereafter be issued.

ð **Exempt Transaction**. Subject to the accuracy of Our representations in Section 7 hereof, the issuance of the Warrant Stock upon exercise of this Warrant Agreement will constitute a transaction exempt from (i) the registration requirements of Section 5 of the 1933 Act, in reliance upon Section 4(2) thereof; and (ii) the qualification requirements of the applicable state securities laws.

ð **Compliance with Rule 144.** We may sell the Warrant Stock issuable hereunder in compliance with Rule 144 promulgated by the Securities and Exchange Commission. Within ten (I 0) days of Our request, You agree to furnish Us, a written statement confirming Your compliance with the filing requirements of the Securities and Exchange Commission as set forth in such Rule 144, as may be amended. The foregoing does not mean that You covenant in any way to report under the Securities Exchange Act of 1934 or to maintain such reporting if You commence such reporting.

ð **No Impairment.** You agree not to. by amendment of Your Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by You, but shall at all times in good faith assist in carrying out of all the provisions of this Warrant and in taking all such action as may be necessary or appropriate to protect Our rights under this Warrant against impairment. For the avoidance of doubt, You shall not be deemed to have impaired Our rights if You amend, restate, modify or waive any provisions of Your Certificate of Incorporation, or the holders of Your capital stock waive their rights thereunder, in a manner that does not (individually or when considered in the context of any other actions being taken in connection with such amendments, restatements, modifications or waivers) affect the rights, privileges, preferences, restrictions and limitations of the securities then issuable upon exercise of this Warrant (the "Shares") in a manner different from the effect that such amendments, restatements, modifications or waivers have on the rights, privileges, preferences, restrictions and limitations of the then outstanding securities of You that are of the same series and class as the Shares.

7. OUR REPRESENTATIONS AND COVENANTS TO YOU.

ð **Investment Purpose.** The right to acquire Warrant Stock or the Warrant Stock issuable upon exercise of Our rights contained herein and the Common Stock issuable upon conversion will be acquired for investment purposes and not with a view to the sale or distribution of any part thereof, and We have no present intention of selling or engaging in any public distribution of the same in violation of the 1933 Act.

ð **Private Issue**. We understand (i) that this Warrant Agreement, the Warrant Stock issuable upon exercise of this Warrant Agreement and the Common Stock issuable upon conversion of the Warrant Stock are not registered under the 1933 Act or qualified under applicable state securities laws on the ground that the issuance contemplated by this Warrant Agreement will be exempt from the

registration and qualifications requirements thereof, and (ii) that Your reliance on such exemption is predicated on the representations set forth in this Section 7.

ð **Disposition of Our Rights.** In no event will We make a disposition of any of Our rights to acquire Warrant Stock or Warrant Stock issuable upon exercise of such rights or the Common Stock issuable upon conversion of the Warrant Stock unless and until (i) We shall have notified You in writing of the proposed disposition, and (ii) the transferee agrees to be bound in writing to the applicable terms and conditions of this Warrant Agreement, and (iii) if You request, We shall have furnished You with an opinion of counsel satisfactory to You and Your counsel to the effect that (A) appropriate action necessary for compliance with the 1933 Act has been taken, or (B) an exemption from the registration requirements of the 1933 Act is available. Notwithstanding the foregoing, the restrictions imposed upon the transferability of any of Our rights to acquire Warrant Stock or Warrant Stock issuable on the exercise of such rights or the Common Stock issuable upon conversion of the Warrant Stock do not apply to transfers from the beneficial owner of any of the aforementioned securities to its nominee or from such nominee to its beneficial owner, and shall terminate as to any particular share of Warrant Stock when (I) such security shall have been effectively registered under the 1933 Act and sold by the holder thereof in accordance with such registration or (2) such security shall have been sold without registration in compliance with Rule 144 under the 1933 Act, or (3) a letter shall have been issued to You at Our request by the staff of the Securities and Exchange Commission or a ruling shall have been issued to the You at Our request by such Commission stating that no action shall be recommended by such staff or taken by such Commission, as the case may be, if such security is transferred without registration under the 1933 Act in accordance with the conditions set forth in such letter or ruling and such letter or ruling specifies that no subsequent restrictions on transfer are required. Whenever the restrictions imposed hereunder shall terminate, as hereinabove provided, the holder of a share of Warrant Stock then outstanding as to which such restrictions have terminated shall be entitled to receive from You, without expense to such holder, one or more new certificates for the Warrant or for such shares of Warrant Stock not bearing any restrictive legend referring to 1933 Act registration or exemption.

ð **Financial Risk**. We have such knowledge and experience in financial and business matters and knowledge of Your business affairs and financial condition as to be capable of evaluating the merits and risks of Our investment, and have the ability to bear the economic risks of Our investment.

ð **Risk of No Registration.** We understand that if You do not register with the Securities and Exchange Commission pursuant to Section 12 of the 1934 Act (the "1934 Act"), or file reports pursuant to Section l5(d), of the 1934 Act, or if a registration statement covering the securities under the 1933 Act is not in effect when We desire to sell (i) the rights to purchase Warrant Stock pursuant to this Warrant Agreement, or (ii) the Warrant Stock issuable upon exercise of the right to purchase, or (iii) the Common Stock issuable upon conversion of the Warrant Stock, We may be required to hold such securities for an indefinite period. We also understand that any sale of Our right to purchase Warrant Stock or Warrant Stock or Common Stock issuable upon conversion of the Warrant Stock, which might be made by it in reliance upon Rule 144 under the 1933 Act may be made only in accordance with the terms and conditions of that Rule.

ð **Accredited Investor.** We are an "accredited investor" within the meaning of the Securities and Exchange Rule 501 of Regulation D of the 1933 Act, as presently in effect.

8. NOTICES YOU AGREE TO PROVIDE US.

You agree to give Us at least ten (10) days prior written notice of the following events:

ð If You Pay a dividend or distribution declaration upon the Warrant Stock.

ð If You offer for subscription pro-rata to the existing shareholders additional stock or other rights to purchase Your capital stock.

ð If You consummate or sign definitive documents providing for a Merger Event

ð If You have an initial public offering.

ð If You dissolve or liquidate.

All notices in this Section must set forth details of the event, how the event adjusts either Our number of shares or Our Exercise Price and the method used for such adjustment.

Timely Notice. Your failure to timely provide such notice required above shall entitle Us to retain the benefit of the applicable notice period notwithstanding anything to the contrary contained in any insufficient notice received by Us.

9. DOCUMENTS YOU WILL PROVIDE US.

Upon signing this Warrant Agreement You will provide Us with:

- ð Executed originals of this Warrant Agreement.
- ð Secretary's certificate of incumbency and authority
- ð Certified copy of resolutions of Your board of directors approving this Warrant Agreement
- ð Certified copy of Certificate of lncorporation and By-Laws as amended through the Effective Date
- ð Current Investors' Rights Agreement

So long as this Warrant Agreement is in effect, You shall provide Us with the following:

- ð Within five (5) Business Days after the closing of any equity financing, or extension of an existing round of equity financing, occurring after the Effective Date, in which You issue preferred stock or other securities You will provide Us with copies of the fully executed equity financing documents, including without limitation the related stock purchase agreement, investors rights agreement, voting agreement, amended or restated articles/certificates of incorporation, current capitalization table and other related documents.
- ð Within thirty (30) days after completion You shall provide Us with any 409A Valuation Reports or other similar reports prepared for You.
- ð You shall submit to Us any other documents and other information that We may reasonably request from time to time and are necessary to implement the provisions and purposes of this Warrant Agreement, provided that You may redact such information to the extent required by Your confidentiality or non-disclosure obligations.

10. REGISTRATION RIGHTS UNDER THE 1933 ACT.

The shares of Your common stock into which the Warrant Stock is convertible shall have registration rights as set forth in the Second Amended and Restated Investors' Rights Agreement, dated as of April 26. 2010, (as amended. the "Investors' Rights Agreement"). The provisions set forth in Your Investors Rights Agreement relating to such registration rights in effect as of the date of this Warrant Agreement may not be amended, modified or waived without Our prior written consent unless such amendment, modification or waiver affects the rights associated with the shares of common stock into which the Warrant Stock is convertible in the same manner as such amendment, modification, or waiver affects the rights associated with all other shares of the same series and class of stock as the Warrant Stock.

11. OTHER LEGAL PROVISIONS THE PARTIES WILL ABIDE BY.

Restrictive Legend. The shares of Warrant Stock (unless registered under the 1933 Act) shall be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws):

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRASNFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SUCH ACT AND/OR APPLICABLE STATE SECURITIES LAWS, OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A LOCK-UP PERIOD IN THE EVENT OF A PUBLIC OFFERING, AS SET FORTH IN THE PLAIN ENGLISH WARRANT AGREEMENT PURSUANT TO WHICH THE SHARES REPRESENTED HEREBY WERE ISSUED, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

Market Stand-Off Agreement. We shall not, to the extent requested by You or an underwriter of securities of You, sell or otherwise transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, of any Common Stock (or other securities) of You held by Us (other than those included in the registration) for up to one hundred and eighty (180) days following the effective date of the registration statement for Your initial public offering filed under the 1933 Act, (or such other period as may be requested by You or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711 (f)(4) or NYSE Rule 472(1)(4), or any successor provisions or amendments thereto); *provided* that all officers and directors of You and all holders of at least one percent (I%) of Your voting securities are bound by and

have entered into similar agreements. We agree to execute a market standoff agreement with said underwriters in customary form consistent with the provisions of this section.

Effective Date. This Warrant Agreement shall be construed and shall be given effect in all respects as if it had been executed and delivered by the Parties on the date hereof. This Warrant Agreement shall be binding upon any of the successors or assigns of the Parties.

Attorney's Fees. In any litigation. arbitration or court proceeding between the Parties relating to this Warrant Agreement, the prevailing party shall be entitled to attorneys' fees and expenses and all costs of proceedings incurred in enforcing this Warrant Agreement.

Governing Law. This Warrant Agreement shall be governed by and construed for all purposes under and in accordance with the laws of the State of California without giving effect to that body of law pertaining to conflicts of laws.

Consent to Jurisdiction and Venue. All judicial proceedings arising in or under or related to this Warrant Agreement may be brought in any state or federal court of competent jurisdiction located in the State of California. By execution and delivery of this Warrant Agreement, each party hereto generally and unconditionally: (a) consents to personal jurisdiction in San Mateo County, State of California; (b) waives any objection as to jurisdiction or venue in San Mateo County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Warrant Agreement. Service of process on any party hereto in any action arising out of or relating to this agreement sha11 be effective if given in accordance with the requirements for notice set forth in this Section, and shall be deemed effective and received as set forth therein. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

Mutual Waiver of Jury Trial; Judicial Reference. Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the Parties wish applicable state and federal laws to apply (rather than arbitration rules), The Parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF THE PARTIES SPECIFICALLY WAIVES ANY RIGHT THEY MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY YOU AGAINST US OR OUR ASSIGNEE OR BY US OR OUR ASSIGNEE AGAINST YOU, IN THE EVENT THAT THE FOREGOING JURY TRIAL W AIVER IS NOT ENFORCEABLE, ALL CLAIMS, INCLUDING ANY AND ALL QUESTIONS OF LAW OR FACT RELATING THERETO, SHALL, AT THE WRITTEN REQUEST OF ANY PARTY, BE DETERMINED BY JUDICIAL REFERENCE PURSUANT TO THE CALIFORNIA CODE OF CIVIL PROCEDURE ("REFERENCE"). THE PARTIES SHALL SELECT A SINGLE NEUTRAL REFEREE, WHO SHALL BE A RETIRED STATE OR FEDERAL JUDGE. IN THE EVENT THAT THE PARTIES CANNOT AGREE UPON A REFEREE, THE REFEREE SHALL BE APPOINTED BY THE COURT. THE REFEREE SHALL REPORT A STATEMENT OF DECISION TO THE COURT. NOTHING IN THIS SECTION SHALL LIMIT THE RIGHT OF ANY PARTY AT ANY TIME TO EXERCISE LAWFUL SELF-HELP REMEDIES, FORECLOSE AGAINST COLLATERAL OR OBTAIN PROVISIONAL REMEDIES. THE PARTIES SHALL BEAR THE FEES AND EXPENSES OF THE REFEREE EQUALLY UNLESS THE REFEREE ORDERS OTHERWISE. THE REFEREE SHALL ALSO DETERMINE ALL ISSUES RELATING TO THE APPLICABILITY, INTERPRETATION, AND ENFORCEABILITY OF THIS SECTION. THE PARTIES ACKNOWLEDGE THAT THE CLAIMS WILL NOT BE ADJUDICATED BY A JURY. This waiver extends to all such Claims, including Claims that involve Persons other than You and Us; Claims that arise out of or are in any way connected to the relationship between You and Us; and any Claims for damages, breach of contract, specific performance, or any equitable or legal relief of any kind, arising out of this Warrant Agreement.

Counterparts. This Warrant Agreement may be executed in two or more counterparts, each of which shall be deemed an

original, but all of which together shall constitute one and the same instrument.

Notices. Any notice required or permitted under this Warrant Agreement shall be given in writing and shall be deemed effectively given upon the earlier of (1) actual receipt or 3 days after mailing if mailed postage prepaid by regular or airmail to Us or You or (2) one day after it is sent by overnight mail via nationally recognized courier or (3) on the same day as sent via confirmed facsimile transmission, provided that the original is sent by personal delivery or mail by the sending party.

Remedies. In the event of any default hereunder, the non-defaulting party may proceed to protect and enforce its rights either by suit in equity and/or by action at law, including but not limited to an action for damages as a result of any such default, and/or an action for specific performance for any default where such party will not have an adequate remedy at law and where damages will not be readily ascertainable. Each party expressly acknowledges and agrees that there is no adequate remedy at law for any breach of this Warrant Agreement and that in the event of any breach of this Agreement, the injured party shall be entitled to specific performance of any or all provisions hereof or an injunction prohibiting the other party from continuing to commit any such breach of this Agreement.

Survival. The representations, warranties, covenants, and conditions of the Parties contained herein or made pursuant to this Warrant Agreement shall survive the execution and delivery of this Warrant Agreement.

Severability. In the event any one or more of the provisions of this Warrant Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Warrant Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision, which comes closest to the intention of the Parties underlying the invalid, illegal or unenforceable provision.

Entire Agreement. This Warrant Agreement constitutes the entire agreement between the Parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and undertakings of the Parties, whether oral or written, with respect to such subject matter.

Amendments. Any provision of this Warrant Agreement may only be amended by a written instrument signed by the Parties.

Lost Warrants or Stock Certificates. You covenant to Us that, upon receipt of evidence reasonably satisfactory to Us of the loss, theft, destruction or mutilation of this Warrant Agreement or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to You, or in the case of any such mutilation upon surrender and cancellation of such Warrant Agreement or stock certificate, You will make and deliver a new Warrant Agreement or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant Agreement or stock certificate.

Rights as Stockholders. We shall not, as a party to this Warrant Agreement, be entitled to vote or receive dividends or be deemed the holder of Series C Preferred Stock or any of Your other securities which may at any time be issuable upon the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon Us any of the rights of one of Your stockholders or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to receive dividends or subscription rights or otherwise until this Warrant Agreement is exercised and the shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

Facsimile Signatures. This Warrant Agreement may be executed and delivered by facsimile and upon such delivery the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

(Signature Page to Follow)

IN WITNESS WHEREOF, each of the Parties have caused this Warrant Agreement to be executed by its officers who are duly authorized as of the Effective Date.

You:	**TRANSPHORM, INC.**
Signature:	/s/ Primit Parikh
Print Name:	Primit Parikh
Title:	President & COO

Us:	**TRIPLEPOINT CAPITAL LLC**
Signature:	/s/ Sajal Srivastava
Print Name:	Sajal Srivastava
Title:	Chief Operating Officer

[SIGNATURE PAGE TO WARRANT AGREEMENT 0653-W-01]

EXHIBIT I

NOTICE OF EXERCISE

To: [_____]

1. We hereby elect to purchase [_____] shares of the Series [_____] Preferred Stock of Transphorm, Inc., pursuant to the terms of the Plain English Warrant Agreement dated the [_____] day of [_____], 2010 (the "Plain English Warrant Agreement") between You and Us, We hereby tender here payment of the purchase price for such shares in full, together with all applicable transfer taxes, if any.

2. Method of Exercise (Please initial the applicable blank)

   a. _____The undersigned elects to exercise the Plain English Warrant Agreement by means of a cash payment, and gives You full payment for the purchase price of the shares being purchased. together with all applicable transfer taxes, if any.

   b. _____The undersigned elects to exercise the Plain English Warrant Agreement by means of the Net Issuance Exercise method of Section 3 of the Plain English Warrant Agreement.

3. In exercising Our rights to purchase the Series C Preferred Stock of Transphorm, Inc., We hereby confirm and acknowledge the investment representations, warranties and covenants made in Section 7 of the Plain English Warrant Agreement and the Market Stand-off provision in Section 11 of the Plain English Warrant Agreement.

Please issue a certificate or certificates representing these purchased shares of Series C Preferred Stock in Our name or in such other name as is specified below.

_____
(Name)

_____
(Address)

US: **TRIPLEPOINT CAPITAL LLC**

By: _____
Title: _____
Date: _____

EXHIBIT II

ACKNOWLEDGMENT OF EXERCISE

Transphorm, Inc., hereby acknowledges receipt of the "Notice of Exercise" from TRIPLEPOINT CAPITAL LLC. to purchase [_____] shares of the Series C Preferred Stock of [_____], pursuant to the terms of the Plain English Warrant Agreement, and further acknowledges that [_____] shares remain subject to purchase under the terms of the Plain English Warrant Agreement.

YOU: _____

By: _____

Title: _____

Date: _____

EXHIBIT III

TRANSFER NOTICE

FOR VALUE RECEIVED, the foregoing Plain English Warrant Agreement and all rights evidenced thereby are hereby transferred and assigned to

_____

(Please Print)

Whose address is _____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

Transferee's Signature: _____

Transferee's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Transfer Notice must correspond with the name as it appears on the face of the Plain English Warrant Agreement. without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Plain English Warrant Agreement.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED (the "1933 ACT"), OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO YOU THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT, OR ANY APPLICABLE STATE SECURITIES LAWS.

PLAIN ENGLISH WARRANT AGREEMENT

This is a PLAIN ENGLISH WARRANT AGREEMENT dated December 2, 2011 by and between TRANSPHORM, INC., a Delaware corporation, and TRIPLEPOINT CAPITAL LLC, a Delaware limited liability company.

The words "We", "Us", or "Our" refer to the warrant holder, which is TRIPLEPOINT CAPITAL LLC. The words "You" or "Your" refers to the issuer, which is TRANSPHORM, INC., and not to any individual. The words "the Parties" refers to both TRIPLEPOINT CAPITAL LLC and TRANSPHORM, INC. This Plain English Warrant Agreement may be referred to as the "Warrant Agreement".

The Parties have entered into (i) a Plain English Master Lease Agreement dated as of November 3, 2010, and related Software or Hardware Facility Schedules and Summary Schedules (as the same may be amended from time to time, and which are collectively referred to in this Warrant Agreement as the "Lease Agreement") and (ii) a Plain English Equipment Loan and Security Agreement dated as of November 3, 2010, as the same has been amended by that certain First Amendment to Plain English Equipment Loan and Security Agreement, dated December 2, 2011 (collectively, the "Loan Agreement").

In consideration of such Lease Agreement and Loan Agreement, the Parties agree to the following mutual agreements and conditions set forth below:

WARRANT INFORMATION			
Effective Date	**Warrant Number**	**Lease Facility Schedules and Loan Facility Number**	
December 2, 2011	0653-W-02	0653-LE-02H/0653-LE-02S and 0653-LO-02H/0653-LO-02S	
Warrant Coverage	**Number of Shares**	**Price Per Share**	**Type of Stock**
$180,000 (6% of $3,000,000)	39,912, subject to adjustment per the terms of this Warrant Agreement	$4.51, subject to adjustment per the terms of this Warrant Agreement	Series D Preferred Stock, subject to adjustment per the terms of this Warrant Agreement

OUR CONTACT INFORMATION		
Name	**Address For Notices**	**Contact Person**
TriplePoint Capital LLC	2755 Sand Hill Road, Ste. 150 Menlo Park, CA 94025 Tel: (650) 854-2090 Fax: (650) 854-1850	Sajal Srivastava, COO Tel: [***] Fax: (650) 854-1850 email: legal@triplepointcapital.com
YOUR CONTACT INFORMATION		
Customer Name	**Address For Notices**	**Contact Person**
Transphorm, Inc.	115 Castilian Drive Goleta, CA 93117	Primit Parikh, COO Tel: [***] Fax: (805) 961-9528 Email: pparikh@transphormusa.com

1. WHAT YOU AGREE TO GRANT US

You grant to Us and We are entitled, upon the terms and subject to the conditions set forth in this Warrant Agreement, to purchase from You, at a price per share equal to the Exercise Price, that number of fully paid and non-assessable shares of Your Warrant Stock equal to One Hundred Eighty Thousand Dollars ($180,000), divided by the Exercise Price, rounded up to the nearest whole share.

The number of shares of Warrant Stock and the Exercise Price of such Warrant Stock are subject to adjustment as provided in Section 4 hereof.

For purposes of this Warrant Agreement, the following capitalized terms have the meanings given below:

> "Exercise Price" means the lower of (a) $4.51 if we exercise this Warrant Agreement for Your Series D Preferred Stock and (b) the lowest per share price for which Your preferred stock is sold in the Next Round if we exercise this Warrant Agreement for the class and series of Your preferred stock issued in the Next Round.
>
> "Next Round" means the next bona fide round of equity financing in which You issue and sell shares of your preferred stock for aggregate gross cash proceeds of at least $1,000,000 (excluding any amounts received upon conversion or cancellation of indebtedness) subsequent to the Effective Date.
>
> "Warrant Stock" means (a) the class and series of Your preferred stock issued in the Next Round, if the lowest per share price for which such preferred stock is sold in the Next Round is less than $4.51, or (b) in all other cases, Your Series D Preferred Stock. For avoidance of doubt, if this Warrant Agreement is exercised prior to the Next Round then this Warrant Agreement shall be exercisable for Your Series D Preferred Stock.

The Parties agree that this Warrant Agreement to purchase the Warrant Stock has a fair market value equal to $100 and that $100 of the issue price is included as part of the leased value and will be allocable to the Warrant Agreement and the original issue discount on the Lease Agreement shall be considered to be zero.

2. WHEN ARE WE ENTITLED TO PURCHASE YOUR WARRANT STOCK.

The term of this Warrant Agreement and our right to purchase Warrant Stock will begin on the Effective Date, and shall be available for the greater of (i) 7 years from the Effective Date or (ii) 5 years from the effective date of Your initial public offering.

Notwithstanding the foregoing, in the event of a Merger Event (as defined in Section 4) where the consideration received by holders of Warrant Stock in such Merger Event is all cash, then this Warrant Agreement (i) to the extent the cash consideration per share of Warrant Stock exceeds the Exercise Price, shall be deemed exercised in accordance with the provisions of Section 3 (net issuance method) immediately prior to the closing of the Merger Event, or (ii) to the extent the cash consideration per share of Warrant Stock does not exceed the Exercise Price, shall terminate, unless exercised prior to such Merger Event.

3. HOW WE MAY PURCHASE YOUR WARRANT STOCK.

We may exercise Our purchase rights, in whole or in part, at any time, or from time to time, prior to the expiration of the term of this Warrant Agreement, by giving You a completed and executed **Notice of Exercise** in the form attached as **Exhibit I**. Promptly upon receipt of the Notice of Exercise and in any event no later than twenty-one (21) days after you have received Our Notice of Exercise and payment of the aggregate Exercise Price for the shares purchased, You will issue to Us a certificate for the number of shares of Warrant Stock that We have purchased and You will execute the **Acknowledgment of Exercise** in the form attached hereto as **Exhibit II** indicating the number of shares which will be available to Us for future purchases, if any.

We may pay for the Warrant Stock by either (i) cash or check, or (ii) by the **net issuance method** as determined below. If We elect the net issuance method, You will issue Warrant Stock using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of shares of Warrant Stock to be issued to Us.
Y = the number of shares of Warrant Stock We request to be exercised under this Warrant Agreement.
A = the fair market value of one share of Warrant Stock.
B = the Exercise Price.

For purposes of the above calculation, current fair market value of Warrant Stock shall mean with respect to each share of Warrant Stock:

If the exercise is in connection with the initial public offering of Your Common Stock, and if Your registration statement relating to such public offering has been declared effective by the SEC, then the fair market value per share shall be the product of (x) the initial "Price to Public" specified in the final prospectus of the offering and (y) the number of shares of Common Stock into which each share of Warrant Stock is convertible at the time of such exercise;

If this Warrant Agreement is exercised after, and not in connection with Your initial public offering, and:

ð if traded on a securities exchange, the fair market value shall be the product of (x) the average of the closing prices over a five (5) day period ending three (3) days before the day the current fair market value of the securities is being determined and (y) the number of shares of Common Stock into which each share of Warrant Stock is convertible at the time of such exercise; or

ð if actively traded over-the-counter, the fair market value shall be the product of (x) the average of the closing bid and asked prices quoted on the NASDAQ system (or similar system) over the five (5) day period ending three (3) days before the day the current fair market value of the securities is being determined and (y) the number of shares of Common Stock into which each share of Warrant Stock is convertible at the time of such exercise.

If this Warrant Agreement is exercised prior to or after Your initial public offering, and:

ð Your Common Stock is not listed on any securities exchange or quoted in the NASDAQ System or the over-the- counter market, the current fair market value of Warrant Stock shall be the product of (x) the fair market value of a share of Your Common Stock (the highest price per share which You could obtain from a willing buyer (not a current employee or director) for shares of Common Stock sold, from authorized but unissued shares), as determined in good faith by Your Board of Directors and (y) the number of shares of Common Stock into which each share of Warrant Stock is convertible at the time of such exercise, unless You shall become subject to a merger, acquisition or other consolidation pursuant to which You are not the surviving party, in which case the fair market value of Warrant Stock shall be deemed to be the value received by the holders of Your Warrant Stock on a common equivalent basis pursuant to such merger or acquisition or other consolidation.

During the term of this Warrant Agreement, You will at all times from and after the Effective Date have authorized and reserved a sufficient number of shares of (a) Warrant Stock to provide for the exercise of our rights to purchase Warrant Stock, and (b) Common Stock to provide for the conversion of the Warrant Stock.

If We elect to exercise part of the Warrant Agreement, You will promptly issue to Us an amended Warrant Agreement stating the remaining number of shares that are available. All other terms and conditions of that amended Warrant Agreement shall be identical to those contained in this Warrant Agreement.

If at the end of the term of this Warrant Agreement, the fair market value of one share of Warrant Stock (or other security issuable upon the exercise hereof) as determined in accordance herewith is greater than the Exercise Price in effect on such date, then this Warrant Agreement shall automatically be deemed on and as of such date to be converted pursuant to the net issuance method described herein as to all shares of Warrant Stock (or such other securities) for which it shall not previously have been exercised

or converted, and You shall promptly deliver a certificate representing the shares of Warrant Stock (or such other securities) issued upon such conversion to Us.

4. WHEN WILL THE NUMBER OF SHARES AND EXERCISE PRICE CHANGE.

- **If You are Acquired.** If at any time: (i) there is a reorganization of Your stock (other than a reclassification, exchange or subdivision of Your stock otherwise provided for in this Warrant Agreement); (ii) You merge or consolidate with or into another entity, whether or not You are the surviving entity; (iii) You sell or convey, or grant an exclusive license with respect to, all or substantially all of Your assets to any other person; or (iv) there occurs any transaction or series of related transactions that result in the transfer of fifty percent (50%) or more of the outstanding voting power of the capital stock of You (each of the foregoing events are referred to as a "Merger Event"), then, as a part of such Merger Event, lawful provision shall be made so that We shall thereafter be entitled to receive, upon exercise of Our rights under this Warrant Agreement, the number of shares of preferred stock or other securities of the successor or surviving person resulting from such Merger Event, equal in value to that which would have been issuable if We had exercised Our rights under this Warrant Agreement immediately prior to the Merger Event. In any such case, appropriate adjustment (as determined in good faith by Your Board of Directors) shall be made in the application of the provisions of this Warrant Agreement with respect to Our rights and interest after the Merger Event so that the provisions of this Warrant Agreement (including adjustments of the Exercise Price and number of shares of Warrant Stock purchasable) shall be applicable to the greatest extent possible.

- **If You Reclassify Your Stock.** If at any time You combine, reclassify, exchange or subdivide Your securities (including any automatic conversion of Your outstanding or issuable securities of the same class or series as the Warrant Stock to Common Stock pursuant to the terms of Your Certificate of Incorporation upon the closing of a registered public offering of Your Common Stock) or otherwise change any of the securities as to which purchase rights under this Warrant Agreement exist into the same or a different number of securities of any other class or classes, this Warrant Agreement will thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities which were subject to the purchase rights under this Warrant Agreement immediately prior to such combination, reclassification, exchange, subdivision or other change.

- **If You Subdivide or Combine Your Shares.** If at any time You combine or subdivide Your Warrant Stock, the Exercise Price will be proportionately decreased in the case of a subdivision, or proportionately increased in the case of a combination.

- **If You Pay Stock Dividends.** If at any time You pay a dividend payable in, or make any other distribution (except any distribution specifically provided for in the above paragraphs) of Your Warrant Stock, then the Exercise Price shall be adjusted, from and after the record date of such dividend or distribution, to that price determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction (i) the numerator of which shall be the total number of all shares of Your Warrant Stock outstanding immediately prior to such dividend or distribution, and (ii) the denominator of which shall be the total number of all shares of Your Warrant Stock outstanding immediately after such dividend or distribution. We will thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares of Warrant Stock (calculated to the nearest whole share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Warrant Stock issuable upon the exercise hereof immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

- **If You Change the Antidilution Rights of the Warrant Stock or Issue New Preferred or Convertible Stock.** All antidilution rights applicable to the Warrant Stock purchasable under this Warrant Agreement are as set forth in Your Certificate of Incorporation, as amended through the Effective Date. You will promptly provide Us with any restatement, amendment, modification of or waiver of any right under Your Certificate of Incorporation to the extent that You provide the same to all other holders of the Warrant Stock. You will provide Us with copies of any notices that You send to Your stockholders with respect to any issuance of Your stock or other equity security to occur after the Effective Date (other than issuances of stock or equity securities pursuant to customary stock plans).

5. WE CAN TRANSFER THIS PLAIN ENGLISH WARRANT AGREEMENT.

Subject to the terms and conditions contained in Section 7, We (or any successor transferee) may transfer in whole or in part this Warrant Agreement and all its rights. You will record the transfer on Your books when You receive Our Notice of Transfer

in the form attached hereto as Exhibit III, and Our payment of all transfer taxes and other governmental charges involved in such transfer.

6. REPRESENTATIONS, WARRANTIES, AND COVENANTS FROM YOU.

ð **Reservation of Warrant Stock.** The Warrant Stock issuable upon exercise of Our rights under this Warrant Agreement will be duly and validly reserved and when issued in accordance with the provisions of this Warrant Agreement will be validly issued, fully paid and non-assessable, and will be free of any taxes, liens, charges or encumbrances of any nature whatsoever; provided, however, that the Warrant Stock issuable pursuant to this Warrant Agreement may be subject to restrictions on transfer under state and/or Federal securities laws. Upon Our exercise, You will issue to Us certificates for shares of Warrant Stock without charging Us any tax, or other cost incurred by You in connection with such exercise and the related issuance of shares of Warrant Stock. You will not be required to pay any tax, which may be payable in respect of any transfer involved and the issuance and delivery of any certificate in a name other than TriplePoint Capital LLC.

ð **Due Authority.** Your execution and delivery of this Warrant Agreement and the performance of Your obligations hereunder, including the issuance to Us of the right to acquire the shares of Warrant Stock, have been duly authorized by all necessary corporate action on Your part and this Warrant Agreement is not inconsistent with Your Certificate of Incorporation or Bylaws, does not contravene any law or governmental rule, regulation or order applicable to it, do not and will not contravene any provision of, or constitute a default under, any material indenture, mortgage, contract or other instrument to which You are a party or by which You are bound, and this Warrant Agreement constitutes a legal, valid and binding agreement, enforceable in accordance with its respective terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and the rules of law or principles at equity governing specific performance, injunctive relief and other equitable remedies.

ð **Consents and Approvals.** No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of any state, Federal or other governmental authority or agency is required with respect to execution, delivery and Your performance of Your obligations under this Warrant Agreement, except for the filing of any required notices pursuant to Federal and state securities laws, which filings will be effective by the times required thereby.

ð **Issued Securities.** All of Your issued and outstanding shares of Common Stock, Warrant Stock or any other securities have been duly authorized and validly issued and are fully paid and nonassessable. All outstanding shares of Common Stock and Warrant Stock were issued in full compliance with all Federal and state securities laws. In addition as of the Effective Date:

Your authorized capital consists of (A) 37,000,000 shares of Common Stock, of which 2,975,645 shares of Common Stock are issued and outstanding, (B) 5,256,250 shares of Series A Preferred Stock, of which 5,208,334 shares are issued and outstanding, (C) 7,870,965 shares of Series B Preferred Stock, of which 7,741,933 shares are issued and outstanding, (D) 7,162,209 shares of Series C Preferred Stock, of which 7,016,325 shares are issued and outstanding and (E) 6,800,000 shares of Series D Preferred Stock, of which 5,598,669 shares are issued and outstanding.

You have reserved (A) 3,770,908 shares of Common Stock for issuance under Your Stock Incentive Plan, under which 3,089,643 options are outstanding, (B) 47,916 shares of Series A Preferred Stock for issuance upon exercise of warrants to purchase Series A Preferred Stock, (C) 129,032 shares of Series B Preferred Stock for issuance upon exercise of warrants to purchase Series B Preferred Stock (D) 145,884 shares of Series C Preferred Stock for issuance upon exercise of warrants to purchase Series C Preferred Stock and (E) 39,912 shares of Series D Preferred Stock for issuance upon exercise of warrants to purchase Series D Preferred Stock (including this Warrant). Except as otherwise provided in this Warrant Agreement and as noted above, there are no other options, warrants, conversion privileges or other rights presently outstanding to purchase or otherwise acquire any authorized but unissued shares of Your capital stock or other of Your securities.

Except as set forth in Your Investors' Rights Agreement, a true, correct and complete copy of which has been delivered to Us prior to the issuance of this Warrant, Your stockholders do not have preemptive rights to purchase new issuances of Your capital stock.

ð **Other Commitments to Register Securities.** Except as set forth in this Warrant Agreement and the Investors' Rights Agreement, You are not, pursuant to the terms of any other agreement currently in existence, under any obligation to register under the 1933 Act any of Your presently outstanding securities or any of Your securities which may hereafter be issued.

ð **Exempt Transaction.** Subject to the accuracy of Our representations in Section 7 hereof, the issuance of the Warrant Stock upon exercise of this Warrant Agreement will constitute a transaction exempt from (i) the registration requirements of Section 5 of the 1933 Act, in reliance upon Section 4(2) thereof, and (ii) the qualification requirements of the applicable state securities laws.

ð **Compliance with Rule 144.** We may sell the Warrant Stock issuable hereunder in compliance with Rule 144 promulgated by the Securities and Exchange Commission. Within ten (10) days of Our request, You agree to furnish Us, a written statement confirming Your compliance with the filing requirements of the Securities and Exchange Commission as set forth in such Rule 144, as may be amended. The foregoing does not mean that You covenant in any way to report under the Securities Exchange Act of 1934 or to maintain such reporting if You commence such reporting.

ð **No Impairment.** You agree not to, by amendment of Your Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by You, but shall at all times in good faith assist in carrying out of all the provisions of this Warrant and in taking all such action as may be necessary or appropriate to protect Our rights under this Warrant against impairment. For the avoidance of doubt, You shall not be deemed to have impaired Our rights if You amend, restate, modify or waive any provisions of Your Certificate of Incorporation, or the holders of Your capital stock waive their rights thereunder, in a manner that does not (individually or when considered in the context of any other actions being taken in connection with such amendments, restatements, modifications or waivers) affect the rights, privileges, preferences, restrictions and limitations of the securities then issuable upon exercise of this Warrant (the “Shares”) in a manner different from the effect that such amendments, restatements, modifications or waivers have on the rights, privileges, preferences, restrictions and limitations of the then outstanding securities of You that are of the same series and class as the Shares.

7. OUR REPRESENTATIONS AND COVENANTS TO YOU.

ð **Investment Purpose.** The right to acquire Warrant Stock or the Warrant Stock issuable upon exercise of Our rights contained herein and the Common Stock issuable upon conversion will be acquired for investment purposes and not with a view to the sale or distribution of any part thereof, and We have no present intention of selling or engaging in any public distribution of the same in violation of the 1933 Act.

ð **Private Issue.** We understand (i) that this Warrant Agreement, the Warrant Stock issuable upon exercise of this Warrant Agreement and the Common Stock issuable upon conversion of the Warrant Stock are not registered under the 1933 Act or qualified under applicable state securities laws on the ground that the issuance contemplated by this Warrant Agreement will be exempt from the registration and qualifications requirements thereof, and (ii) that Your reliance on such exemption is predicated on the representations set forth in this Section 7.

ð **Disposition of Our Rights.** In no event will We make a disposition of any of Our rights to acquire Warrant Stock or Warrant Stock issuable upon exercise of such rights or the Common Stock issuable upon conversion of the Warrant Stock unless and until (i) We shall have notified You in writing of the proposed disposition, and (ii) the transferee agrees to be bound in writing to the applicable terms and conditions of this Warrant Agreement, and (iii) if You request, We shall have furnished You with an opinion of counsel satisfactory to You and Your counsel to the effect that (A) appropriate action necessary for compliance with the 1933 Act has been taken, or (B) an exemption from the registration requirements of the 1933 Act is available. Notwithstanding the foregoing, the restrictions imposed upon the transferability of any of Our rights to acquire Warrant Stock or Warrant Stock issuable on the exercise of such rights or the Common Stock issuable upon conversion of the Warrant Stock do not apply to transfers from the beneficial owner of any of the aforementioned securities to its nominee or from such nominee to its beneficial owner, and shall terminate as to any particular share of Warrant Stock when (1) such security shall have been effectively registered under the 1933 Act and sold by the holder thereof in accordance with such registration or (2) such security shall have been sold without registration in compliance with Rule 144 under the 1933 Act, or (3) a letter shall have been issued to You at Our request by the staff of the Securities and Exchange Commission or a ruling shall have been issued to the You at Our request by such Commission stating that no action shall be recommended by such staff or taken by such Commission, as the case may be, if such security is transferred without registration under the 1933 Act in accordance with the conditions set forth in such letter or ruling and such letter or ruling specifies that no subsequent restrictions on transfer are required. Whenever the restrictions imposed hereunder shall terminate, as hereinabove provided, the holder of a share of Warrant Stock then outstanding as to which such restrictions have terminated shall be

entitled to receive from You, without expense to such holder, one or more new certificates for the Warrant or for such shares of Warrant Stock not bearing any restrictive legend referring to 1933 Act registration or exemption.

- ð **Financial Risk.** We have such knowledge and experience in financial and business matters and knowledge of Your business affairs and financial condition as to be capable of evaluating the merits and risks of Our investment, and have the ability to bear the economic risks of Our investment.

- ð **Risk of No Registration.** We understand that if You do not register with the Securities and Exchange Commission pursuant to Section 12 of the 1934 Act (the "1934 Act"), or file reports pursuant to Section 15(d), of the 1934 Act, or if a registration statement covering the securities under the 1933 Act is not in effect when We desire to sell (i) the rights to purchase Warrant Stock pursuant to this Warrant Agreement, or (ii) the Warrant Stock issuable upon exercise of the right to purchase, or (iii) the Common Stock issuable upon conversion of the Warrant Stock, We may be required to hold such securities for an indefinite period. We also understand that any sale of Our right to purchase Warrant Stock or Warrant Stock or Common Stock issuable upon conversion of the Warrant Stock, which might be made by it in reliance upon Rule 144 under the 1933 Act may be made only in accordance with the terms and conditions of that Rule.

- ð **Accredited Investor.** We are an "accredited investor" within the meaning of the Securities and Exchange Rule 501 of Regulation D of the 1933 Act, as presently in effect.

8. NOTICES YOU AGREE TO PROVIDE US.

You agree to give Us at least ten (10) days prior written notice of the following events:

- ð If You Pay a dividend or distribution declaration upon the Warrant Stock.

- ð If You offer for subscription pro-rata to the existing shareholders additional stock or other rights to purchase Your capital stock.

- ð If You consummate or sign definitive documents providing for a Merger Event.

- ð If You have an initial public offering.

- ð If You dissolve or liquidate.

All notices in this Section must set forth details of the event, how the event adjusts either Our number of shares or Our Exercise Price and the method used for such adjustment.

Timely Notice. Your failure to timely provide such notice required above shall entitle Us to retain the benefit of the applicable notice period notwithstanding anything to the contrary contained in any insufficient notice received by Us.

9. DOCUMENTS YOU WILL PROVIDE US.

***Upon signing this Warrant Agreement You will provide Us with*:**

- ð Executed originals of this Warrant Agreement.

- ð Secretary's certificate of incumbency and authority

- ð Certified copy of resolutions of Your board of directors approving this Warrant Agreement

- ð Certified copy of Certificate of Incorporation and By-Laws as amended through the Effective Date

- ð Current Investors' Rights Agreement

So long as this Warrant Agreement is in effect, You shall provide Us with the following:

- ð Within five (5) Business Days after the closing of any equity financing, or extension of an existing round of equity financing, occurring after the Effective Date, in which You issue preferred stock or other securities You will provide Us with copies of the fully executed equity financing documents, including without limitation the related stock purchase agreement, investors rights agreement, voting agreement, amended or restated articles/certificates of incorporation, current capitalization table and other related documents.

- ð Within thirty (30) days after completion You shall provide Us with any 409A Valuation Reports or other similar reports prepared for You.

- ð You shall submit to Us any other documents and other information that We may reasonably request from time to time and are necessary to implement the provisions and purposes of this Warrant Agreement, provided that You may redact such information to the extent required by Your confidentiality or non-disclosure obligations.

10. REGISTRATION RIGHTS UNDER THE 1933 ACT.

The shares of Your common stock into which the Warrant Stock is convertible shall have registration rights as set forth in the Third Amended and Restated Investors' Rights Agreement, dated as of June 2, 2011, (as amended from time to time, the "Investors' Rights Agreement") . The provisions set forth in Your Investors' Rights Agreement relating to such registration rights in effect as of the date of this Warrant Agreement may not be amended, modified or waived without Our prior written consent unless such amendment, modification or waiver affects the rights associated with the shares of Common Stock into which the Warrant Stock is convertible in the same manner as such amendment, modification, or waiver affects the rights associated with all other shares of the same series and class of stock as the Warrant Stock.

11. OTHER LEGAL PROVISIONS THE PARTIES WILL ABIDE BY.

Restrictive Legend. The shares of Warrant Stock (unless registered under the 1933 Act) shall be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws):

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRASNFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SUCH ACT AND/OR APPLICABLE STATE SECURITIES LAWS, OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A LOCK-UP PERIOD IN THE EVENT OF A PUBLIC OFFERING, AS SET FORTH IN THE PLAIN ENGLISH WARRANT AGREEMENT PURSUANT TO WHICH THE SHARES REPRESENTED HEREBY WERE ISSUED, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

Market Stand-Off Agreement. We shall not, to the extent requested by You or an underwriter of securities of You, sell or otherwise transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, of any Common Stock (or other securities) of You held by Us (other than those included in the registration) for up to one hundred and eighty (180) days following the effective date of the registration statement for Your initial public offering filed under the 1933 Act, (or such other period as may be requested by You or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto); *provided* that all officers and directors of You and all holders of at least one percent (1%) of Your voting securities are bound by and have entered into similar agreements. We agree to execute a market standoff agreement with said underwriters in customary form consistent with the provisions of this section.

Effective Date. This Warrant Agreement shall be construed and shall be given effect in all respects as if it had been executed and delivered by the Parties on the date hereof. This Warrant Agreement shall be binding upon any of the successors or assigns of the Parties.

Attorney's Fees. In any litigation, arbitration or court proceeding between the Parties relating to this Warrant Agreement, the prevailing party shall be entitled to attorneys' fees and expenses and all costs of proceedings incurred in enforcing this Warrant Agreement.

Governing Law. This Warrant Agreement shall be governed by and construed for all purposes under and in accordance with the laws of the State of California without giving effect to that body of law pertaining to conflicts of laws.

Consent to Jurisdiction and Venue. All judicial proceedings arising in or under or related to this Warrant Agreement may be brought in any state or federal court of competent jurisdiction located in the State of California. By execution and delivery of this Warrant Agreement, each party hereto generally and unconditionally: (a) consents to personal jurisdiction in San Mateo County, State of California; (b) waives any objection as to jurisdiction or venue in San Mateo County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Warrant Agreement. Service of process on any party hereto in any action arising out of or relating to this agreement shall be effective if given in accordance with the requirements for notice set forth in this Section, and shall be deemed effective and received as set forth therein. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

Mutual Waiver of Jury Trial; Judicial Reference. Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the Parties wish applicable state and federal laws to apply (rather than arbitration rules), The Parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF THE PARTIES SPECIFICALLY WAIVES ANY RIGHT THEY MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY YOU AGAINST US OR OUR ASSIGNEE OR BY US OR OUR ASSIGNEE AGAINST YOU. IN THE EVENT THAT THE FOREGOING JURY TRIAL WAIVER IS NOT ENFORCEABLE, ALL CLAIMS, INCLUDING ANY AND ALL QUESTIONS OF LAW OR FACT RELATING THERETO, SHALL, AT THE WRITTEN REQUEST OF ANY PARTY, BE DETERMINED BY JUDICIAL REFERENCE PURSUANT TO THE CALIFORNIA CODE OF CIVIL PROCEDURE ("REFERENCE"). THE PARTIES SHALL SELECT A SINGLE NEUTRAL REFEREE, WHO SHALL BE A RETIRED STATE OR FEDERAL JUDGE. IN THE EVENT THAT THE PARTIES CANNOT AGREE UPON A REFEREE, THE REFEREE SHALL BE APPOINTED BY THE COURT. THE REFEREE SHALL REPORT A STATEMENT OF DECISION TO THE COURT. NOTHING IN THIS SECTION SHALL LIMIT THE RIGHT OF ANY PARTY AT ANY TIME TO EXERCISE LAWFUL SELF-HELP REMEDIES, FORECLOSE AGAINST COLLATERAL OR OBTAIN PROVISIONAL REMEDIES. THE PARTIES SHALL BEAR THE FEES AND EXPENSES OF THE REFEREE EQUALLY UNLESS THE REFEREE ORDERS OTHERWISE. THE REFEREE SHALL ALSO DETERMINE ALL ISSUES RELATING TO THE APPLICABILITY, INTERPRETATION, AND ENFORCEABILITY OF THIS SECTION. THE PARTIES ACKNOWLEDGE THAT THE CLAIMS WILL NOT BE ADJUDICATED BY A JURY. This waiver extends to all such Claims, including Claims that involve Persons other than You and Us; Claims that arise out of or are in any way connected to the relationship between You and Us; and any Claims for damages, breach of contract, specific performance, or any equitable or legal relief of any kind, arising out of this Warrant Agreement.

Counterparts. This Warrant Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Notices. Any notice required or permitted under this Warrant Agreement shall be given in writing and shall be deemed effectively given upon the earlier of (1) actual receipt or 3 days after mailing if mailed postage prepaid by regular or airmail to Us or You or (2) one day after it is sent by overnight mail via nationally recognized courier or (3) on the same day as sent via confirmed facsimile transmission, provided that the original is sent by personal delivery or mail by the sending party.

Remedies. In the event of any default hereunder, the non-defaulting party may proceed to protect and enforce its rights either by suit in equity and/or by action at law, including but not limited to an action for damages as a result of any such default, and/or an action for specific performance for any default where such party will not have an adequate remedy at law and where damages will not be readily ascertainable. Each party expressly acknowledges and agrees that there is no adequate remedy at law for any breach of this Warrant Agreement and that in the event of any breach of this Agreement, the injured party shall be

entitled to specific performance of any or all provisions hereof or an injunction prohibiting the other party from continuing to commit any such breach of this Agreement.

Survival. The representations, warranties, covenants, and conditions of the Parties contained herein or made pursuant to this Warrant Agreement shall survive the execution and delivery of this Warrant Agreement.

Severability. In the event any one or more of the provisions of this Warrant Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Warrant Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision, which comes closest to the intention of the Parties underlying the invalid, illegal or unenforceable provision.

Entire Agreement. This Warrant Agreement constitutes the entire agreement between the Parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and undertakings of the Parties, whether oral or written, with respect to such subject matter.

Amendments. Any provision of this Warrant Agreement may only be amended by a written instrument signed by the Parties.

Lost Warrants or Stock Certificates. You covenant to Us that, upon receipt of evidence reasonably satisfactory to Us of the loss, theft, destruction or mutilation of this Warrant Agreement or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to You, or in the case of any such mutilation upon surrender and cancellation of such Warrant Agreement or stock certificate, You will make and deliver a new Warrant Agreement or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant Agreement or stock certificate.

Rights as Stockholders. We shall not, as a party to this Warrant Agreement, be entitled to vote or receive dividends or be deemed the holder of Warrant Stock or any of Your other securities which may at any time be issuable upon the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon Us any of the rights of one of Your stockholders or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to receive dividends or subscription rights or otherwise until this Warrant Agreement is exercised and the shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

Facsimile Signatures. This Warrant Agreement may be executed and delivered by facsimile and upon such delivery the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

(Signature Page to Follow)

IN WITNESS WHEREOF, each of the Parties have caused this Warrant Agreement to be executed by its officers who are duly authorized as of the Effective Date.

You:	**TRANSPHORM, INC.**
Signature:	/s/ Primit Parikh
Print Name:	Primit Parikh
Title:	President & COO
Us:	**TRIPLEPOINT CAPITAL LLC**
Signature:	/s/ Sajal Srivastava
Print Name:	Sajal Srivastava
Title:	Chief Operating Officer

[SIGNATURE PAGE TO WARRANT AGREEMENT 0653-W-02]

EXHIBIT I

NOTICE OF EXERCISE

To: [_____]

1. We hereby elect to purchase [_____] shares of the Series [_____] Preferred Stock of Transphorm, Inc., pursuant to the terms of the Plain English Warrant Agreement dated the [_____] day of December, 2011 (the "Plain English Warrant Agreement") between You and Us, We hereby tender here payment of the purchase price for such shares in full, together with all applicable transfer taxes, if any.

2. Method of Exercise (Please initial the applicable blank)

   a. _____ The undersigned elects to exercise the Plain English Warrant Agreement by means of a cash payment, and gives You full payment for the purchase price of the shares being purchased, together with all applicable transfer taxes, if any.

   b. _____ The undersigned elects to exercise the Plain English Warrant Agreement by means of the Net Issuance Exercise method of Section 3 of the Plain English Warrant Agreement.

3. In exercising Our rights to purchase the _____ Preferred Stock of Transphorm, Inc., We hereby confirm and acknowledge the investment representations, warranties and covenants made in Section 7 of the Plain English Warrant Agreement and the Market Stand-off provision in Section 11 of the Plain English Warrant Agreement..

Please issue a certificate or certificates representing these purchased shares of _____ Preferred Stock in Our name or in such other name as is specified below.

_____
(Name)

_____
(Address)

US: **TRIPLEPOINT CAPITAL LLC**

By: _____
Title: _____
Date: _____

EXHIBIT II

ACKNOWLEDGMENT OF EXERCISE

Transphorm, Inc., hereby acknowledges receipt of the "Notice of Exercise" from TRIPLEPOINT CAPITAL LLC, to purchase [_____] shares of the _____ Preferred Stock of Transphorm, Inc., pursuant to the terms of the Plain English Warrant Agreement, and further acknowledges that [_____] shares remain subject to purchase under the terms of the Plain English Warrant Agreement.

YOU:

_____

By: _____

Title: _____

Date: _____

EXHIBIT III

TRANSFER NOTICE

FOR VALUE RECEIVED, the foregoing Plain English Warrant Agreement and all rights evidenced thereby are hereby transferred and assigned to

_____

(Please Print)

Whose address is _____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

Transferee's Signature: _____

Transferee's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Transfer Notice must correspond with the name as it appears on the face of the Plain English Warrant Agreement, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Plain English Warrant Agreement.

Transphorm Inc. 115 Castilian Drive, Goleta, CA 93117 805-456-1300

May 20, 2015

TriplePoint Capital LLC
Attn: Sajal Srivastava
2755 Sand Hill Road, Ste. 150
Menlo Park, CA 94025

Re: Plain English Warrant Agreement, by and between Transphorm, Inc. and TriplePoint Capital LLC, dated November 3, 2010 (the "Nov. 2010 Warrant"), Plain English Warrant Agreement, by and between Transphorm, Inc. and TriplePoint Capital LLC, dated December 2, 2011 (the "Dec. 2011 Warrant") (collectively, the "Warrants")

Dear Sajal:

We are pleased to announce that Transphorm, Inc. ("**Transphorm**") is entering into a stock purchase agreement with Kohlberg Kravis Roberts & Co., L.P. and/or certain affiliates thereof (collectively, "**KKR**"), pursuant to which KKR will purchase, in one or more closings, preferred stock of Transphorm (the "**Transaction**").

This letter is being delivered to TriplePoint Capital LLC ("**TriplePoint**") to officially notify TriplePoint of the Transaction and to obtain an amendment to the Warrants. In connection with the Transaction, the preferred stock issuable upon the exercise of the Warrants will no longer exist. As such, this letter seeks to amend the Warrants so that immediately following the Transaction, the Warrants will be exercisable for shares of the Transphorm's common stock, par value $0.001 per share ("**Common Stock**").

By signing below, TriplePoint hereby consents, effective upon the closing of the Transaction, that: (i) where the Nov. 2010 Warrant currently references "Type of Stock: Series C Preferred Stock" on the first page, it shall hereby be replaced with "Type of Stock: Common Stock", (ii) the definition of Warrant Stock in Section 1 of the Nov. 2010 Warrant will now refer to the conversion of the Warrant into Common Stock, (iii) where the Dec. 2011 Warrant currently references "Type of Stock: Series D Preferred Stock" on the first page, it shall hereby be replaced with "Type of Stock: Common Stock", and (iv) the definition of Warrant Stock in Section of the Dec. 2011 Warrant will now refer to the conversion of the Warrant into Common Stock. For purposes of clarity, all references to "Warrant Stock" in the Warrants will immediately following the Transaction refer to the Common Stock of Transphorm. Additionally, TriplePoint hereby waives its rights under Section 4 of the Warrants in connection with the Transaction. TriplePoint

hereby waives any notice provisions in the Warrants not complied with hereunder in connection with the Transaction. Except as expressly modified by the terms of this consent, the Warrants shall remain in full force and effect in accordance with its terms.

Please indicate TriplePoint's consent and acknowledgement by signing two copies of this letter, returning one copy by email to Killian Nolan at knolan@wsgr.com, with the original signed copy to follow by mail by May 26, 2015 to Wilson Sonsini Goodrich & Rosati, Attn: Killian Nolan, 650 Page Mill Road, Palo Alto, CA 94304. Please keep the other signed copy for your records. If the initial closing of the Transaction is not completed, this consent and acknowledgement will be of no force and effect.

We are extremely excited about the contemplated Transaction and the opportunity to continue our relationship with you following completion of the Transaction. Should you have any questions regarding this request, please contact me at (805) 456-1300 x140 or scott.gibson@transphormusa.com. We look forward to your consent, and thank you for your cooperation in this matter.

Very truly yours,

/s/ Scott Gibson

Transphorm, Inc.
Name: Scott Gibson
Title: Chief Financial Officer

On behalf of TriplePoint, I have read the foregoing, understand it and, by signing below, acknowledge and agree to the foregoing consent, affirmation and waiver.

TRIPLEPOINT CAPITAL LLC

By: /s/ Sajal Srivastava

Name: Sajal Srivastava

Title: President

Dated: 5/21/2015

Exhibit 10.22.4

February 10, 2020

TriplePoint Capital LLC
Attn: Sajal Srivastava, President
2755 Sand Hill Road Suite 150
Menlo Park, CA 94025
legal@triplepointcapital.com

Re: Plain English Warrant Agreement, dated as of November 3, 2010, by and between Transphorm, Inc. and TriplePpoint Capital LLC, as amended by that certain letter amendment, dated as of May 20, 2015, by and between Transphorm, Inc. and TriplePoint Capital LLC (the "Warrant")

Dear TriplePoint Capital LLC:

We are pleased to announce that Transphorm, Inc., a Delaware corporation ("**Transphorm**") intends to enter into an Agreement and Plan of Merger and Reorganization, by and among Transphorm, Peninsula Acquisition Corporation ("**Parent**") and Peninsula Acquisition Sub, Inc. ("**Merger Sub**", and such agreement, the "**Merger Agreement**"), pursuant to which Merger Sub will merge with and into Transphorm, with Transphorm continuing as the surviving corporation and a wholly-owned subsidiary of Parent (the ""**Merger**"), whereby the stockholders of Transphorm will receive shares of common stock of Parent ("**Parent Common Stock**") in exchange for their capital stock of Transphorm. In connection with the Merger, Transphorm will change its name to "Transphorm Technology, Inc." and Parent will change its name to Transphorm, Inc.

The Warrant currently provides that, until the greater of (i) 7 years from the Effective Date (as such term is defined in the Warrant) or (ii) 5 years from the effective date of Transphorm's initial public offering, TriplePoint Capital LLC ("**TriplePoint**") is entitled to purchase 72,942 shares of common stock of Transphorm ("**Transphorm Common Stock**"), at an exercise price of $2.879 per share

This letter is being delivered to TriplePoint to officially notify TriplePoint of the Merger, and to advise TriplePoint that (i) in connection with the Merger, the Warrant will be assumed by Parent, amended as set forth below and converted into a warrant (the "**Amended Warrant**") to purchase a number of shares of Parent Common Stock equal to the number of shares of Transphorm Common Stock subject to the Warrant immediately prior to the Merger (i.e., 72,942) , multiplied by the conversion ratio applicable to shares of Transphorm Common Stock as specified in the Merger Agreement (with the resulting number rounded down to the nearest whole share), and (ii) the per share exercise price of the Amended Warrant will be equal to the exercise price of the Warrant immediately prior to the Merger (i.e., $2.879) divided by the conversion ratio applicable to shares of Transphorm Common Stock as specified in the Merger Agreement (with the resulting exercise price rounded up to the nearest whole cent).

By signing below, TriplePoint hereby acknowledges and agrees, contingent and effective upon the consummation of the Merger, that, notwithstanding anything to the contrary contained in the Warrant, the Warrant shall be exercisable for 6,046 shares of Parent Common Stock and the Warrant shall be amended as follows:

1. Where the Warrant currently references "**Number of Shares** 72,942, subject to adjustment per the terms of this Warrant Agreement" on the first page of the Warrant, such language shall hereby be replaced by "**Number of Shares** 6,046, subject to adjustment per the terms of this Warrant Agreement".

2. Where the Warrant currently references "**Price Per Share** $2.879, subject to adjustment per the terms of this Warrant Agreement" on the first page of the Warrant, such language shall hereby be replaced by "**Price Per Share** $34.74, subject to adjustment per the terms of this Warrant Agreement".

3. Section 1 of the Warrant is amended as follows:
    a. The definition of "Exercise Price" is hereby amended and restated in its entirety to read: ""Exercise Price" means $34.74."
    b. The definition of "Next Round" is hereby deleted in its entirety.
    c. The definition of "Warrant Stock" is hereby amended and restated in its entirety to read: ""Warrant Stock" means the common stock of Peninsula Acquisition Corporation, a Delaware corporation."

4. The third-to-last paragraph of Section 3 of the Warrant is hereby amended and replaced in its entirety to read as follows: "During the term of this Warrant Agreement, You will at all times from and after the Effective Date have authorized and reserved a sufficient number of shares of Warrant Stock to provide for the exercise of our rights to purchase Warrant Stock."

5. Section 9 of the Warrant is amended by adding the following sentence at the end of the paragraph: "Notwithstanding anything herein to the contrary, nothing herein will obligate You to provide Us with any financial or other information at a time when doing so would cause You to violate SEC Regulation FD or any similar laws absent your timely advance publication or public filing of such information.".

For purposes of clarity, all references to "Your Common Stock" and "Warrant Stock" in the Warrant will, immediately following the consummation of the Merger, refer to Parent Common Stock. Additionally, TriplePoint hereby waives any notice or consent provisions in the Warrant not complied with hereunder in connection with the Merger. Except as expressly modified by the terms of this letter agreement, the Warrant shall remain in full force and effect in accordance with its terms.

Please indicate TriplePoint's consent and acknowledgement by signing two copies of this letter, returning one copy by email to Justin Lu as justin.lu@wsgr.com, with the original signed copy to follow by mail by February 12, 2020 to Wilson Sonsini Goodrich & Rosati, Attn: Arjun Adusumilli, 650 Page Mill Road, Palo Alto, CA 94304. Please keep the other signed copy for your records. If the Merger is not completed, this consent and acknowledgement will be of no effect.

We are extremely excited about the contemplated Merger and the opportunity to continue our relationship with you following completion of the Merger. Should you have any questions regarding this notice, please contact me at (805) 456-1300 or cmcaulay@transphormusa.com. Thank you for your cooperation in this matter.

Very truly yours,

/s/ Cameron McAulay
Transphorm, Inc.
Name: Cameron McAulay
Title: Chief Financial Officer

On behalf of TriplePoint, I have read the foregoing, understand it, and by signing below, acknowledge and agree to the foregoing consent, affirmation and waiver.

TRIPLEPOINT CAPITAL LLC

By:	/s/ Sajal Srivastava
Name:	Sajal Srivastava
Title:	President
Dated:	February 7, 2020

Exhibit 10.22.5

February 10, 2020

TriplePoint Capital LLC
Attn: Sajal Srivastava, President
2755 Sand Hill Road Suite 150
Menlo Park, CA 94025
legal@triplepointcapital.com

Re: Plain English Warrant Agreement, dated as of December 2, 2011, by and between Transphorm, Inc. and TriplePoint Capital LLC, as amended by that certain letter amendment, dated as of May 20, 2015, by and between Transphorm, Inc. and TriplePoint Capital LLC (the "Warrant")

Dear TriplePoint Capital LLC:

We are pleased to announce that Transphorm, Inc., a Delaware corporation ("**Transphorm**") intends to enter into an Agreement and Plan of Merger and Reorganization, by and among Transphorm, Peninsula Acquisition Corporation ("**Parent**") and Peninsula Acquisition Sub, Inc. ("**Merger Sub**", and such agreement, the "**Merger Agreement**"), pursuant to which Merger Sub will merge with and into Transphorm, with Transphorm continuing as the surviving corporation and a wholly-owned subsidiary of Parent (the ""**Merger**"), whereby the stockholders of Transphorm will receive shares of common stock of Parent ("**Parent Common Stock**") in exchange for their capital stock of Transphorm. In connection with the Merger, Transphorm will change its name to "Transphorm Technology, Inc." and Parent will change its name to Transphorm, Inc.

The Warrant currently provides that, until the greater of (i) 7 years from the Effective Date (as such term is defined in the Warrant) or (ii) 5 years from the effective date of Transphorm's initial public offering, TriplePoint Capital LLC ("**TriplePoint**") is entitled to purchase 40,651 shares of common stock of Transphorm ("**Transphorm Common Stock**"), at an exercise price of $4.51 per share

This letter is being delivered to TriplePoint to officially notify TriplePoint of the Merger, and to advise TriplePoint that (i) in connection with the Merger, the Warrant will be assumed by Parent, amended as set forth below and converted into a warrant (the "**Amended Warrant**") to purchase a number of shares of Parent Common Stock equal to the number of shares of Transphorm Common Stock subject to the Warrant immediately prior to the Merger (i.e., 40,651) , multiplied by the conversion ratio applicable to shares of Transphorm Common Stock as specified in the Merger Agreement (with the resulting number rounded down to the nearest whole share), and (ii) the per share exercise price of the Amended Warrant will be equal to the exercise price of the Warrant immediately prior to the Merger (i.e., $4.51) divided by the conversion ratio applicable to shares of Transphorm Common Stock as specified in the Merger Agreement (with the resulting exercise price rounded up to the nearest whole cent).

By signing below, TriplePoint hereby acknowledges and agrees, contingent and effective upon the consummation of the Merger, that, notwithstanding anything to the contrary contained in the Warrant, the Warrant shall be exercisable for 3,369 shares of Parent Common Stock and the Warrant shall be amended as follows:

1. Where the Warrant currently references "**Number of Shares** 32,912, subject to adjustment per the terms of this Warrant Agreement" on the first page of the Warrant, such language shall hereby be replaced by "**Number of Shares** 3,369, subject to adjustment per the terms of this Warrant Agreement".

2. Where the Warrant currently references "**Price Per Share** $4.51, subject to adjustment per the terms of this Warrant Agreement" on the first page of the Warrant, such language shall hereby be replaced by "**Price Per Share** $54.41, subject to adjustment per the terms of this Warrant Agreement".

3. Section 1 of the Warrant is amended as follows:
    a. The definition of "Exercise Price" is hereby amended and restated in its entirety to read: ""Exercise Price" means $54.41."
    b. The definition of "Next Round" is hereby deleted in its entirety.
    c. The definition of "Warrant Stock" is hereby amended and restated in its entirety to read: ""Warrant Stock" means the common stock of Peninsula Acquisition Corporation, a Delaware corporation."

3. The third-to-last paragraph of Section 3 of the Warrant is hereby amended and replaced in its entirety to read as follows: "During the term of this Warrant Agreement, You will at all times from and after the Effective Date have authorized and reserved a sufficient number of shares of Warrant Stock to provide for the exercise of our rights to purchase Warrant Stock."

4. Section 9 of the Warrant is amended by adding the following sentence at the end of the paragraph: "Notwithstanding anything herein to the contrary, nothing herein will obligate You to provide Us with any financial or other information at a time when doing so would cause You to violate SEC Regulation FD or any similar laws absent your timely advance publication or public filing of such information.".

For purposes of clarity, all references to "Your Common Stock" and "Warrant Stock" in the Warrant will, immediately following the consummation of the Merger, refer to Parent Common Stock. Additionally, TriplePoint hereby waives any notice or consent provisions in the Warrant not complied with hereunder in connection with the Merger. Except as expressly modified by the terms of this letter agreement, the Warrant shall remain in full force and effect in accordance with its terms.

Please indicate TriplePoint's consent and acknowledgement by signing two copies of this letter, returning one copy by email to Justin Lu as justin.lu@wsgr.com, with the original signed copy to follow by mail by February 12, 2020 to Wilson Sonsini Goodrich & Rosati, Attn: Arjun Adusumilli, 650 Page Mill Road, Palo Alto, CA 94304. Please keep the other signed copy for your records. If the Merger is not completed, this consent and acknowledgement will be of no effect.

We are extremely excited about the contemplated Merger and the opportunity to continue our relationship with you following completion of the Merger. Should you have any questions regarding this notice, please contact me at (805) 456-1300 or cmcaulay@transphormusa.com. Thank you for your cooperation in this matter.

Very truly yours,

/s/ Cameron McAulay
Transphorm, Inc
Name: Cameron McAulay
Title: Chief Financial Officer

On behalf of TriplePoint, I have read the foregoing, understand it, and by signing below, acknowledge and agree to the foregoing consent, affirmation and waiver.

TRIPLEPOINT CAPITAL LLC

By:	/s/ Sajal Srivastava
Name:	Sajal Srivastava
Title:	President
Dated:	February 7, 2020

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

TRANSPHORM, INC.

SUBORDINATED CONVERTIBLE PROMISSORY NOTE

$15,000,000 October 4, 2017

FOR VALUE RECEIVED, Transphorm, Inc., a Delaware corporation (the "**Company**") promises to pay to Yaskawa Electric Corporation, or its registered assigns ("**Investor**"), in lawful money of the United States of America the principal sum of Fifteen Million Dollars ($15,000,000, or such lesser amount as shall equal the outstanding principal amount hereof, together with interest from the date of this Subordinated Convertible Promissory Note (this "**Note**") on the unpaid principal balance at a rate equal to one percent (1%) per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. All unpaid principal, together with any then unpaid and accrued interest and other amounts payable hereunder, shall be due and payable on the earlier of (i) September 30th, 2022 (the "**Maturity Date**"), or (ii) when, upon the occurrence and during the continuance of an Event of Default, such amounts are declared due and payable by Investor or made automatically due and payable, in each case, in accordance with the terms hereof.

The following is a statement of the rights of Investor and the conditions to which this Note is subject, and to which Investor, by the acceptance of this Note, agrees:

1. ***Payments***.

(a) *Interest.* Accrued interest on this Note shall be payable at maturity.

(b) *Voluntary Prepayment.*

(i) Prior to a Qualified Financing, this Note may not be prepaid without the written consent of Investor.

(ii) On or after a Qualified Financing, upon five (5) business days prior written notice (the "**Prepayment Notice**") to Investor, the Company may prepay this Note in whole or in part, provided that any such prepayment will be applied first to interest accrued on this Note and second, if the amount of prepayment exceeds the amount of all such accrued interest, to the payment of principal of this Note. For the avoidance of doubt, upon receipt of the Prepayment Notice, Investor may elect to convert all or a portion of this Note into the Conversion Stock pursuant to **Section 4**, provided that such conversion shall be effective on or prior to the date specified for prepayment set forth in the Prepayment Notice.

(c) *Mandatory Prepayment.*

(i) In the event of a Change of Control, the outstanding principal amount of this Note, plus all accrued and unpaid interest, in each case that has not otherwise been converted into the Conversion Stock pursuant to **Section 4**, shall be due and payable immediately prior to the closing of such Change of Control.

(ii) In the event of an Initial Public Offering, the outstanding principal amount of this Note, plus all accrued and unpaid interest, in each case that has not otherwise been converted into the Conversion Stock pursuant to **Section 4**, shall be due and payable within thirty (30) days of the closing of such Initial Public Offering.

2. ***Events of Default***. The occurrence of any of the following shall constitute an "**Event of Default**" under this Note:

(a) *Failure to Pay*. The Company shall fail to pay (i) when due any principal payment on the due date hereunder or (ii) any interest payment or other payment required under the terms of this Note on the date due and such payment shall not have been made within five (5) business days of the Company's receipt of written notice to the Company of such failure to pay; or

(b) *Breaches of Covenants*. The Company shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Note (other than those specified in **Section 2(a)**) and such failure shall continue for ten (10) business days after the Company's receipt of written notice to the Company of such failure; or

(c) *Representations and Warranties.* Any representation, warranty, certificate, or other statement (financial or otherwise) made or furnished by or on behalf of the Company to Investor in writing in connection with this Note, or as an inducement to Investor to enter into this Note, shall be false, incorrect, incomplete or misleading in any material respect when made or furnished; or

(d) *Other Payment Obligations.* Defaults shall exist under any agreements of the Company with any third party or parties which consists of the failure to pay any indebtedness for borrowed money at maturity or which results in a right by such third party or parties, whether or not exercised, to accelerate the maturity of such indebtedness for borrowed money of the Company, in each case, in an aggregate amount in excess of Two Hundred Fifty Thousand Dollars ($250,000); or

(e) *Voluntary Bankruptcy or Insolvency Proceedings*. The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) admit in writing its inability to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated, (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing; or

(f) *Involuntary Bankruptcy or Insolvency Proceedings.* Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company, or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or any of its subsidiaries, if any, or the debts thereof under any bankruptcy, insolvency or other similar

law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within forty-five (45) days of commencement; or

(g) *Judgments*. A final judgment or order for the payment of money in excess of Two Hundred Fifty Thousand Dollars ($250,000) (exclusive of amounts covered by insurance) shall be rendered against the Company and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed, or any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the property of the Company or any of its subsidiaries, if any and such judgment, writ, or similar process shall not be released, stayed, vacated or otherwise dismissed within thirty (30) days after issue or levy.

3. ***Rights of Investor upon Default***. Upon the occurrence of any Event of Default (other than an Event of Default described in **Sections 2(e)** or **2(f)**) and at any time thereafter during the continuance of such Event of Default, Investor may, by written notice to the Company, declare all outstanding Obligations payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding. Upon the occurrence of any Event of Default described in **Sections 2(e)** and **2(f)**, immediately and without notice, all outstanding Obligations payable by the Company hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding. In addition to the foregoing remedies, upon the occurrence and during the continuance of any Event of Default, Investor may exercise any other right, power or remedy permitted to it by law, either by suit in equity or by action at law, or both.

4. ***Conversion***.

(a) *Voluntary Conversion.* On or after each Qualified Financing, Investor has the right, at Investor's option, at any time prior to payment in full of the principal amount of this Note to convert all or a portion of the outstanding principal amount of this Note and all accrued and unpaid interest on this Note into that number of fully paid and non-assessable shares of Conversion Stock equal to (x) the amount of outstanding principal and accrued and unpaid interest being converted, *divided by* (y) the applicable Conversion Price.

(i) "**Qualified Financing**" shall mean a transaction or series of transactions pursuant to which the Company issues and sells shares of its preferred stock for aggregate gross proceeds of at least $10 million (excluding all proceeds from the incurrence of indebtedness that is converted into such preferred stock, or otherwise cancelled in consideration for the issuance of such preferred stock) with the principal purpose of raising capital.

(ii) "**Conversion Stock**" shall mean the class and series of preferred stock sold by the Company in a Qualified Financing that occurs after the date of issuance of this Note and on or prior to the Maturity Date; *provided, however*, that with each subsequent Qualified Financing of the Company that occurs on or prior to the Maturity Date, "Conversion Stock" shall only mean the class and series of preferred stock sold by the Company in such subsequent Qualified Financing and not the class and series of preferred stock sold in any earlier Qualified Financing. For example, if the Company closes its first Qualified Financing after the issuance of this Note on September 30, 2017 (the "**First Qualified Financing**"), a second Qualified Financing on August 1, 2018 (the "**Second Qualified Financing**") and a third Qualified Financing on January 1, 2020 (the "**Third Qualified Financing**"), "Conversion Stock" shall mean, (A) from September 30, 2017 through July 31, 2018, the class and series of preferred stock sold by the Company in the First Qualified Financing, (B) from

August 1, 2018 through December 31, 2019, the class and series of preferred stock sold by the Company in the Second Qualified Financing, and (C) from January 1, 2020 through the earlier of the Maturity Date or the date immediately preceding the date on which the Company closes a fourth Qualified Financing, the class and series of preferred stock sold by the Company in the Third Qualified Financing.

(iii) "**Conversion Price**" shall mean (A) immediately following the first Qualified Financing that occurs after the date of issuance of this Note and prior to a second Qualified Financing, if any, a price per share equal to the price per share paid by the other purchasers of the preferred stock sold in such first Qualified Financing and (B) immediately following each subsequent Qualified Financing, if any, a price per share equal to the *lesser of:*

(1) eighty percent (80%) of the price per share (subject to appropriate adjustment from time to time for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event) paid by the other purchasers of the preferred stock sold in the most recent Qualified Financing (excluding, for the avoidance of doubt, the first Qualified Financing that occurs after the date of issuance of this Note), *provided that* in no event shall the price per share calculated pursuant to this clause (1) be lower than the amount obtained by dividing (x) $160 million ($160,000,000) by (y) the Fully Diluted Capitalization of the Company; and

(2) an amount obtained by dividing (x) $250 million ($250,000,000) by (y) the Fully Diluted Capitalization of the Company.

(iv) "**Fully Diluted Capitalization**" shall mean, as of immediately prior to the applicable Qualified Financing, the sum of (i) the outstanding shares of common stock of the Company; (ii) the shares of common stock of the Company directly or indirectly issuable upon conversion or exchange of all outstanding securities directly or indirectly convertible into or exchangeable for common stock of the Company and the exercise of all outstanding options and warrants; and (iii) the shares of common stock of the Company reserved, but neither issued nor the subject of outstanding awards, under any equity incentive or similar plan of the Company; provided that Fully Diluted Capitalization shall not include (i) this Note and the securities directly or indirectly issuable upon conversion or exchange of this Note, (ii) other outstanding convertible promissory notes and any related warrants and the securities directly or indirectly issuable upon conversion or exchange of such other outstanding convertible promissory notes and the exercise of any such related warrants, or (iii) in any voluntary conversion relating to a financing, any securities issued in the financing, any shares of common stock of the Company directly or indirectly issuable upon conversion, exchange or exercise of such securities and any increase in the number of shares reserved for issuance under the Company's equity incentive or similar plans or arrangements in connection with the financing.

(b) *Conversion Procedure*. Before Investor shall be entitled to convert this Note into the Conversion Stock, it shall surrender this Note (or a notice to the effect that the original Note has been lost, stolen or destroyed and an agreement acceptable to the Company whereby the holder agrees to indemnify the Company from any loss incurred by it in connection with this Note) and give written notice to the Company at its principal corporate office of the election to convert the same pursuant to **Section 4(a)**, and shall state therein the amount of the unpaid principal amount of this Note to be converted, together with all accrued and unpaid interest. Upon such conversion of this Note, Investor hereby agrees to execute and deliver to the Company all transaction documents entered into by other purchasers of the Conversion Stock (as may be amended), including a purchase agreement, an investor rights agreement and other ancillary agreements, with customary representations and warranties and transfer restrictions (including, without limitation, a one hundred eighty (180)-day lock-up agreement in connection with an Initial Public Offering). The Company shall, as soon as practicable thereafter,

issue and deliver to such Investor a certificate or certificates (or a notice of issuance of uncertificated shares, if applicable) for the number of shares to which Investor shall be entitled upon such conversion, including a check payable to Investor for any cash amounts payable as described in **Section 4(c)**. Any conversion of this Note pursuant to **Section 4(a)** shall be deemed to have been made upon the satisfaction of all of the conditions set forth in this **Section 4(b)** and on and after such date Investor shall be treated for all purposes as the record holder of the Conversion Stock.

(c) *Fractional Shares; Interest; Effect of Conversion.* No fractional shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional shares to the Investor upon the conversion of this Note, the Company shall pay to Investor by check an amount equal to the product obtained by multiplying (x) the applicable Conversion Price by (y) the fraction of a share not issued pursuant to the previous sentence. In addition, to the extent not converted into the Conversion Stock, the Company shall pay to Investor any interest accrued on the amount converted and on the amount to be paid by the Company pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this paragraph, the Company shall be forever released from all its obligations and liabilities under this Note and this Note shall be deemed of no further force or effect, whether or not the original of this Note has been delivered to the Company for cancellation.

(d) *Conversion of Preferred Stock into Common Stock.* Should all of any series of preferred stock issuable upon conversion of this Note be, at any time prior to full payment of this Note, redeemed or converted into shares of the Company's common stock (the "**Common Stock**") in accordance with the Company's certificate of incorporation, then, to the extent this Note is convertible into such preferred stock, this Note shall immediately become convertible into that number of shares of Common Stock equal to the number of shares of the Common Stock that would have been received if this Note had been converted in full and the preferred stock received thereupon had been simultaneously converted into Common Stock immediately prior to such event.

(e) *Notices of Record Date*. In the event of:

(i) Any taking by the Company of a record of the holders of any class of securities of the Company for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right; or

(ii) Any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any transfer of all or substantially all of the assets of the Company to any other Person or any consolidation or merger involving the Company; or

(iii) Any voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company will mail to Investor at least ten (10) days prior to the earliest date specified therein, a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and the amount and character of such dividend, distribution or right; or (B) the date on which any such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding-up is expected to become effective and the record date for determining stockholders entitled to vote thereon.

5. ***Subordination***. The Obligations evidenced by this Note are hereby expressly subordinated in right of payment to the prior payment in full of all of the Company's Senior Indebtedness and any Liens on property of the Company in favor of Investor are hereby expressly subordinated in priority to any Liens on the Company's property in favor of any holder of Senior Indebtedness. By acceptance of this Note, Investor agrees to execute and deliver customary forms of subordination agreement requested from time to time by holders of Senior Indebtedness, and as a condition to Investor's rights hereunder, the Company may require that Investor execute such forms of subordination agreement. Notwithstanding the foregoing, Investor shall be entitled to receive (i) the Conversion Stock of the Company from the conversion of all or any part of the Obligations and payments of cash in lieu of issuing fractional shares in connection with any such conversions, (ii) any note, instrument or other evidence of indebtedness which may be issued by the Company in exchange for or in substitution of this Note, provided that such note, instrument or other evidence of indebtedness is subordinated to the Senior Indebtedness on the same terms and conditions as set forth in this **Section 5** and (iii) other payments consented to in writing by holders of Senior Indebtedness.

6. ***Representations and Warranties of the Company***. Except as set forth on the Disclosure Schedule, attached as **Schedule I**, delivered to the Investor on the date hereof (the "**Disclosure Schedule**"), the Company represents and warrants to the Investor that:

(a) *Due Incorporation, Qualification, etc*. The Company (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) has the power and authority to own, lease and operate its properties and carry on its business as now conducted; and (iii) is duly qualified, licensed to do business and in good standing as a foreign corporation in each jurisdiction where the failure to be so qualified or licensed could reasonably be expected to have a material adverse effect on the Company.

(b) *Authority*. The execution, delivery and performance by the Company of this Note and the consummation of the transactions contemplated hereby (i) are within the power of the Company and (ii) have been duly authorized by all necessary actions on the part of the Company.

(c) *Enforceability*. This Note has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(d) *Non-Contravention*. The execution and delivery by the Company of this Note and the performance and consummation of the transactions contemplated hereby do not and will not (i) violate the Company's Certificate of Incorporation or Bylaws (as amended, the "**Charter Documents**") or any material judgment, order, writ, decree, statute, rule or regulation applicable to the Company; (ii) violate any provision of, or result in the breach or the acceleration of, or entitle any other Person to accelerate (whether after the giving of notice or lapse of time or both), any material mortgage, indenture, agreement, instrument or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any Lien upon any property, asset or revenue of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations, or any of its assets or properties.

(e) *Subsidiaries*. Each of the Company's subsidiaries is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and is in good standing under such laws and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(f) *Approvals*. No consent, approval, order or authorization of, or registration, declaration or filing with, any governmental authority or other Person (including, without limitation, the shareholders of any Person) is required in connection with the execution and delivery of this Note and the performance and consummation of the transactions contemplated hereby, other than such as have been obtained and remain in full force and effect and other than such qualifications or filings under applicable securities laws as may be required in connection with the transactions contemplated by this Note.

(g) *No Violation or Default*. None of the Company or the Company's subsidiaries is in violation of or in default with respect to (i) its Charter Documents or other organizational documents, as applicable, or any material judgment, order, writ, decree, statute, rule or regulation applicable to such Person; or (ii) any material mortgage, indenture, agreement, instrument or contract to which such Person is a party or by which it is bound (nor is there any waiver in effect which, if not in effect, would result in such a violation or default).

(h) *Litigation*. No actions (including, without limitation, derivative actions), suits, proceedings or investigations are pending or, to the knowledge of the Company, threatened in writing against the Company or the Company's subsidiaries at law or in equity in any court or before any other governmental authority that if adversely determined (i) would (alone or in the aggregate) result in a material liability or (ii) seeks to enjoin, either directly or indirectly, the execution, delivery or performance by the Company of this Note or the transactions contemplated hereby.

(i) *Title*. The Company has good and marketable title to its properties and assets, and has a valid leasehold interest in all its leasehold interests, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge, other than (i) liens for current taxes not yet due and payable, (ii) liens imposed by law and incurred in the ordinary course of business for obligations not past due, (iii) liens in respect of pledges or deposits under workers' compensation laws or similar legislation, and (iv) liens, encumbrances and defects in title which do not in any case materially detract from the value of the property subject thereto or do not have a material adverse effect on the Company. With respect to the property and assets it leases, the Company is in compliance with such leases in all material respects and, to its knowledge, holds a valid leasehold interest free of any liens, claims or encumbrances, subject to clauses (i)-(iv) above. All facilities, machinery, equipment, fixtures, vehicles and other properties owned, leased or used by the Company are in good operating condition and repair and are reasonably fit and usable for the purposes for which they are being used.

(j) *Intellectual Property*. The Company owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, domain names, trade secrets, mask works, licenses (software or otherwise), information and similar proprietary rights and processes, in each instance as used by it in connection with the Company's business, which represent all intellectual property rights necessary to the conduct of the Company's business as now conducted and as presently proposed to be conducted, without any conflict with, or infringement of, the rights of others.

(k) *Financial Statements*. The Company has delivered to Investor its unaudited financial statements (balance sheet, profit and loss, and statement of cash flows) as at and for the quarters ended March 31, 2016, June 30, 2016, September 30, 2016, December 31, 2016, March 31, 2017 and June 30, 2017 (the "**Financial Statements**"). The Financial Statements fairly present the financial condition and operating results of the Company as of the dates, and for the periods, indicated therein. Except as set forth in the Financial Statements, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred after June 30, 2017 in the ordinary course of business, and (ii) obligations under contracts and commitments incurred in the ordinary course of business which would not be required under U.S. generally accepted accounting principles ("**GAAP**") to be reflected in the Financial Statements prepared in accordance with GAAP, which, in both cases,

individually or in the aggregate, would not have a material adverse effect on the Company. The Company does not represent or warrant that it will achieve any financial projections provided to Investor and represents only that such projections were prepared in good faith.

(l) *Capitalization.*

(i) The authorized capital stock of the Company consists of (i) 300,000,000 shares of Common Stock, 50,811,818 of which are issued and outstanding, (ii) 51,700,000 shares of Series 1 Preferred Stock, $0.001 par value per share (the "**Series 1 Preferred Stock**"), 51,680,254 of which are issued and outstanding, and (iii) 38,800,000 shares of Series 2 Preferred Stock, $0.001 par value per share (the "**Series 2 Preferred Stock**"), 38,760,190 of which are issued and outstanding. The equity securities ("**Equity Securities**") of the Company have the respective rights, preferences and privileges set forth in the Company's Charter Documents in effect on the date hereof. As of the date hereof, the issued and outstanding Series 1 Preferred Stock converts into an aggregate of 150,002,715 shares of Common Stock, and the issued and outstanding Series 2 Preferred Stock converts into an aggregate of 38,760,190 shares of Common Stock. All of the outstanding Equity Securities of the Company have been duly authorized and are validly issued, fully paid and nonassessable.

(ii) The Company has reserved 3,013,645 shares of Common Stock authorized for issuance to employees, consultants and directors pursuant to its 2007 Stock Plan, under which (i) options to purchase 3,013,645 shares are issued and outstanding as of the date of this Note and (ii) no shares of Common Stock remain available for issuance to employees, consultants and directors of the Company. The Company has reserved 45,455,952 shares of Common Stock authorized for issuance to employees, consultants and directors pursuant to its 2015 Stock Plan, under which (i) options to purchase 27,390,350 shares are issued and outstanding as of the date of this Note, (ii) 18,047,394 shares of Common Stock remain available for issuance to employees, consultants and directors of the Company, and (iii) 18,208 shares of Common Stock have been issued upon the exercise of options.

(iii) Except as expressly referenced herein or as set forth in **Item 6(l)** of the Disclosure Schedule, there are as of the date of this Note no options, warrants or rights to purchase Equity Securities of the Company authorized, issued or outstanding, and the Company is not obligated in any other manner to issue shares of its Equity Securities.

(iv) Except as set forth in **Item 6(l)** of the Disclosure Schedule, there are no restrictions on the transfer of Equity Securities of the Company, other than those imposed by the Company's Charter Documents as of the date hereof, or relevant state and federal securities laws, and no holder of any Equity Security of the Company or other Person is entitled to preemptive or similar statutory or contractual rights, either arising pursuant to any agreement or instrument to which the Company is a party or that are otherwise binding upon the Company.

7. ***Representations and Warranties of Investor***. Investor represents and warrants to the Company upon the acquisition of this Note as follows:

(a) *Binding Obligation.* Investor has full legal capacity, power and authority to execute and deliver this Note and to perform its obligations hereunder. This Note constitutes a valid and binding obligation of Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(b) *Securities Law Compliance*. Investor has been advised that the Note and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. Investor is aware that the Company is under no obligation to effect any such registration with respect to this Note or the underlying securities or to file for or comply with any exemption from registration. Investor has not been formed solely for the purpose of making this investment and is purchasing this Note for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. Investor has such knowledge and experience in financial and business matters that Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time. Investor is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act and shall submit to the Company such further assurances of such status as may be reasonably requested by the Company. The residency of Investor (or, in the case of a partnership or corporation, such entity's principal place of business) is correctly set forth beneath Investor's name on the signature pages hereto.

(c) *Access to Information*. Investor acknowledges that the Company has given Investor access to the corporate records and accounts of the Company and to all information in its possession relating to the Company, has made its officers and representatives available for interview by Investor, and has furnished Investor with all documents and other information required for such Investor to make an informed decision with respect to the purchase of this Note.

(d) *Tax Advisors.* Investor has reviewed with its own tax advisors the U.S. federal, state and local and non-U.S. tax consequences of this investment and the transactions contemplated by this Note. With respect to such matters, Investor relies solely on any such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Investor understands that it (and not the Company) shall be responsible for its own tax liability that may arise as a result of this investment and the transactions contemplated by this Note.

(e) *No "Bad Actor" Disqualification Events.* Neither (i) Investor, (ii) any of its directors, executive officers, other officers that may serve as a director or officer of any company in which it invests, general partners or managing members, nor (iii) any beneficial owner of any of the Company's voting equity securities (in accordance with Rule 506(d) of the Securities Act) held by Investor is subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) through (viii) under the Securities Act ("**Disqualification Events**"), except for Disqualification Events covered by Rule 506(d)(2) or (d)(3) under the Securities Act and disclosed reasonably in advance of the closing in writing in reasonable detail to the Company.

8. ***Definitions***. As used in this Note, the following capitalized terms have the following meanings:

"**Change of Control**" shall mean (i) any "person" or "group" (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than fifty percent (50%) of the outstanding voting securities of the Company having the right to vote for the election of members of the Board of Directors, other than pursuant to a bona fide equity financing for capital raising purposes, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related

transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

"**Event of Default**" has the meaning given in **Section 2** hereof.

"**Initial Public Offering**" shall mean the closing of the Company's first firm commitment underwritten initial public offering of the Common Stock pursuant to a registration statement filed under the Securities Act.

"**Investor**" shall mean the Person specified in the introductory paragraph of this Note or any Person who shall at the time be the registered holder of this Note.

"**Lien**" shall mean, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance.

"**Obligations**" shall mean and include all loans, advances, debts, liabilities and obligations, howsoever arising, owed by the Company to Investor of every kind and description, now existing or hereafter arising under or pursuant to the terms of this Note, including, all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by the Company hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U. S. C. Section 101 *et seq.*), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

"**Person**" shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Senior Indebtedness**" shall mean, unless expressly subordinated to or made on a parity with the amounts due under this Note, the principal of (and premium, if any), unpaid interest on and amounts reimbursable, fees, expenses, costs of enforcement and other amounts due in connection with, (i) indebtedness for borrowed money of the Company, to banks, commercial finance lenders or other lending institutions regularly engaged in the business of lending money (excluding (A) any indebtedness convertible into equity securities of the Company and (B) indebtedness in connection with capital leases or operating leases used solely for the purchase, finance or acquisition of equipment and where such indebtedness is secured solely by such equipment), (ii) indebtedness for borrowed money of the Company to ON Semiconductor, and (iii) any extension, refinance, renewal, replacement, defeasance or refunding of any indebtedness described in clauses (ii) and (iii).

9. ***Miscellaneous***.

(a) *Financial Information Rights*. The Company will furnish Investor the following reports:

(i) As soon as practicable after the end of the first, second, third and fourth quarterly accounting periods in each fiscal year of the Company, and in any event within forty-five (45) days after the end of each quarter, the unaudited consolidated balance sheet, statements of income and cash flows of the Company

and its subsidiaries, if any, for such period, prepared in accordance with GAAP consistently applied, subject to changes resulting from normal year-end audit adjustments; and

(ii) As soon as practicable after the end of each fiscal year of the Company, a consolidated balance sheet of the Company and its subsidiaries, if any, as at the end of such fiscal year, and consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such year, prepared in accordance with GAAP consistently applied.

(b) *Preferential Treatment and Product Roadmap*. For as long as Yaskawa Electric Corporation ("**Yaskawa**") is the holder of this Note:

(i) The Company agrees to offer Yaskawa key terms related to supply of product, such as pricing and turn-around times, that are either equal to or more favorable than the Company offers to other customers with respect to the sale of similar volumes of the same product(s) that it manufacture(s) for Yaskawa; and

(ii) The Company agrees to consider Yaskawa's input in shaping the Company's product roadmap with the goal of prioritizing the development of products for Yaskawa, *provided that* such development is within the Company's resource capabilities and the Company's commercial and business sales plan with respect to Yaskawa supports such development.

(c) *Successors and Assigns; Registration, Transfer and Replacement of this Note or Securities Issuable on Conversion Hereof; No Transfers to Bad Actors; Notice of Bad Actor Status.*

(i) Subject to the restrictions on transfer described in this **Section 9(c)**, the rights and obligations of the Company and Investor shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

(ii) With respect to any offer, sale or other disposition of this Note or securities into which such Note may be converted, Investor will give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of Investor's counsel, or other evidence if reasonably satisfactory to the Company, to the effect that such offer, sale or other distribution may be effected without registration or qualification (under any federal or state law then in effect). Upon receiving such written notice and reasonably satisfactory opinion, if so requested, or other evidence, the Company, as promptly as practicable, shall notify Investor that Investor may sell or otherwise dispose of this Note or such securities, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this **Section 9(c)** that the opinion of counsel for Investor, or other evidence, is not reasonably satisfactory to the Company, the Company shall so notify Investor promptly after such determination has been made. Each Note thus transferred and each certificate, instrument or book entry representing the securities thus transferred shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with the Securities Act, unless in the opinion of counsel for the Company such legend is not required in order to ensure compliance with the Securities Act. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

(iii) This Note shall be a registered note. The Company will keep, at its principal executive office, books for the registration and registration of transfer of this Note. Subject to **Section 9(c)(ii)** and any other restrictions on or conditions to transfer set forth in this Note, transfers of this Note shall be registered

upon registration books maintained for such purpose by or on behalf of the Company. Prior to presentation of this Note for registration of transfer, the Company shall treat the Person in whose name this Note is registered as the owner and holder of this Note for the purpose of receiving all payments of principal and interest hereon and for all purposes whatsoever, whether or not this Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to any restrictions on or conditions to transfer set forth in this Note, the holder of this Note, at its option, may in person or by duly authorized attorney surrender the same for exchange at the Company's chief executive office, and promptly thereafter and at the Company's expense, except as provided below, receive in exchange therefor one or more new Note(s), each in the principal requested by such holder, dated the date to which interest shall have been paid on the Note so surrendered or, if no interest shall have yet been so paid, dated the date of the Note so surrendered and registered in the name of such Person or Persons as shall have been designated in writing by such holder or its attorney for the same principal amount as the then unpaid principal amount of the Note so surrendered. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of this Note and (a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it; or (b) in the case of mutilation, upon surrender thereof, the Company, at its expense, will execute and deliver in lieu thereof a new Note executed in the same manner as the Note being replaced, in the same principal amount as the unpaid principal amount of such Note and dated the date to which interest shall have been paid on such Note or, if no interest shall have yet been so paid, dated the date of such Note.

(iv) Neither this Note nor any of the rights, interests or obligations hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of Investor.

(v) Investor agrees not to sell, assign, transfer, pledge or otherwise dispose of any securities of the Company, or any beneficial interest therein, to any person (other than the Company) unless and until the proposed transferee confirms to the reasonable satisfaction of the Company that neither the proposed transferee nor any of its directors, executive officers, other officers that may serve as a director or officer of any company in which it invests, general partners or managing members nor any person that would be deemed a beneficial owner of those securities (in accordance with Rule 506(d) of the Securities Act) is subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) through (viii) under the Securities Act, except as set forth in Rule 506(d)(2) or (d)(3) under the Securities Act and disclosed, reasonably in advance of the transfer, in writing in reasonable detail to the Company. Investor will promptly notify the Company in writing if Investor or, to Investor's knowledge, any person specified in Rule 506(d)(1) under the Securities Act becomes subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) through (viii) under the Securities Act.

(d) *Waiver and Amendment.* Any provision of this Note may be amended, waived or modified upon the written consent of the Company and Investor.

(e) *Notices.* All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall be in writing and faxed, mailed or delivered to each party at the respective addresses of the parties as set forth on the signature pages hereto, or at such other address or facsimile number as the Company shall have furnished to Investor in writing. All such notices and communications will be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one (1) business day after being delivered by facsimile (with receipt of appropriate confirmation), (iv) one (1) business day after being deposited with an overnight courier service of recognized standing or (v) four (4) days after being deposited in the U.S. mail, first class with postage prepaid. In the event of any conflict between the Company's books and records and this Note or any notice delivered hereunder, the Company's books and records will control absent

fraud or error. Subject to the limitations set forth in Delaware General Corporation Law §232(e), Investor consents to the delivery of any notice to stockholders given by the Company under the Delaware General Corporation Law or the Company's certificate of incorporation or bylaws by (i) facsimile telecommunication to any facsimile number for Investor in the Company's records, (ii) electronic mail to any electronic mail address for Investor in the Company's records, (iii) posting on an electronic network together with separate notice to Investor of such specific posting or (iv) any other form of electronic transmission (as defined in the Delaware General Corporation Law) directed to Investor. This consent may be revoked by Investor by written notice to the Company and may be deemed revoked in the circumstances specified in Delaware General Corporation Law §232.

(f) *Payment.* Unless converted into the Conversion Stock pursuant to the terms hereof, payment shall be made in lawful tender of the United States.

(g) *Usury.* In the event any interest is paid on this Note which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

(h) *Waivers.* The Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

(i) *Governing Law.* This Note and all actions arising out of or in connection with this Note shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law provisions of the State of California, or of any other state.

(j) *Jurisdiction and Venue*. Each of Investor and the Company irrevocably consents to the exclusive jurisdiction of, and venue in, the state courts in Santa Clara County in the State of California (or in the event of exclusive federal jurisdiction, the courts of the Northern District of California), in connection with any matter based upon or arising out of this Note or the matters contemplated herein, and agrees that process may be served upon them in any manner authorized by the laws of the State of California for such persons.

(k) *Waiver of Jury Trial; Judicial Reference.* By acceptance of this Note, Investor hereby agrees and the Company hereby agrees to waive their respective rights to a jury trial of any claim or cause of action based upon or arising out of this Note. If the jury waiver set forth in this paragraph is not enforceable, then any claim or cause of action arising out of or relating to this Note shall be settled by judicial reference pursuant to California Code of Civil Procedure Section 638 et seq. before a referee sitting without a jury, such referee to be mutually acceptable to the parties or, if no agreement is reached, by a referee appointed by the Presiding Judge of the California Superior Court for Santa Clara County. This paragraph shall not restrict a party from exercising remedies under the Uniform Commercial Code or from exercising pre-judgment remedies under applicable law.

(l) *Counterparts.* This Note may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Note.

(*Signature Page Follows*)

The Company has caused this Note to be issued as of the date first written above.

TRANSPHORM, INC.
a Delaware corporation

By: /s/ Primit Parikh
Name: Primit Parikh
Title: Co-founder and COO

Address: 115 Castilian Drive
Goleta, CA 93117
USA.

Fax: +1-805-456-1307
Email: pparikh@transphormusa.com

YASKAWA ELECTRIC CORPORATION

By: /s/ Hiroshi Ogasawara
Name: Hiroshi Ogasawara
Title: Representative Director, President

Address: 2-1 Kurosakishiroishi,
Yahatanishi-ku, Kitakyushu,
806-0004 Japan,

Fax: +81-93-645-8800
Email: [***]

[Signature Page to Subordinated Convertible Promissory Note]

EXECUTION VERSION

WAIVER, CONSENT AND AMENDMENT AGREEMENT

THIS WAIVER, CONSENT AND AMENDMENT AGREEMENT (this "**Agreement**"), is made as of March 16, 2018, by and between Transphorm, Inc., a Delaware corporation (the "**Company**"), and Yaskawa Electric Corporation (the "**Holder**"). Capitalized terms used but not defined herein shall have the meanings given to such terms in that certain Subordinated Convertible Promissory Note due September 30, 2022, issued by the Company to the Holder on October 4, 2017 (as amended, restated, supplemented or otherwise modified from time to time through the date hereof, the "**Note**").

RECITALS

WHEREAS, the Company intends to consummate an equity financing pursuant to which it will sell shares of its Series 3 Preferred Stock (the "**Series 3 Preferred**");

WHEREAS, the Company has requested, and the Holder has agreed, to waive the Holder's right to convert all or any portion of the outstanding principal amount of the Note and all accrued and unpaid interest on the Note into Series 3 Preferred;

WHEREAS, an Event of Default exists under the Note as a result of (x) the Company's failure to repay amounts due in excess of $250,000 at the stated maturity of that certain 1% Unsecured Convertible Promissory Note Due October 2, 2017 issued on October 2, 2014 to Semiconductor Components Industries, LLC (as amended, restated, supplemented or otherwise modified from time to time through the date hereof, the "**On Note**") which resulted in defaults under, and accelerations of the maturity of, the On Note and the IIDA Note (as defined below) and (y) breaches by the Company of certain covenants and events of default in that certain 1% Unsecured Subordinated Convertible Promissory Note Due April 1, 2018 issued on April 1, 2015 to IIDA Electronics Co. Ltd. ("**IIDA**") (as amended, restated, supplemented or otherwise modified from time to time through the date hereof, the "**IIDA Note**") which resulted in defaults under, and an acceleration of the maturity of, the IIDA Note (collectively, together with any other defaults, events of default or Events of Defaults related thereto, resulting therefrom or arising in connection therewith, the "**Specified Defaults**");

WHEREAS, the Company has requested, and the Holder has agreed, to waive the Specified Defaults;

WHEREAS, the Company desires to enter into a series of financing transactions, including a loan and security agreement pursuant to which the Company will incur indebtedness secured by Liens on certain intellectual property of the Company that will rank senior to (1) the indebtedness evidenced by the Note and (2) any Lien on such property that the Holder may have or may acquire in connection with the Note (such financing transactions, together with the equity financing described above, are collectively referred to as the "**Transaction**");

WHEREAS, the Company has requested that the Holder consent to the Transaction and amend the Note, and the Holder has agreed to consent to the Transaction and to amend the Note as set forth herein; and

WHEREAS, Section 9(d) of the Note provides that any provision of the Note may be amended, waived or modified upon the written consent of the Company and the Holder.

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

1. Waiver of Conversion. Notwithstanding Section 4 of the Note, the Holder hereby irrevocably and unconditionally fully and forever waives its right to convert all or any portion of the outstanding principal amount of the Note and all accrued and unpaid interest on the Note into Series 3 Preferred, with the effect that (a) "Conversion Stock" as defined in Section 4(a)(ii) of the Note shall exclude the Series 3 Preferred and

(b) "Qualified Financing" as defined in Section 4(a)(i) of the Note shall exclude the Transaction. The Holder hereby waives any notice requirements or other rights in respect thereof arising under the Note.

2. Waiver of Specified Defaults. The Holder hereby irrevocably and unconditionally fully and forever waives, discharges and releases the Specified Defaults and any remedies of the Holder arising therefrom under the Note (including, without limitation, under Section 3 thereof).

3. Consent to Transaction. The Holder irrevocably and unconditionally hereby consents to the Transaction and agrees that neither (a) the execution or effectiveness of the agreements, documents and instruments pursuant to which the Transaction is or will be carried out or the Transaction, nor (b) the Company's performance of its obligations under such agreements, documents or instruments or the Transaction, shall give rise to a default or an Event of Default under the Note.

4. Subordination. The Holder expressly subordinates (i) its right to payment under the Note to (x) any indebtedness incurred by the Company in connection with the Transaction and (y) the IIDA Note and (ii) any Lien on the Company's property that the Holder may have or acquire in connection with the Note to (x) the Liens on the Company's property arising from the Transaction and (y) any Lien on the Company's property that IIDA may have or may acquire in connection with the IIDA Note.

5. Amendment to Note.

(a) The definition of "Senior Indebtedness" in Section 8 of the Note is amended in its entirety to read as follows:

"**Senior Indebtedness**" shall mean, unless expressly subordinated to or made on a parity with the amounts due under this Note, the principal of (and premium, if any), unpaid interest on and amount reimbursable, fees, expenses, costs of enforcement and other amounts due in connection with, (i) indebtedness for borrowed money of the Company to banks, commercial finance lenders or other lending institutions regularly engaged in the business of lending money (excluding (A) any indebtedness convertible into equity securities of the Company and (B) indebtedness in connection with capital leases or operating leases used solely for the purchase, finance or acquisition of equipment and where such indebtedness is secured solely by such equipment), (ii) indebtedness for borrowed money of the Company to Semiconductor Components Industries, LLC (and its successors and assigns), (iii) indebtedness for borrowed money of the Company to holders of the Company's Series 3 Preferred Stock (and their successors and assigns), (iv) indebtedness for borrowed money of the Company to IIDA Electronics Co. Ltd. (and its successors and assigns) and (v) any extension, refinance, renewal, replacement, defeasance or refunding of any indebtedness described in clauses (ii) through (v)."

(b) The definition of "**Conversion Stock**" in Section 4(a)(ii) of the Note is amended by adding the following at the end thereof:

"Notwithstanding anything contained herein to the contrary, Conversion Stock shall not include the Company's Series 3 Preferred Stock."

6. Additional Documents. The parties hereto hereby covenant and agree to execute and deliver any additional documents reasonably necessary, at the reasonable request of any of the parties hereto, to carry out the intent of this Agreement.

7. Miscellaneous.

(a) Reference to and effect on the Note.

(i) On and after the date hereof, each reference in the Note to "this Note", "hereunder", "hereof", "herein" or words of like import referring to the Note shall mean and be a reference to the Note as modified by this Agreement (the "**Amended Note**").

(ii) Except as specifically modified by this Agreement, the Note shall remain in full force and effect and are hereby ratified and confirmed.

(iii) Except as expressly set forth herein (including with respect to the waiver of the Specified Defaults and consent to the Transaction set forth above), the execution, delivery and performance of this Agreement shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Holder under the Note or the Amended Note and shall not be considered a novation.

(b) Headings and Construction. Section headings are for convenience of reference only and shall in no way affect the interpretation of this Agreement. This Agreement shall be construed, administered and applied in accordance with the terms and provisions of the Amended Note.

(c) Successors and Assigns. The provisions of this Agreement shall be binding upon the Holder and the Company and shall inure to the benefit of and bind the respective successors and assigns of the Holder and the Company.

(d) Governing Law; Jurisdiction and Venue; Waiver of Jury Trial; Judicial Reference. The terms of Sections 9(i), (j) and (k) of the Note with respect to governing law, jurisdiction and venue, waiver of jury trial and judicial reference are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms in respect of this Agreement.

(e) Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart to this Agreement by facsimile or PDF shall be effective as delivery of a manually executed counterpart to this Agreement and each party hereto shall be entitled to rely on a facsimile or PDF signature of each other party hereto as if it were an original.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

COMPANY:

TRANSPHORM, INC.

By: /s/ Primit Parikh

Name: Primit Parikh

Title: Co-founder and COO

HOLDER:

YASKAWA ELECTRIC CORPORATION

By: /s/ Hiroshi Ogasawara

Name: Hiroshi Ogasawara

Title: Representative Director, President

Exhibit 10.23.3
EXECUTION

CONSENT, GUARANTY AND AMENDMENT AGREEMENT

THIS CONSENT, GUARANTY and AMENDMENT AGREEMENT (this "**Agreement**") is made and entered into as of February 10, 2020, by and among Peninsula Acquisition Corporation, a Delaware corporation ("**Parent**"), Transphorm, Inc., a Delaware corporation (the "**Company**"), and Yaskawa Electric Corporation (the "**Noteholder**"). Capitalized terms used but not defined in this Agreement shall have the meanings given to such terms in that certain subordinated convertible promissory note issued on October 4, 2017 by the Company to the Noteholder, due September 30, 2022, as amended by that certain Waiver, Consent and Amendment Agreement, dated March 16, 2018 (as amended, restated, supplemented or otherwise modified from time to time through the date hereof, the "**Note**").

RECITALS

WHEREAS, Parent and the Company intend to enter into an agreement and plan of merger and reorganization (the "**Merger Agreement**") by and among Parent, Peninsula Acquisition Sub, Inc., a Delaware corporation (the "**Merger Sub**"), and the Company, pursuant to which Merger Sub will merge with and into the Company (the "**Merger**"), the separate corporate existence of Merger Sub will cease, and the Company will survive the Merger as a wholly owned subsidiary of Parent;

WHEREAS, in anticipation of and contingent upon the consummation of the Merger, the Company, the Noteholder and Parent desire to amend the Note as set forth herein, to provide, among other things, that the Note shall be convertible into shares of Parent common stock after the Merger; and

WHEREAS, pursuant to Section 9(d) of the Note, the Note may be amended, waived or modified upon the written consent of the Company and the Noteholder.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Consent to Merger. The Noteholder irrevocably and unconditionally hereby consents to the Merger and agrees that (a) the execution or effectiveness of the agreement, documents and instruments to which the Merger is or will be carried out, (b) the consummation of the Merger and (c) the Company's performance of its obligations under the Merger Agreement, or the documents, instruments, or transactions contemplated thereby, shall not give rise to an Event of Default or Change of Control under the Note.

2. Waiver of Notice. The Noteholder hereby waives any notice it was entitled to receive of the Merger under the terms of the Note.

3. Guaranty. Contingent upon and immediately following the consummation of the Merger, Parent hereby covenants and agrees to guarantee the Company's payment obligations under the Note.

4. Amendment to Note. Contingent upon and effective as of immediately prior to the consummation of the Merger, the Noteholder, the Company and Parent hereby agree that the Note is amended as follows:

(a) Section 1(b) of the Note is amended in its entirety to read as follows:

"(b) *Voluntary Prepayment*. This Note may not be prepaid without the written consent of Investor."

(b) Section 1(c) of the Note is amended in its entirety to read as follows:

"(c) *Mandatory Prepayment*. In the event of a Change of Control, the outstanding principal amount of this Note, plus all accrued and unpaid interest, in each case that has not

otherwise been converted into the Conversion Stock pursuant to Section 4, shall be due and payable immediately prior to the closing of such Change of Control."

(c) Section 4(a) of the Note is amended in its entirety to read as follows:

"(a) Investor has the right, at Investor's option, at any time prior to payment in full of the principal amount of this Note to convert all or a portion of the outstanding principal amount of this Note and all accrued and unpaid interest on this Note into that number of fully paid and non-assessable shares of Conversion Stock equal to (x) the amount of outstanding principal and accrued and unpaid interest being converted, *divided by* (y) the Conversion Price; *provided*, *however*, that the maximum number of shares of Conversion Stock that may be issued upon the conversion of this Note shall be 3,076,171 shares.

(i) "**Conversion Stock**" shall mean the common stock of Parent, par value $0.0001 per share (the "**Company Common Stock**").

(ii) "**Conversion Price**" shall mean $5.12."

(d) Section 4(b) of the Note is amended in its entirety to read as follows:

"(b) *Conversion Procedure*. Before Investor shall be entitled to convert this Note into the Conversion Stock, it shall surrender this Note (or a notice to effect that the original Note has been lost, stolen or destroyed and an agreement acceptable to the Company whereby the holder agrees to indemnify Parent and the Company from any loss incurred by it in connection with this Note) and give written notice to Parent and the Company at the Company's principal corporate office of the election to convert the same pursuant to Section 4(a), and shall state therein the amount of the unpaid principal amount of this Note to be converted, together with all accrued and unpaid interest. Parent shall, as soon as practicable thereafter, instruct its transfer agent to issue book-entry entitlements for the number of shares of Conversion Stock to which Investor shall be entitled upon such conversion, including a check payable to Investor for any cash amounts payable as described in Section 4(c). Any conversion of this Note pursuant to Section 4(a) shall be deemed to have been made upon the satisfaction of all the conditions set forth in this Section 4(b) and on and after such date Investor shall be treated for all purposes as the record holder of the Conversion Stock."

(e) Section 4(d) of the Note is hereby amended in its entirety to read as follows:

"(d) [Reserved]."

(f) The following definition shall hereby be inserted into Section 8 of the Note in correct alphabetical order:

"**Parent**" shall mean Peninsula Acquisition Corporation, a Delaware corporation.

(g) The definition of "Change of Control" in Section 8 of the Note is amended in its entirety to read as follows:

"**Change of Control**" shall mean (i) any "person" or "group" (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than fifty percent (50%) of the outstanding voting securities of Parent having the right to vote for the election of members of Parent's board of directors, other than pursuant to a bona fide equity financing for capital raising purposes, (ii) any reorganization, merger or consolidation of Parent, other than a transaction or series of related

transactions in which the holders of the voting securities of Parent outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of Parent or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of Parent.

(h) The definition of "Initial Public Offering" in Section 8 of the Note shall be deleted.

(i) The definition of "Senior Indebtedness" in Section 8 of the Note is amended in its entirety to read as follows:

"**Senior Indebtedness**" shall mean, unless expressly subordinated to or made on a parity with the amounts due under this Note, the principal of (and premium, if any), unpaid interest on and amounts reimbursable, fees, expenses, costs of enforcement and other amounts due in connection with, (i) indebtedness for borrowed money of Parent or the Company to banks, commercial finance lenders or other lending institutions (excluding (A) any indebtedness convertible into equity securities of Parent and (B) indebtedness in connection with capital leases or operating leases used solely for the purchase, finance or acquisition of equipment and where such indebtedness is secured solely by such equipment), (ii) indebtedness for borrowed money of Parent or the Company to former holders of the Company's Series 3 Preferred Stock (and their successors and assigns), and (iii) any extension, refinance, renewal, replacement, defeasance or refunding of any indebtedness described in clauses (ii) through (iii)."

(j) Section 9(a) of the Note is hereby amended in its entirety to read as follows:

"(a) [Reserved]."

5. Further Instruments, Documents and Agreements. Each party hereto agrees to cooperate fully with the other party and to execute such further instruments, documents and agreements, and to give such further written assurances, as may be reasonably requested by any other party to evidence and reflect better and to carry into effect the intents and purposes of this Agreement.

6. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

7. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which taken together shall constitute one instrument.

8. Governing Law. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO ITS CONFLICTS OF LAWS PROVISIONS.

9. Expenses. Each party shall pay its own costs and expenses incurred in connection with the transactions contemplated by this Agreement.

10. Termination. This agreement shall terminate and be of no further force and effect if the Merger has not been consummated by February 28, 2020.

(*Signature page follows*)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PENINSULA ACQUISITION CORPORATION

By: /s/ Ian Jacobs
Name: Ian Jacobs
Title: Chief Executive Officer

TRANSPHORM, INC.

By: /s/ Mario Rivas
Name: Mario Rivas
Title: Chief Executive Officer

YASKAWA ELECTRIC CORPORATION

By: /s/ Yasushi Ichiki
Name: Yasushi Ichiki
Title: Manager, Corporate Planning Dept.

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

EXCLUSIVE LICENSE AGREEMENT

between

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
ACTING THROUGH ITS SANTA BARBARA CAMPUS

and

TRANSPHORM, INC.

for

UC Case No. 2004-163 ("A Novel Device Concept: Polarization Doped Field Effect Transistor (PolFET)"), et. al.

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LICENSE AGREEMENT

UC Case No. 2004-163, et. al.

This license agreement **("Agreement")** is effective as of September l, 2007 **("Effective Date"),** by and between The Regents of the University of California, a Califomia corporation, acting through its Santa Barbara campus having an Office of Technology & Industry Alliances located at 552 University Avenue, Trailer #342, Santa Barbara, CA 93106-2055 **("The Regents"),** and Transphonn, Inc., a Delaware corporation, having a principal place of business at 107 S. La Patera Lane **("Licensee").**

BACKGROUND

A. Certain inventions, generally characterized as follows (collectively, the **"Inventions")** were made in the course of research at the University of California, Santa Barbara and are covered by Licensed Patent Rights, as defined below:

a) "A Novel Device Concept: Polarization-Doped Field Effect Transistor," disclosed in UC Case No. 2004-163 by Dr. Urnesh Mishra, et al.;

b) "N Polar AIGaN/GaN Enhancement-Mode Field Effect Transistor," disclosed in UC Case No. 2006-107 by Dr. Umesh Mishra, et al.;

c) "Fluorine Treatment to Shape the Electric Field in Electron Devices, Passivate the Dislocations, Point Defects and Enhance the Luminescence," disclosed in UC Case No. 2006-129 by Dr. Umesh Mishra, et al.;

d) "A Method to Fabricate III-N Filed Effect Transistors Using Ion Implantation with Reduced Dopant Activation and Damage Recovery Temperature," disclosed in UC Case No. 2006-518 by Dr. Umesh Mishra, et al.;

e) "P-GaN/AIGan/AIN/GaN Enhancement-Mode Field Effect Transistor," disclosed in UC Case No. 2006-575 by Dr. Umesh Mishra, et al.;

f) "Gated Electrodes for Electrolysis and Electrosynthesis," disclosed in UC Case No. 2006-637 by Dr. Umesh Mishra, et al.;

g) "Polarization-Induced Barriers for N-Face Nitride-Based Electronics," disclosed in UC Case 2006-648 by Dr. Umesh Mishra, et al.;

h) "High Breakdown Enhancement Mode GaN-Based HEMTs with Integrated Slant Field Plate, disclosed in UC Case 2006-730 by Dr. Umesh Mishra, et al.;

i) "Method for Heteroepitaxia] Growth of High Quality N-Face GaN, InN and AlN Films and Their Alloys by Metal Organic Chemical Vapor Deposition," disclosed in UC Case 2007-121 by Dr. Umesh Mishra, et al.;

j) "N-Face High Electron Mobility Transistors with Low Buffer Leakage and Low Parasitic Resistance," disclosed in UC Case 2007-269 by **Dr.** Umesh Mishra, et al.;

k) "Method to Fabricate 111-N Semiconductor Devices on the N-Face of Layers Which Are Grown in the Ill-Face Wafer Bonding and Substrate Removal," disclosed in UC Case 2007-336 by Dr. Umesh Mishra, et al.;

1) "A Method Using Low Temperature Wafer Bonding to Fabricate Transistors with Heterojunctions of Si(Ge) to III-N Materials," disclosed in UC Case 2007-501 by Dr. Umesh Mishra, et al.; and

B. Development of the above Inventions was sponsored, in part, by the United States Office of Naval Research, Air Force Office of Scientific Research and/or the Department of Defense and as a consequence, this Agreement and the Inventions are subject to overriding obligations to the United States ("U.S.") Federal Government under 35 U.S.C. §§ 200-212 and applicable regulations including a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced the Invention for or on behalf of the U.S. Government throughout the world. Inventions sponsored by the U.S. Federal Government are considered federally funded inventions ("Federally Funded Inventions").

C. Licensee is a "small business firm" as defined in 15 U.S.C. §632.

D. Licensee has evaluated the Inventions under a Secrecy Agreement with The Regents (UC Agreement Control No. 2007-20-0664) with an effective date of March l, 2007.

E. Licensee and The Regents have executed a Letter Agreement (UC Agreement Control No. 2007-30-0519) with an effective date of March 27, 2007.

F. Licensee wishes to obtain rights from The Regents for the commercial development, use and sale of products from the Invention, and The Regents is willing to grant those rights so that the Invention may be developed to its fullest and the benefits enjoyed by the general public.

G. Both parties recognize and agree that royalties and payments due under this Agreement on products, services, methods and sublicenses will be paid by Licensee on both pending patent applications with Valid Claims and issued patents.

NOW THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

1.1 **"Affiliate"** of Licensee shall mean any entity which, directly or indirectly, Controls Licensee, is Controlled by Licensee or is under common Control with Licensee. "Control" means (i) having the actual, present capacity to elect or appoint a majority of the directors of such affiliate; (ii) having the power to direct at least fifty percent (50%) of the voting rights entitled to elect or appoint directors; o·r (iii) in any country where the local law will not permit foreign equity participation of a majority, ownership or control, directly or indirectly, of the maximum percentage of such outstanding stock or voting rights permitted by local law.

1.2 **"Agreement"** shall have the meaning ascribed to it in the preamble.

1.3 **"Effective Date"** shall have the meaning ascribed to it in the preamble.

1.4 **"Field"** shall mean the Fields identified for each Invention in Exhibit A to this Agreement, which is hereby incorporated in full by reference. All other *uses* are expressly excluded from this Agreement.

1.5 **"Licensed Method"** means any process, art or method the use or practice of which, but for the license granted in this Agreement, would infringe, or contribute to, or induce the infringement of, a Valid Claim in any country were they issued at the time of the infringing activity in that country.

1.6 **"Licensed Product"** means devices, kits, articles of manufacture, compositions of matter, materials, compounds, components or products the manufacture, use, sale, offer for sale, or import of which, but for the license granted in this Agreement, would infringe, or contribute to, or induce the infringement of, a Valid Claim in any country were they issued at the time of the infringing activity in that country, or would require the performance of the Licensed Method.

1.7 **"Licensed Service"** means the use of Licensed Product or Licensed Method to provide a service.

1.8 **"Licensed Patent Rights"** means The Regents' rights and interest in the claims of the following subject matter:

UC Case Number	Application Number or Patent Number	Filing or Issue Date
2004-163-1	60/614,585	September 29, 2004
2004-163-2	11/241,804	September 29, 2005
2006-107-1	60/717,996	September 16, 2005
2006-107-2	11/523,286	September 18, 2006
2006-129-1	60/736,628	November 15, 2005
2006-129-2	11/599,874	November 15, 2006
2006-518-1	60/894,124	March 9, 2007
2006-575-1	60/941,580	March 21, 2007
2006-637-1	60/866,560	November 20, 2006
2006-648-1	60/940,052	July 11, 2007
2006-730-1	60/822,886	August 18, 2006
2007-121-1	60/866,035	November 15, 2006
2007-269-1	60/908,914	January 3, 2007
2007-336-1	60/908,917	January 3, 2007
2007-501-1	60/915,334	May 1, 2007

and continuing applications thereof including divisions and substitutions (but excluding continuation-in-part applications to the extent that claims are not adequately supported in the parent); any patents on said applications including reissues, reexaminations and extensions; and any corresponding foreign applications or patents.

1.9 **"Net Sales"** means the total of the gross invoice prices charged and the value of any other consideration owed to or received by Licensee and/or Sublicensees for the sale of Licensed Products or Licensed Services, use of Licensed Product or performance of Licensed Method. In the case of sales by Licensee of hydrogen generating systems or power modules sold with other materials, components or products that do not themselves constitute Licensed Products, such as set forth in Exhibit C attached hereto

("Combination Product(s)"), "Net Sales" shall be calculated as the fair market value of the Licensed Product had it been sold by itself. However if there are no relevant sales of such Licensed Products from which such fair market value can be established, the fair market value shall be a reasonable percentage· of the actual selling price of the Combination Product, the percentage to be mutually agreed to by the parties prior to such sales. In all cases the sum of the following deductions may be taken from the Net Sales or fair market value (in the case of Combination Products, as established above), but only to the extent that they actually pertain to the disposition of such Licensed Product and are separately charged:

i. reasonable cash or quantity discounts actually allowed;

ii. sales, use, tariff, import/export duties or other excise taxes imposed on particular sales (excepting value added taxes and income taxes);

iii. transportation charges, including insurance; and

iv. allowances or credits actually granted to customers because of rejections or returns.

No deductions shall be made for commissions paid to individuals or companies whether independent sales agents or persons or companies regularly employed by Licensee, an Affiliate, a joint venture and/or Sublicensee.For purposes of calculating Net Sales, any distribution or transfer among Licensee, an Affiliate, a joint venture or Sublicensee for end use by Licensee, an Affiliate, a joint venture or Sublicensee, Net Sales will be calculated as the price normally charged for the product if sold by Licensee to independent, unaffiliated third parties.If a Licensed Product is a part or an optional component of a system, Licensee agrees that any discounting of price will be reasonable and will be done uniformly and equally across the system so that the Licensed Product is not discounted proportionally any more than the system as a whole.

1.10 **"Sublicensee"** shall mean any person or entity (including an Affiliate or joint venture) to which any of the Licensed Patent Rights are sublicensed pursuant to Article 3 (Sublicenses) of this Agreement.

1.11 **Valid Claim"** shall mean any pending or issued claim of a Licensed Patent Right which has not been abandoned, or having been diligently prosecuted, has not been finally rejected without the right of appeal by the patent office of the country in which the application has been filed or which is not known to be unpatentable, or any claim from an issued and unexpired Licensed Patent Right which has not been revoked or held unenforceable or invalid by a decision of a court or other governmental authority of competent jurisdiction, and which has not been disclaimed, denied or admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

2. GRANT OF LICENSE/SCOPE OF LICENSE

2.1 Subject to the limitations set forth in this Agreement, The Regents grants to Licensee an exclusive or non-exclusive license to the Inventions as set forth in Exhibit A, in the Field and under the Licensed Patent Rights to make, have made, use, sell, offer for sale, import or otherwise dispose of Licensed Products and to perform Licensed Services and to practice Licensed Method to the extent permitted by law. Licensee's rights under this Agreement are limited to those expressly granted, and all other rights are reserved to The Regents.

2.2 The rights granted in this Agreement to Federally Funded Inventions are subject to any license to the U.S. Government executed by The Regents and to the overriding obligations to the U.S. Government under 35 U.S.C. §§200-212 and applicable governmental implementing regulations.

2.3 The Regents reserves the right to make and use the Inventions and associated technology for educational and research purposes, including the publication of research results and the sharing of such research results, the Inventions and associated technology with other educational or nonprofit institutions for their practice of similar scope.

2.4 Licensee may reduce the scope of the license to any Invention (i.e., from an exclusive to a non-exclusive license) upon ninety (90) days' written notice to The Regents. In such event, the annual maintenance fees shall be reduced to an amount equal to the fees paid for other Inventions licensed for a similar scope as long as such reduction does not reduce the total annual maintenance fee paid by Licensee under this Agreement for any calendar year, to less than [***], if exclusive rights are maintained in any Field for any Invention, or [***] if only non-exclusive licenses are maintained under the Agreement.

3. SUBLICENSES

3.1 The Regents also grants to Licensee the right to issue sublicenses to third parties under any or all of the Inventions licensed exclusively or nonexclusively to Licensee under this Agreement to make, have made, use, sell, offer for sale, import or otherwise dispose of Licensed Product and to perform Licensed Services and to practice Licensed Method, as long as there exists at least one Invention under which Licensee has current exclusive rights under this Agreement. Affiliates and joint ventures do not have rights to Licensed Patent Rights under this Agreement and must be issued a valid sublicense pursuant to this Article 3 (Sublicenses) in order to exercise any of the Licensed Patent Rights. For the purposes of this Agreement, the operations of all Sublicensees shall be deemed to be the operations of Licensee, for which Licensee shall be responsible. To the extent applicable, sublicenses must include all of the rights of and obligations due to The Regents contained in this Agreement. Every such sublicense will contain at least the following:

(a) a statement setting forth the date upon which Licensee's rights, privileges and license hereunder will expire;

(b) a statement such that, to the extent applicable, the obligations of this Agreement will be binding upon Sublicensee as if it were in place of Licensee except that:

(1) earned royalty rate and minimum royalties may be at different rates than this Agreement to the extent permitted by this Agreement; and,

(2) Sublicensee(s) will be precluded from granting further sublicenses.

(c) the same provision for indemnification of The Regents as has been provided for in this Agreement.

3.2 Licensee will promptly provide The Regents with a copy of each sublicense granted, collect and guarantee payment of all payments due The Regents from Sublicensees and summarize and deliver to The Regents copies of all reports due The Regents from Sublicensees.

3.3 Upon termination of this Agreement for any reason, The Regents, at its sole discretion, will determine whether Licensee will cancel or assign to The Regents any and all sublicenses.

3.4 Licensee will pay to The Regents in respect of all sublicenses granted by Licensee the following amounts:

(a) a percentage of any fees (including the cash equivalent of the fair market value of any non-cash consideration, such as cross licenses and in-kind consideration) owed to or received by Licensee (e.g., up-front fees, sublicense maintenance fees, milestone payments or any other sublicense revenues other than royalties) ("Sublicense Fees"), as follows:

1. [***] percent ([***]%) of Sublicense Fees from any sublicense granted by Licensee prior to the successful development by Licensee of a working prototype for each at least one Licensed Product;

2. [***] percent ([***]%) of Sublicense Fees from any sublicense granted by Licensee after Licensee's successful development of a working prototype but before the successful completion of a market-ready prototype for each Initial Licensed Product; and,

3. [***] percent ([***]%) of Sublicense Fees from any sublicense granted by Licensee after Licensee's initiation of commercial marketing for at least one Licensed Product; and

(b) Except for sublicense agreements that include only Inventions licensed non exclusively by Licensee under this Agreement, for which subparagraph 3.4(b)(l) rates shall be paid, at Licensee's discretion, either:

1. earned royalties on Net Sales by Sublicensees at the rates provided for in Article 6 (Earned Royalties and Minimum Annual Royalties) or [***] percent ([***]%)of the actual sublicense royalty, whichever is greater; or,

2. a one-time payment of [***] due upon execution of the sublicense; and [***] percent ([***]%) of the actual sublicense royalty.

3. if Licensee elects Paragraph 3.4(b)(1) with respect to sublicense payments upon executing the sublicense, at any time after execution of a sublicense agreement and upon mutual agreement of the parties hereto, Licensee may make a one-time payment in an amount to be negotiated by the parties hereto for the right to convert future sublicense payments from Paragraph 3.4(b)(l) to Paragraph 3.4(b)(2) rates thereafter, with no refund of payments previously made by Licensee. In the event the parties hereto agree on the amount of the one-time payment, the full amount of the payment must be received by The Regents as a condition precedent of conversion of any payment to Paragraph 3.4(b)(2) rates. Until the full amount of the agreed-upon one-time payment is made, Licensee shall continue to pay The Regents Paragraph 3.4(b)(l) rates.

3.5 If, in no less than [***] years after the Effective Date of this Agreement or January 1, [***], whichever is sooner, The Regents becomes aware of a third party interested in pursuing commercialization of Licensed Patent Rights in a field within the rights granted to Licensee that is not being actively pursued by Licensee **("Unexploited Field")** then:

(a) The Regents may notify Licensee of said third party interest in the Unexploited Field, subject to confidentiality obligations to said third party.

(b) Licensee may issue a sublicense to said third party in the Unexploited Field within one hundred and eighty (180) days of notification under (a) above.

(c) Licensee may provide written notice of its plans to actively pursue the Unexploited Field as detailed in a business plan similar to the type of plan that Licensee would provide to its Board of Directors to be provided by Licensee to The Regents within one hundred and eighty (180) days of notification under (a) above. The business plan is subject to consent by The Regents, which consent will not be unreasonably withheld. In the event that The Regents rejects the business plan, Licensee shall have one additional period of ninety (90) days from the rejection to issue a sublicense under (b) above or to submit a revised business plan, provided such plan is submitted within thirty (30) days of receiving notice of non-consent from The Regents, for reconsideration. Upon approval by The Regents, Licensee shall implement commercialization of the Unexploited Field as detailed in the business plan and appropriate due diligence milestones shall be added to this Agreement.

(d) If Licensee does not pursue either of the options under (b) or (c) above, then The Regents, in its sole discretion, may issue an exclusive or non-exclusive license or option limited to the Unexploited Field to the third party. Licensee's rights under this Agreement with respect to the Unexploited Field will, in The Regents' sole discretion, be reduced to non-exclusive or withdrawn completely from the granted Field. If reduced to a non-exclusive license or withdrawn completely from the Unexploited Field, all financial terms of this Agreement shall remain in effect except as set forth in this Section 3.5(d). This right, if exercised by The Regents, supercedes the rights granted in Article 2 (Grant of License/Scope of License). In the event that The Regents exercises its rights under this Paragraph, the annual maintenance fee or minimum annual royalty for the affected Inventions will be reduced to an amount equal to the minimal annual royalties paid for other Inventions licensed for a similar scope as long as such reduction does not reduce the total annual maintenance fee paid by Licensee under this Agreement for any calendar year to less [***], if exclusive rights are maintained in any Field for any Invention, or [***] if only non-exclusive licenses are maintained under the Agreement.

(e) If Licensee fails to implement the business plan provided under (c) above, then The Regents, in its sole discretion, may issue an exclusive or non-exclusive license or option limited to the Unexploited Field to the third party. Licensee's rights under this Agreement with respect to such Unexploited Field will, in The Regents' sole discretion, be reduced to non-exclusive or withdrawn completely from the granted Field. If reduced to a non-exclusive license or withdrawn completely from the Unexploited Field, all financial terms of this Agreement shall remain *in* effect. This right, if exercised by The Regents, supersedes the rights granted in Article 2 (Grant of License/Scope of License).

(f) In the event that the Agreement is reduced to a non-exclusive license with respect to all Inventions included in the Agreement, any sublicenses executed by Licensee prior to the reduction of the scope of rights shall remain in full force and effect, but Licensee shall no longer have the right to issue sublicenses under the License.

4. PAYMENT TERMS

4.1 Paragraphs 1.4, 1.5, 1.6 and 1.7 define Licensed Method, Licensed Product, Licensed Service, and Licensed Patent Rights so that royalties and payments are due and payable on products, methods and services

covered by both pending patent applications and issued patents. Royalties and payments will accrue in each country until the later of (i) the expiry of the last-to expire Valid Claim under Licensed Patent Rights or (ii) the date the last patent application licensed under this Agreement is abandoned, in that country and are payable to The Regents when Licensed Method, Licensed Product or Licensed Service are invoiced or if not invoiced, when delivered to a third party.

4.2 Licensee will pay to The Regents all earned royalties and other consideration due and payable to The Regents quarterly on or before February 28 (for the calendar quarter ending December 31), May 31 (for the calendar quarter ending March 31), August 31 (for the calendar quarter ending June 30) and November 30 (for the calendar quarter ending September 30) of each calendar year. Each payment will be for earned royalties and other consideration that has accrued within Licensee's most recently completed calendar quarter.

4.3 All consideration due The Regents will be payable in United States dollars by check made out to "The Regents of the University of California" or by wire transfer to an account designated by The Regents. Licensee is solely responsible for all bank transfer charges. Checks should reference either the UC Case Number or the UC Agreement Control Number on the check, and should be sent to the address indicated in Article 20 (Notices).

4.4 When Licensed Products are sold for monies other than U.S. dollars, Licensee will first determine the earned royalty in the currency of the country in which Licensed Product, Licensed Method or Licensed Service was sold and then convert the amount into equivalent U.S. funds, using the exchange rate quoted in *The Wall Street Journal* on the last business day of the reporting period.

4.5 Fees and royalties earned on sales occurring in any country outside the U.S. may not be reduced by any taxes, fees or other charges imposed by the government of such country on the payment of royalty income. Notwithstanding the foregoing, all payments made by Licensee in fulfillment of The Regents' tax liability in any particular country will be credited against earned royalties or fees due The Regents for that country.

4.6 If at any time legal restrictions prevent the prompt remittance of royalties by Licensee from any country where a Licensed Product, Licensed Method or Licensed Service is sold, then Licensee will convert the amount owed to The Regents into U.S. funds and will pay The Regents directly from another source of funds for as long as the legal restrictions apply.

4.7 If any Valid Claim within Licensed Patent Rights is held invalid in a final decision by a court of competent jurisdiction and last resort and from which no appeal has or can be taken, then all obligation to pay royalties based on that Valid Claim or any claim patentably indistinct therefrom will cease as of the date of final decision. Licensee will not, however, be relieved from paying any royalties that accrued before the final decision or that are based on another Valid Claim not involved in the final decision.

4.8 In the event that royalties, rebillings, fees or other payments owed by Licensee to The Regents are not received by The Regents when due, Licensee will pay to The Regents interest charges at a rate of ten percent (10%) per annum calculated from the date payment was due until actually received by The Regents.

4.9 No royalties may be collected or paid on Licensed Product, Licensed Service or Licensed Method sold to the account of the U.S. Government, or any agency thereof, as provided for in the license to the U.S. Government.

5. LICENSE EXECUTION FEE

As partial consideration for the rights granted by and undertakings of The Regents under this Agreement, Licensee will pay to The Regents a license execution fee of [***], as follows:

Amount	Due Date
[***]	Within fourteen (14) days of the execution of this Agreement
[***]	On or before February 28, 2008
[***]	On or before August 28, 2008

The license execution fee shall be apportioned among the Inventions as set forth in Exhibit B, which is attached hereto and incorporated in full by reference. This license execution fee is non refundable, non-cancelable and is not creditable against royalties or other payments due to The Regents.

6. EARNED ROYALTIES AND MINIMUM ANNUAL ROYALTIES

6.1 As partial consideration for the rights granted by and undertakings of The Regents under this Agreement, Licensee will pay to The Regents an earned royalty of Net Sales based upon the Number of Patents or Pending Patent Applications that cover a Licensed Product, Licensed Service or Licensed Method as follows:

Number of Patents or Pensing Patent Applications	Royalty Rate
One or Two	[***]
Three or Four	[***]
Five	[***]
Six	[***]
Seven	[***]
Eight or more	[***]

6.2 Licensee will pay to The Regents minimum annual royalties as follows:

[***];

[***];

[***];

[***];

[***];

[***]; and,

- [***].

The minimum annual royalties shall be apportioned among the Inventions as set forth in Exhibit B. The minimum annual royalties shall be paid to The Regents as follows fifty percent (50%) by February 28 of the calendar year in which it is due and fifty percent (50%) by August 28 of the calendar year in which it is due. The minimum annual royalty will be credited against the earned royalty due for the calendar year in which the minimum annual royalty payment was made. The minimum annual royalties are non-refundable and non-cancelable once due.

7. DUE DILIGENCE

7.1 For each UC Case, Licensee, upon execution of this Agreement, will diligently proceed with the development, manufacture and sale of Licensed Product, Licensed Method and Licensed Service and will diligently market the same after execution of this Agreement and in quantities sufficient to meet market demands.

7.2 Licensee will obtain all necessary governmental approvals in each country where Licensed Products; Licensed Methods and Licensed Services are manufactured, used, sold, imported or offered for sale.

7.3 Licensee will:

7.3.1 On or before July 31, 2008, successfully acquire no less than [***] in funding for its operations including, but not limited to, its research and development activities;

7.3.2 On or before July 31, 2009, successfully acquire no less than [***] in cumulative funding for its operations including, but not limited to, its research and development activities;

7.3.3 On or before July 31, 2010, successfully complete: (1) identification of at least one [***] to be developed by Licensee ("Initial Licensed Products") including, but not limited to, the identification of adequate specifications needed for successful commercialization of the Initial Licensed Products; (2) a detailed market analysis for each Initial Licensed Product; and, (3) submission of a detailed written report to The Regents detailing the above activity, which shall be consistent with the type of analysis submitted to Licensee's Board of Directors on these activities;

7.3.4 On or before July 31, 2011, submit a detailed written progress report for each Initial Licensed Product that demonstrates clear progress by Licensee toward the development of a working prototype for each Initial Licensed Product;

7.3.5. On or before July 31, 2012, successfully complete a working prototype for each Initial Licensed Product;

7.3.6. On or before July 31, 2013, successfully complete a market-ready prototype for each Initial Licensed Product;

7.3.7. On or before July 31, 2014, initiate commercial marketing of each Initial Licensed Product with the ability to fill orders for such devices within a reasonable time frame;

7.3.8. On or before July 31, 2015, achieve first commercial sales of each Initial Licensed Product; and,

7.3.9. After first commercial sale, fill the market demand for Licensed Products, Licensed Methods and Licensed Services following commencement of marketing and at all times during the period of this Agreement.

7.4 In the event that Licensee is unable to meet any of the deadlines set forth in Paragraph 7.3, Licensee may request an extension of such missed deadline. The Regents may request an extension fee at its sole discretion as a condition of approving the request.

7.5 If Licensee is unable to meet the due diligence requirements set forth above for a given UC Case, despite the extensions allowed in Paragraph 7.4, The Regents, at its sole discretion, has the right and option to either terminate Licensee's rights under this Agreement with respect to the given UC Case(s) or reduce Licensee's exclusive license to a non-exclusive license for that UC Case(s). If Licensee's right in any UC Case(s) hereunder is reduced to a non-exclusive license, all financial terms of this Agreement shall remain in effect, except that the minimum royalties will be reduced proportionately considering the number of exclusive licenses on UC Case(s) that remain as set forth in Paragraph 2.4 above. This right, if exercised by The Regents, supersedes the rights granted in Article 2 (Grant of License/Scope of License).

7.6 To exercise either the right to terminate this Agreement or to reduce the exclusive license granted to Licensee to a non-exclusive license for lack of diligence required in this Article 7 (Due Diligence), The Regents will give Licensee written notice of the deficiency. Licensee thereafter shall have ninety (90) days to cure the deficiency. If The Regents has not received written tangible evidence satisfactory to The Regents that the deficiency has been cured by the end of the ninety (90)-day period, then The Regents may, at its sole option, terminate Licensee's rights under this Agreement with respect to the given UC Case(s) immediately without obligation to provide sixty (60) days' notice as set forth in Article 11 (Termination) or reduce the exclusive license granted to Licensee to a non-exclusive license with respect to the given UC Case(s) by giving written notice to Licensee.

8. PROGRESS AND ROYALTY REPORTS

8.1 Beginning March 31, 2008, and semi-annually thereafter, Licensee will submit to The Regents a written progress report covering Licensee's (and any Sublicensee's) activities, in the previous two calendar quarters, related to the development and testing of all Licensed Product and the obtaining of the governmental approvals necessary for marketing and selling Licensed Products, Licensed Method and Licensed Services. Progress reports are required for each Licensed Product, Licensed Method and Licensed Service until the first commercial sale of that Licensed Product, Licensed Method or Licensed Service occurs in the U.S. and will be again required if commercial sales of such Licensed Product, Licensed Method or Licensed Service are suspended or discontinued for a period of more than six (6) months.

8.2 Progress reports submitted under Paragraph 8.1 will include, but are not limited to, the following topics:

8.2.1 a statement specifically addressing each diligence requirement of Article 7 (Due Diligence);

8.2.2 summary of work completed;

8.2.3 key scientific discoveries;

8.2.4 summary of work in progress;

8.2.5 current schedule of anticipated events or milestones;

8.2.6 market plans for introduction of Licensed Product, Licensed Method, and Licensed Service;

8.2.7 a summary of resources (dollar value) spent in the reporting period; and

8.2.8 Sublicensees' activities relating to the above items, if there are any Sublicensees.

8.3 Licensee has a continuing responsibility to keep The Regents informed of the small or large business entity status (as defined by the U.S. Patent and Trademark Office) of itself and its Sublicensees.

8.4 Licensee will report to The Regents in its immediately subsequent progress and royalty report the date of first commercial sale of a Licensed Product, Licensed Method and Licensed Service in each country.

8.5 After the first commercial sale of a Licensed Product, Licensed Method or Licensed Service anywhere in the world, Licensee will make quarterly royalty reports to The Regents on or before each February 28 (for the quarter ending December 31), May 31 (for the quarter ending March 31), August 31 (for the quarter ending June 30) and November 30 (for the quarter ending September 30) of each year. Each royalty report will cover Licensee's, and all Sublicensee's, if any, most recently completed calendar quarter and will show:

8.5.1 the gross invoice prices and Net Sales of Licensed Product, Licensed Method and Licensed Service;

8.5.2 the number of each type of Licensed Product, Licensed Method or Licensed Service sold and the actual or average sales price;

8.5.3 a listing of the payments for performance of Licensed Method or Licensed Service, or use of Licensed Product that contribute to Net Sales;

8.5.4 the royalties, in U.S. dollars, payable hereunder;

8.5.5 the method used to calculate the royalty, specifying all deductions taken and the dollar amount of each such deduction and, in the case of Combination Products, the percentage of the actual sales price upon which the royalty is based;

8.5.6 Licensed Patent Rights covering each Licensed Product, Licensed Method or Licensed Service;

8.5.7 the Sublicense fees payable;

8.5.8 the amount of the cash equivalent of any non-cash consideration payable including the method used to calculate the non-cash consideration;

8.5.9 the exchange rates used; and

8.5.9. the identity and number of Licensed Patent Rights that cover each Licensed Product, Licensed Service or Licensed Method sold.

8.6 If no sales of Licensed Product, Licensed Method or Licensed Service have been made during any reporting period, then a statement to this effect is required.

9. BOOKS AND RECORDS

9.1 Licensee will keep accurate books and records showing all Licensed Product manufactured, used and/or sold, all Licensed Service provided, and all charges for performance of Licensed Method or use of Licensed Product under the terms of this Agreement. Books and records must be preserved for at least five (5) years from the date of the payment to which they pertain.

9.2 Books and records must be open to inspection by representatives or agents of The Regents at reasonable times. The Regents shall bear the fees and expenses of examination but if an error in royalties of more than five percent (5%) of the total royalties due for any year is discovered in any examination, then Licensee will bear the fees and expenses of that examination. Licensee will remit any underpayment as well as reimbursement of fees and expenses for examination to The Regents within thirty (30) days of the examination results.

10. TERM

10.1 Unless otherwise tenninated by operation of law or by acts of the parties in accordance with the tenns of this Agreement, this Agreement will be in force from the Effective Date until the later of (i) the expiration of the last-to-expire Valid Claim under the Licensed Patent Rights or (ii) the date the last patent application licensed under this Agreement is abandoned.

10.2 Any termination of this Agreement will not affect the rights and obligations set forth in the following Articles:

Paragraph 4.7	Late Payments
Article 5	Execution License Fee
Article 9	Books and Records
Article12	Disposition of Licensed Product on Hand Upon Termination
Article 13	Use of Names and Trademarks
Article 14	Limited Warranty
Paragraph 15.5	Patent Costs (solely with respect to amounts due prior to termination)
Article 18	Indemnification
Article 22	Failure to Perform
Article 26	Secrecy

11. TERMINATION

11.1 Licensee has the right at any time to terminate this Agreement in whole or as to any portion of Licensed Patent Rights by giving notice in writing to The Regents. Such notice of termination will be subject to Article 19 (Notices) and termination of this Agreement will be effective ninety (90) days from the effective date of such notice.

11.2 If Licensee fails to perform or violates any term of this Agreement, then The Regents may give written notice of default **("Notice of Default")** to Licensee. If Licensee fails to repair the default within ninety (90) days of the effective date of Notice of Default, then The Regents may terminate this Agreement and its licenses by a second written notice **("Notice of Termination").** If a Notice of Termination is sent to Licensee, then this Agreement will automatically terminate on the effective date of that notice. Such

termination will not relieve Licensee of its obligation to pay any fees owing at the time of the effective date of termination and will not impair any accrued right of The Regents. These notices are subject to Article 19 (Notices).

11.3 This Agreement shall automatically terminate, without the obligation to provide notice, upon the filing of a petition for relief under the United States Bankruptcy Code by or against Licensee as a debtor or alleged debtor.

11.4 This Agreement shall automatically terminate without the obligation to provide ninety (90) days' notice as set forth in Paragraph 11.2 upon Licensee's filing of a claim that in any way includes the assertion that any portion of Licensed Patent Rights is invalid or unenforceable, where such filing is made by Licensee, a third party on behalf of Licensee or a third party at the written urging of Licensee.

11.5 Any termination under this Article 11 (Termination) does not relieve Licensee of any obligation or liability accrued under this Agreement prior to termination, or rescind any payment made to The Regents or anything done by Licensee prior to the time termination becomes effective. Tennination does not affect in any manner any rights of The Regents ari1.ing under this Agreement prior to termination.

12. DISPOSITION OF LICENSED PRODUCT ON HAND UPON TERMINATION

Upon termination of this Agreement, Licensee is entitled to dispose of all previously made or partially made Licensed Product, but no more, within a period of one hundred and twenty (120) days provided that the sale of Licensed Product is subject to the tenns of this Agreement, including, but not limited to, the rendering of reports and payment of royalties required under this Agreement.

13. USE OF NAMES AND TRADEMARKS

13.l Nothing contained in this Agreement confers any right to use in advertising, publicity or other promotional activities any name, trade name, trademark or other designation of either party hereto (including contraction, abbreviation or simulation of any of the foregoing). Unless required by law, the use by Licensee of the name "The Regents of the University of California" or the name or !ogo of any campus of the University of California is prohibited.

13.2 The Regents is free to release to the inventors and senior administrators employed by The Regents the terms and conditions of this Agreement and shall request that such terms and consideration be kept in confidence in accordance with the provisions ofthis Article 13.

14. LIMITED WARRANTY

14.1 The Regents warrants to Licensee that it has the lawful right to grant this license.

14.2 This license and the associated Inventions are provided WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. THE REGENTS MAKES NO REPRESENTATION OR WARRANTY THAT THE INVENTIONS, LICENSED PATENT RIGHTS, LICENSED PRODUCT, LICENSED SERVICE OR LICENSED METHOD WILL NOT INFRINGE ANY PATENT OR OTHER PROPRIETARY RIGHT.

14.3 IN NO EVENT MAY THE REGENTS BE LIABLE FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM EXERCISE OF THIS LICENSE OR THE USE OF THE INVENTIONS, LICENSED SERVICE, LICENSED METHOD, OR LICENSED PRODUCT.

14.4 This Agreement does not:

14.4.1 express or imply a warranty or representation as to the validity or scope of any Licensed Patent Rights;

14.4.2 express or imply a warranty or representation that anything made, used, sold, offered for sale or imported or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents of third parties;

14.4.3 obligate The Regents to bring or prosecute actions or suits against third parties for patent infringement except as provided in Article 17 (Patent Infringement);

14.4.4 confer by implication, estoppel or otherwise any license or rights under any patents of The Regents other than Licensed Patent Rights as defined in this Agreement, regardless of whether those patents are dominant or subordinate to Licensed Patent Rights; or

14.4.5 obligate The Regents to furnish any know-how not provided in Licensed Patent Rights.

15. PATENT PROSECUTION AND MAINTENANCE

15.1 As long as Licensee has paid patent costs as provided for in this Article 15 (Patent Prosecution and Maintenance), The Regents shall diligently endeavor to prosecute and maintain the U.S. and foreign patents comprising Licensed Patent Rights using counsel of its choice, and The Regents shall provide Licensee with copies of all relevant documentation so that Licensee may be informed of the continuing prosecution, and Licensee agrees to keep this documentation confidential. The Regents' counsel will take instructions only from The Regents, and all patents and patent applications under this Agreement will be assigned solely to The Regents.

15.2 The Regents shall use reasonable efforts to amend any patent application to include claims reasonably requested by Licensee to protect the Licensed Products and Licensed Services contemplated to be sold under this Agreement.

15.3 For each UC Case, Licensee will bear 1/N (where "N" is equal to the total number of licensees required to reimburse The Regents for such UC Case) of the costs of preparing, filing, prosecuting and maintaining all U.S. and foreign patent applications contemplated by this Agreement. Costs billed to or incurred by The Regents will be rebilled to Licensee and are due within thirty (30) days of rebilling by The Regents. These costs include patent prosecution costs for the Inventions incurred by The Regents prior to the execution of this Agreement and any patent prosecution costs that may be incurred for patentability opinions authorized by Licensee, re-examination, re-issue, interferences, oppositions, or inventorship determinations. In the event The Regents licenses one or more Inventions to a third party(ies), The Regents shall seek reimbursement of a pro rata share of all patent costs incurred for such Inventions from the third party licensee(s).

15.4 Licensee may request The Regents to obtain patent protection on the Inventions in foreign countries if available and if it so desires. Licensee will notify The Regents of its decision to obtain or maintain foreign patents not less than ninety (90) days prior to the deadline for any payment, filing or action to be taken in connection therewith. This notice concerning foreign filing must be in writing and must identify the countries desired. The absence of such a notice from Licensee to The Regents will be considered an election not to obtain or maintain foreign rights.

15.5 Licensee's obligation to underwrite and to pay patent prosecution costs will continue for so long as this Agreement remains in effect, but Licensee may terminate its obligations with respect to any given patent application or patent upon ninety (90) days' written notice to The Regents. The Regents may prosecute and maintain such application(s) or patent(s) at its sole discretion and expense, but Licensee will have no further right or licenses under the patent or application for which such obligations were terminated, without impact upon licenses under any other patent or application licensed under this Agreement, whether in the same family or not. Non-payment of patent costs may be deemed by The Regents as an election by Licensee not to maintain application(s) or patent(s).

15.6 The Regents may file, prosecute or maintain patent applications at its own expense in any country in which Licensee has not elected to file, prosecute or maintain patent applications in accordance with this Article 15 (Patent Prosecution and Maintenance) and those applications and resultant patents will not be subject to this Agreement.

16. PATENT MARKING

Licensee will mark with appropriate patent numbers all Licensed Product made, used, offered for sale, imported or sold under the terms of this Agreement, or their containers, in accordance with the applicable patent marking laws.**NOTICES**

17. PATENT INFRINGEMENT

17.1 With respect to Licensed Patent Rights licensed exclusively:

17.1.1 In the event that The Regents (to the extent of the actual knowledge of the licensing professional responsible for the administration of this Agreement) or Licensee learns of infringement of potential commercial significance of any patent licensed under this Agreement, the knowledgeable party will provide the other (i) with written notice of such infringement and (ii) with any evidence of such infringement available to it (the **"Infringement Notice").** During the period in which, and in the jurisdiction where, Licensee has exclusive rights under this Agreement, neither The Regents nor Licensee will notify a possible infringer of infringement or put such infringer on notice of the existence of any Licensed Patent Rights without first obtaining consent of the other. If Licensee puts such infringer on notice of the existence of any Licensed Patent Rights with respect to such infringement without first obtaining the written consent of The Regents and if a declaratory judgment action is filed by such infringer against The Regents, then Licensee's right to initiate a suit against such infringer for infringement under Paragraph 17.1.2 below will terminate immediately without the obligation of The Regents to provide notice to Licensee. Both The Regents and Licensee will use their diligent efforts to cooperate with each other to terminate such infringement without litigation.

17.1.2 If infringing activity of potential commercial significance by the infringer has not been abated within ninety (90) days follow-ing the date the Infringement Notice takes effect, Licensee may institute suit for patent infringement against the infringer. The Regents may voluntarily join such suit at its own expense, but may not thereafter commence suit against the infringer for the acts of infringement that are the subject of Licensee's suit or any judgment rendered in that suit. Licensee may not join The Regents as a party in a suit initiated by Licensee without The Regents' prior written consent. If, in a suit initiated by Licensee, The Regents is involuntarily joined other than by Licensee, Licensee will pay any costs incurred by The Regents arising out of such suit, including but not limited to, any legal fees of counsel that The Regents selects and retains to represent it in the suit.

17.1.3 If, within one hundred and twenty (120) days following the date the Infringement Notice takes effect, infringing activity of potential commercial significance by the infringer has not been abated and if Licensee

has not brought suit against the infringer, The Regents may institute suit for patent infringement against the infringer. IfThe Regents institutes such suit, Licensee may not join such suit without The Regents' consent and may not thereafter commence suit against the infringer for the acts of infringement that are the subject of The Regents' suit or any judgment rendered in that suit.

17.1.4 Any recovery or settlement received in connection with any suit will first be shared by The Regents and Licensee equally to cover the litigation costs each incurred, and next shall be paid to The Regents or Licensee to cover any litigation costs it incurred in excess of the litigation costs of the other. In any suit initiated by Licensee, any recovery in excess of litigation costs will be shared between Licensee and The Regents as follows: (a) for any recovery other than amounts paid for willful infringement: (i) The Regents will receive [***] if The Regents [***], (ii) The Regents will receive [***] if The Regents [***], and (iii) The Regents will receive [***] if The Regents incurred any litigation costs in connection with the litigation; and (b) for any recovery for willful infringement, The Regents will receive [***]. In any suit initiated by The Regents, any recovery in excess of litigation costs will belong to The Regents. The Regents and Licensee agree to be bound by all determinations of patent infringement, validity, and enforceability (but no other issue) resolved by any adjudicated judgment in a suit brought in compliance with this Article 17 (Patent Infringement).

17.1.5 Any agreement made by Licensee for purposes of settling litigation or other dispute will comply with the requirements of Article 3 (Sublicenses) of this Agreement. In no event shall Licensee admit liability or wrongdoing on behalf of The Regents without The Regents' prior written consent.

17.1.6 Each party will cooperate with the other in litigation proceedings instituted hereunder but at the expense of the party who initiated the suit (unless such suit is being jointly prosecuted by the parties).

17.1.7 Any litigation proceedings will be controlled by the party bringing the suit, except that The Regents may be represented by counsel of its choice in any suit brought by Licensee.

17.2. With respect to any Licensed Patent Rights licensed non-exclusively:

In the event that the Licensee learns of infringement of potential commercial significance of any patent licensed non-exclusively under this Agreement, Licensee will provide The Regents (i) with written notice of such infringement and (ii) with any evidence of such infringement available to it. During the period in which, and in the jurisdiction where, the Licensee has rights under this Agreement, the Licensee will not notify a third party (including the infringer) or put such third party on notice of the existence of any Licensed Patent Rights without first obtaining the written consent of The Regents. Licensee will cooperate with The Regents in litigation proceedings instituted hereunder.

18. INDEMNIFICATION

18.1 Licensee will (and will require all Sublicensees to) indemnify, hold harmless and defend The Regents, its officers, employees and agents, the sponsors of the research that led to the Inventions and the inventors of the patents and patent applications in Licensed Patent Rights and their employers against any and all claims, suits, losses, liabilities, damages, costs, fees and expenses resulting from or arising out of exercise of this license or any sublicense. This indemnification includes, but is not limited to, any product liability.

18.2 Licensee, at its sole cost and expense, will insure its activities in connection with the work under this Agreement and obtain, keep in force and maintain insurance as follows or an equivalent program of self-insurance.

18.2.1 Commercial Form General Liability Insurance (contractual liability included) with limits as follows:

Each Occurrence	$1,000,000
Products/Completed Operations Aggregate	$5,000,000
Personal and Advertising Injury	$1,000,000
General Aggregate	$5,000,000

If the above insurance is written on a claims-made form, it will continue for three (3) years following termination or expiration of this Agreement. The insurance will have a retroactive date of placement prior to or coinciding with the Effective Date of this Agreement; and

18.2.2 Worker's Compensation as legally required in the jurisdiction in which Licensee is doing business.

18.3 The coverage and limits referred to in Paragraphs 18.2.1 and 18.2.2 above will not in any way limit the liability of Licensee under this Article 18 (Indemnification). Upon the execution of this Agreement, Licensee will furnish The Regents with certificates of insurance evidencing compliance with all requirements. Such certificates will:

- Provide for thirty (30) days' (ten (10) days for non-payment of premium) advance written notice to The Regents of any cancellation of insurance coverage; Licensee will promptly notify The Regents of any material modification of the insurance coverage;
- Indicate that The Regents has been endorsed as an additional insured under the coverage described above in Paragraph 18.2.1; and
- Include a provision that the coverage will be primary and will not participate with, nor will be excess over, any valid and collectable insurance or program of self insurance maintained by The Regents.

18.4 The Regents will promptly notify Licensee in writing of any claim or suit brought against The . Regents for which The Regents intends to invoke the provisions of this Article 18 (Indemnification). Licensee will keep The Regents informed of its defense of any claims pursuant to this Article 18 (Indemnification).

19. NOTICES

19.1 Any notice or payment required to be given to either party will be deemed to have been properly given and to be effective as of the date specified below if delivered to the respective address given below or to another address as designated by written notice given to the other party:

19.1.1 on the date of delivery if delivered in person;

19.1.2 five (5) business days after the date of mailing if mailed by first-class certified mail, postage paid; or .

19.1.3 on the date of delivery if mailed by any global express carrier service that requires recipient to sign the documents demonstrating the delivery of such notice or payment.

In the case of Licensee:	Transphorm, Inc. 107 South La Patera Lane Goleta, CA 93117 Attention: Primit Parikh, Chief Operating Officer
In the case of The Regents:	University of California, Santa Barbara Office of Technology & IndustryAlliances 552 University Avenue, Trailer #342 Santa Barbara, California 93106-2055 Attention: Director RE: UC Case No. 2004-163, et al
For payments to The Regents:	University of California Office of Technology Transfer **1111** Franklin Street, 5th Floor Oakland, CA 94607 Attn: Finance Administration

20 ASSIGNABILITY

This Agreement may be assigned by The Regents, but is personal to Licensee and assignable by Licensee only with the written consent of The Regents except if assigned to an entity that acquires all or substantially all of the business of Licensee to which this Agreement pertains.

21. NOWAIVER

No waiver by either party of any default of this Agreement may be deemed a waiver of any subsequent or similar default.

22. FAILURE TO PERFORM

22.1 If either party finds it necessary to undertake legal action against the other on account of failure of performance due under this Agreement, then the prevailing party is entitled to reasonable attorney's fees in addition to costs and necessary disbursements.

22.2 Except for Licensee's obligation to make any payments to The Regents hereunder, the parties shall not be responsible for any failure to perform due to the occurrence of any events beyond their reasonable control (force majeure), which render their performance impossible. Either party to this Agreement, however, will have the right to terminate this Agreement upon thirty (30) days' prior written notice if either party is unable to fulfill its obligations under this Agreement due to force majeure for a period of at least one **(1)** year.

23. GOVERNING LAWS

THIS AGREEMENT WILL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO CONFLICT OF LAWS OR TO WHICH PARTY DRAFTED PARTICULAR PROVISIONS OF THIS AGREEMENT, but the scope and validity of any patent or patent application will be governed by the applicable laws of the country of the

patent or patent application. Disputes between the parties regarding this Agreement will utilize only trial courts within California for disputes that go to court.

24. GOVERNMENT APPROVAL OR REGISTRATION

If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, Licensee will assume all legal obligations to do so. Licensee will notify The Regents if it becomes aware that this Agreement is subject to a United States or foreign government reporting or approval requirement. Licensee will make all necessary filings and pay all costs including fees, penalties and all other out-of pocket costs associated with such reporting or approval process.

25. COMPLIANCE WITH LAWS

Licensee will comply with all applicable international, national, state, regional and local laws and regulations in performing its obligations hereunder and in its use, manufacture, sale or import of Licensed Products, Licensed Services or practice of Licensed Method. Licensee will observe all applicable United States and foreign laws with respect to the transfer of Licensed Products and related technical data and the provision of Licensed Services to foreign countries, including, without limitation, the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations. Licensee will manufacture Licensed Products and practice Licensed Method in compliance with applicable government importation laws and regulations of a particular country for Licensed Products made outside the particular country in which such Licensed Products are used or sold.

26. SECRECY

26.1 With regard to confidential information **("Data"),** which can be oral or written or both, received from The Regents regarding the Inventions, Licensee agrees:

26.1.1 not to use the Data except for the sole purpose of performing under the terms of this Agreement;

26.1.2 to safeguard Data against disclosure to others with the same degree of care as it exercises with its own data of a similar nature, but in no case less than a reasonable degree of care;

26.1.3 not to disclose Data to others (except to its employees, agents or consultants who are bound to Licensee by a like obligation of confidentiality) without the express written permission of The Regents, except that Licensee is not prevented from using or disclosing any of the Data that:

26.1.3.1 Licensee can demonstrate by written records was previously known to it;

26.1.3.2 is now or becomes in the future, public knowledge other than through acts or omissions of Licensee; or

26.1.3.3 is lawfully obtained by Licensee from sources independent of The Regents.

26.2 The secrecy obligations of Licensee with respect to Data will continue for a period ending three (3) years from the expiration or termination date of this Agreement.

27. MISCELLANEOUS

27.1 The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

27.2 This Agreement is not binding on the parties until it has been signed below on behalf of each party. It is then effective as of the Effective Date.

27.3 No amendment or modification of this Agreement is valid or binding on the parties unless made in writing and signed on behalf of each party.

27.4 This Agreement and the Secrecy Agreement embodies the entire understanding of the parties and supersedes all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter hereof. The Letter Agreement (UC Agreement Control No. 2007-30-0519) covering UC Case Nos. 2004-163, et al. with an effective date of March 27, 2007 is hereby terminated.

27.5 In case any of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable in any respect, that invalidity, illegality or unenforceability will not affect any other provisions of this Agreement and this Agreement will be construed as if the invalid, illegal or unenforceable provisions had never been contained in it.

27.6 None of the provisions of this Agreement is intended to create any form of joint venture between the parties, rights in third parties or rights that are enforceable by any third party.

27.7 This Agreement may be signed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, both The Regents and Licensee have executed this Agreement, in duplicate originals, by their respective and duly authorized officers on the day and year written.

TRANSPHORM, INC.

By: /s/ Primit Parikh
(Signature)

Name: Primit Parikh

Title: Chief Operating Officer

Date: 10/11/07

THE REGENTS OF THE UNIVERSITY

By: /s/ Sherylle Mills Englander
(Signature)

Name: Sherylle Mills Englander

Title: Director,
Technology & Industry Alliances

Date: 10/12/07

[***] Certain information in this document has been excluded because it both (i) is not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

ELEVENTH AMENDMENT TO LICENSE AGREEMENT

This eleventh amendment ("Eleventh Amendment") to that certain license Agreement dated September 1, 2007 and bearing UC Agreement No. 2008-03-0189 (the "**Agreement**") by and between The Regents of the University of California ("**The Regents**") and Transphorm, Inc. ("**Licensee**") is made effective this 29th day of October, 2019.

WHEREAS, the parties desire to amend the Agreement to include UC Case No. 2017-462, entitled "A Structure for Increasing Mobility in a High-Electron-Mobility Transistor," and UC Case No. 2019-418, entitled "III-N Transistor with Stepped Cap Layers"; and

WHEREAS, for mutual consideration, the receipt and sufficiency of which is hereby acknowledged, the parties desire to modify the terms of the Agreement.

- - oo 0 oo - -

NOW THEREFORE, the Agreement is hereby amended as follows:

1. Capitalized terms not defined herein shall have the same meaning set forth in the Agreement.

2. The following sections are hereby added to Article A of Background:

   n) "A Structure for Increasing Mobility in a High-Electron-Mobility Transistor" disclosed in UC Case 2017-462 by Dr. Umesh Mishra, et al.; and

   o) "III-N Transistor with Stepped Cap Layers" disclosed in UC Case 2019-418 by Dr. Umesh Mishra, et al.

3. Paragraph 1.8 (Licensed Patent Rights) of Article 1 (Definitions) is deleted in its entirety and replaced with the following:

1.8 "**Licensed Patent Rights**" means The Regents' and ASU's (where applicable) rights and interest in the claims of the following subject matter:

UC Case Number	Application Number or Patent Number	Filing or Issue Date
2000-452-1	60/222,837	August 4, 2000
2000-452-2	7,678,888	March 30, 2010
2000-452-3	7,655,090	February 2, 2010
2000-452-4	7,816,764	October 19, 2010
2000-452-5	12/901,988	October 11, 2010
2000-452-6	13/306,763	November 29, 2011
2006-107-1	60/717,996	September 16, 2005
2006-107-2	7,948,011	May 24, 2011
2006-575-1	60/941,580	June 1, 2007
2006-575-2	7,728,356	June 1, 2010
2007-121-1	60/866,035	November 15, 2006
2007-121-2	7,566,580	July 28, 2009
2007-121-3	8,193,020	May 5, 2012
2007-121-4	13/444,011	April 11, 2012
2012-595-1	61/623,182	April 12, 2012
2012-595-2	8,878,249	November 4, 2014
2014-449-1	61/927,807	January 15, 2014
2014-449-2	9,281,183	March 8, 2016
2014-718	61/993,759	May 15, 2014
2014-718	15/344,377	November 4, 2016
2017-462	16/461,505	May 16, 2019
2019-418	62/810,807	February 26, 2019

and continuing applications thereof including divisions and substitutions (but excluding continuation-in-part applications to the extent that claims are not adequately supported in the parent); any patents on said applications including reissues, reexaminations and extensions; and any corresponding foreign applications or patents."

4. As partial consideration for adding UC Case Nos. 2017-462 and 2019-418 to the Agreement, License shall pay to The Regents a supplemental execution fee [***], as follows:

UC Case No.	**License Execution Fee**
2017-462	[***]
2019-418	[***]
Total Fee	[***]

This execution fee is due within thirty (30) days of the Effective Date of this Eleventh Amendment and is non-refundable, non-cancelable, and is not creditable against royalties or other payments due to The Regents.

5. Exhibit A is deleted in its entirety and replaced with the Exhibit A attached hereto.

6. Exhibit B is deleted in its entirety and replaced with the Exhibit B attached hereto.

7. Except as expressly modified herein, all other provisions of the Agreement remain in full force and effect and are hereby reaffirmed by the parties.

ACCEPTED AND AGREED:

TRANSPHORM, INC.		**THE REGENTS OF THEUNIVERSITY OF CALIFORNIA**	
By:	/s/ Primit Parikh	By:	/s/ Sherylle Mills Englander
Name:	Primit Parikh	Name:	Sherylle Mills Englander
Title:	Co-founder & COO	Title:	Director, Technology & Industry Alliances
Date:	October 29, 2019	Date:	10/31/2019

EXHIBIT A

The Inventions are hereby licensed as follows:

UC Case Number	Exclusive or Non-Exclusive	Fields of Use
2000-452	Exclusive	All fields except the following, which are expressly excluded: (1) optoelectronics, which includes, but is not limited to, lighting displays and solar cells.
2006-107	Exclusive	All fields of use.
2006-575	Exclusive	All fields of use.
2007-121	Exclusive	All fields except the following, which are expressly excluded: optoelectronics, which includes but is not limited to lighting displays and solar cells.
2012-595	Exclusive	All fields except the following, which is expressly excluded: optoelectronics, which includes but is not limited to lighting displays and solar cells.
2014-449	Exclusive	All fields except the following, which are expressly excluded: optoelectronics, which includes but is not limited to lighting displays and solar cells.
2014-718	Exclusive	All fields except the following, which are expressly excluded: optoelectronics, which includes but is not limited to lighting displays and solar cells.
2017-462	Exclusive	All fields except the following, which are expressly excluded: optoelectronics, which includes but is not limited to lighting displays and solar cells.
2019-418	Exclusive	All fields except the following, which are expressly excluded: optoelectronics, which includes but is not limited to lighting displays and solar cells.

EXHIBIT B

A. The license execution fee shall be apportioned among Inventions as follows: PAID

UC Case No.	License Execution Fee
2000-452	[***]
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-518	[***]
2006-575	[***]
2006-637	[***]
2006-648	[***]
2006-730	[***]
2007-121	[***]
2007-269	[***]
2007-336	[***]
2007-501	[***]
Total Fee	[***]

B. The minimum annual royalty payments shall be apportioned among the Inventions as follows:

1. For 2009: PAID

UC Case No.	Minimum Annual Royalty
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-518	[***]
2006-575	[***]
2006-637	[***]
2006-648	[***]
2006-730	[***]
2007-121	[***]
2007-269	[***]
2007-336	[***]
2007-501 and 2009-013	[***]
TOTAL:	[***]

2. For 2010: PAID

UC Case No.	Minimum Annual Royalty
2003-177	[***]
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-518	[***]
2006-575	[***]
2006-637	[***]
2006-648	[***]
2006-730	[***]
2007-121	[***]
2007-269	[***]
2007-336	[***]
2007-501 and 2009-013	[***]
TOTAL:	[***]

3. For 2011: PAID

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2003-177	[***]
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-575	[***]
2006-637	[***]
2007-121	[***]
2007-269	[***]
2007-501 and 2009-013	[***]
TOTAL:	[***]

4. For 2012: PAID

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2003-177	[***]
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-575	[***]
2006-637	[***]
2007-121	[***]
2007-269	[***]
2007-501 and 2009-013	[***]
TOTAL:	[***]

5. For 2013: PAID

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2003-177	[***]
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-575	[***]
2006-637	[***]
2007-121	[***]
2007-269	[***]
2007-501 and 2009-013	[***]
TOTAL:	[***]

6. For 2014: PAID

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2003-177	[***]
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-575	[***]
2006-637	[***]
2007-121	[***]
2007-269	[***]
2012-595	[***]
TOTAL:	[***]

7. For 2015: PAID

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2003-177	[***]
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-575	[***]
2006-637	[***]
2007-121	[***]
2007-269	[***]
2012-595	[***]
2014-449	[***]
TOTAL:	[***]

8. For 2016: PAID

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2003-177	[***]
2004-163	[***]
2006-107	[***]
2006-129	[***]
2006-575	[***]
2006-637	[***]
2007-121	[***]
2007-269	[***]
2012-595	[***]
2014-449	[***]
TOTAL:	[***]

9. For 2017: PAID

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2006-107	[***]
2006-575	[***]
2006-637	[***]
2007-121	[***]
2007-269	[***]
2012-595	[***]
2014-449	[***]
TOTAL:	[***]

10. For 2018: PAID

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2006-107	[***]
2006-575	[***]
2007-121	[***]
2012-595	[***]
2014-449	[***]
TOTAL:	[***]

11. For 2019:

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2006-107	[***]
2006-575	[***]
2007-121	[***]
2012-595	[***]
2014-449	[***]
2014-718	[***]
TOTAL:	[***]

12. For 2020 and thereafter:

UC Case No.	Minimum Annual Royalty
2000-452	[***]
2006-107	[***]
2006-575	[***]
2007-121	[***]
2012-595	[***]
2014-449	[***]
2014-718	[***]
2017-462	[***]
2019-418	[***]
TOTAL:	[***]

TRANSPHORM, INC.

2007 STOCK PLAN

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights may also be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan in accordance with Section 4 hereof.

(b) "Applicable Laws" means the requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Options or Stock Purchase Rights are granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities, except that any change in the beneficial ownership of the securities of the Company as a result of a private financing of the Company that is approved by the Board, shall not be deemed to be a Change in Control; or

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

(e) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(f) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

(g) "Common Stock" means the Common Stock of the Company.

(h) "Company" means Transform, Inc., a Delaware corporation.

(i) "Consultant" means any person who is engaged by the Company or any Parent or Subsidiary to render consulting or advisory services to such entity.

(j) "Director" means a member of the Board.

(k) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(l) "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(n) "Exchange Program" means a program under which (a) outstanding Options are surrendered or cancelled in exchange for Options of the same type (which may have lower exercise prices and different terms), Options of a different type, and/or cash, and/or (b) the exercise price of an outstanding Option is reduced. The terms and conditions of any Exchange Program will be determined by the Administrator in its sole discretion.

(o) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for the Common Stock on the day of determination; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(p) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(q) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(r) "Option" means a stock option granted pursuant to the Plan.

(s) "Option Agreement" means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(t) "Optioned Stock" means the Common Stock subject to an Option or a Stock Purchase Right.

(u) "Optionee" means the holder of an outstanding Option or Stock Purchase Right granted under the Plan.

(v) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(w) "Plan" means this 2007 Stock Plan.

(x) "Restricted Stock" means Shares issued pursuant to a Stock Purchase Right or Shares of restricted stock issued pursuant to an Option.

(y) "Restricted Stock Purchase Agreement" means a written or electronic agreement between the Company and the Optionee evidencing the terms and restrictions applying to Shares purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the notice of grant.

(z) "Securities Act" means the Securities Act of 1933, as amended.

(aa) "Service Provider" means an Employee, Director or Consultant.

(bb) "Share" means a share of the Common Stock, as adjusted in accordance with Section 13 below.

(cc) "Stock Purchase Right" means a right to purchase Common Stock pursuant to Section 11 below.

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares that may be subject to Options or Stock Purchase Rights and sold under the Plan is 7,424,552 Shares. The Shares may be authorized but unissued, or reacquired Common Stock.

If an Option or Stock Purchase Right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Exchange Program, the unpurchased Shares that were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). However, Shares that have actually been issued under the Plan, upon exercise of either an Option or Stock Purchase Right, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if unvested Shares of Restricted Stock are repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Board or a Committee appointed by the Board, which Committee shall be constituted to comply with Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Options and Stock Purchase Rights may from time to time be granted hereunder;

(iii) to determine the number of Shares to be covered by each such award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to institute an Exchange Program;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(viii) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Optionees to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable; and

(ix) to construe and interpret the terms of the Plan and Options granted pursuant to the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Optionees.

5. Eligibility. Nonstatutory Stock Options and Stock Purchase Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Limitations.

(a) Incentive Stock Option Limit. Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) At-Will Employment. Neither the Plan nor any Option or Stock Purchase Right shall confer upon any Optionee any right with respect to continuing the Optionee's relationship as a Service Provider with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, with or without cause, and with or without notice.

7. Term of Plan. Subject to stockholder approval in accordance with Section 19, the Plan shall become effective upon its adoption by the Board. Unless sooner terminated under Section 15, it shall continue in effect for a term of ten (10) years from the later of (i) the effective date of the Plan, or (ii) the earlier of the most recent Board or stockholder approval of an increase in the number of Shares reserved for issuance under the Plan.

8. Term of Option. The term of each Option shall be stated in the Option Agreement; provided, however, that the term shall be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of

stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued upon exercise of an Option shall be such price as is determined by the Administrator, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

(1) granted to an Employee who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(2) granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option

(1) granted to a Service Provider who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(2) granted to any other Service Provider, the per Share exercise price shall be no less than 85% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above in accordance with and pursuant to a transaction described in Section 424 of the Code.

(b) Forms of Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). Such consideration may consist of, without limitation, (1) cash, (2) check, (3) promissory note, (4) other Shares, provided Shares acquired directly from the Company (x) have been owned by the Optionee, and not subject to a substantial risk of forfeiture, for more than six months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (5) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, or (6) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. An Option may not be exercised for a fraction of a Share. Except in the case of Options granted to officers, Directors and Consultants, Options shall become exercisable at a rate of no less than 20% per year over five (5) years from the date the Options are granted.

An Option shall be deemed exercised when the Company receives (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider. If an Optionee ceases to be a Service Provider, such Optionee may exercise his or her Option within thirty (30) days of termination, or such longer period of time as specified in the Option Agreement, to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). Unless the Administrator provides otherwise, if on the date of termination the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within six (6) months of termination, or such longer period of time as specified in the Option Agreement, to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). Unless the Administrator provides otherwise, if on the date of termination the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within six (6) months following Optionee's death, or such longer period of time as specified in the Option Agreement, to the extent that the Option is vested on the date of death (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement) by the Optionee's designated beneficiary, provided such beneficiary has been designated prior to Optionee's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Optionee, then such Option may be exercised by the personal representative of the Optionee's estate or by the person(s) to whom the Option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Leaves of Absence.

(i) Unless the Administrator provides otherwise, vesting of Options granted hereunder to officers and Directors shall be suspended during any unpaid leave of absence.

(ii) A Service Provider shall not cease to be an Employee in the case of (A) any leave of absence approved by the Company or (B) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor.

(iii) For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the 91st day of such leave, any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid, and the time within which such person must accept such offer. The terms of the offer shall comply in all respects with Section 260.140.42 of Title 10 of the California Code of Regulations. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable within 90 days of the voluntary or involuntary termination of the purchaser's service with the Company for any reason (including death or disability). Unless the Administrator provides

otherwise, the purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at such rate as the Administrator may determine. Except with respect to Shares purchased by officers, Directors and Consultants, the repurchase option shall in no case lapse at a rate of less than 20% per year over five (5) years from the date of purchase.

(c) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Stockholder. Once the Stock Purchase Right is exercised, the purchaser shall have rights equivalent to those of a stockholder and shall be a stockholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 13 of the Plan.

12. Limited Transferability of Options and Stock Purchase Rights. Unless determined otherwise by the Administrator, Options and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or the laws of descent and distribution, and may be exercised during the lifetime of the Optionee, only by the Optionee. If the Administrator in its sole discretion makes an Option or Stock Purchase Right transferable, such Option or Stock Purchase Right may only be transferred (i) by will, (ii) by the laws of descent and distribution, or (iii) to family members (within the meaning of Rule 701 of the Securities Act) through gifts or domestic relations orders, as permitted by Rule 701 of the Securities Act.

13. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, may (in its sole discretion) adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Option or Stock Purchase Right; provided, however, that the Administrator shall make such adjustments to the extent required by Section 25102(o) of the California Corporations Code.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Option or Stock Purchase Right will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation, or a Change in Control, each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation in a merger or Change in Control refuses to assume or substitute for the Option or Stock Purchase Right, then the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or Change in Control, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully exercisable for a period of time as determined by the Administrator, and the Option or Stock Purchase Right shall terminate upon expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the merger or Change in Control, the option or right confers the right to purchase or receive, for each Share subject to the Option or Stock Purchase Right immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, for each Share subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of common stock in the merger or Change in Control.

14. Time of Granting Options and Stock Purchase Rights. The date of grant of an Option or Stock Purchase Right shall, for all purposes, be the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such later date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Option or Stock Purchase Right is so granted within a reasonable time after the date of such grant.

15. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

16. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option or Stock Purchase Right, the Administrator may require the person exercising such Option or Stock Purchase Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

17. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18. Reservation of Shares. The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

19. Stockholder Approval. The Plan shall be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws.

20. Information to Optionees. The Company shall provide to each Optionee and to each individual who acquires Shares pursuant to the Plan, not less frequently than annually during the period such Optionee has one or more Options or Stock Purchase Rights outstanding, and, in the case of an individual who acquires Shares pursuant to the Plan, during the period such individual owns such Shares, copies of annual financial statements. The Company shall not be required to provide such statements to key employees whose duties in connection with the Company assure their access to equivalent information.

TRANSPHORM, INC.

2007 STOCK PLAN

STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the 2007 Stock Plan shall have the same defined meanings in this Stock Option Agreement.

I. NOTICE OF STOCK OPTION GRANT

Name: «Name»

Address: «Address»

The undersigned Optionee has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Date of Grant	«Grant_Date»	
Vesting Commencement Date	«Vesting_Date»	
Exercise Price per Share	$«Exercise_Price»	
Total Number of Shares Granted	«Shares»	
Total Exercise Price	$«Total_Price»	
Type of Option:	«ISO»	Incentive Stock Option
	«NSO»	Nonstatutory Stock Option
Term/Expiration Date:	«Expiration»	

Vesting Schedule:

This Option shall be exercisable, in whole or in part, according to the following vesting schedule:

Twenty-five percent (25%) of the Shares subject to the Option shall vest on the one (1) year anniversary of the Vesting Commencement Date, and 1/48 of the Shares subject to the Option shall vest each month thereafter on the same day of the month as the Vesting Commencement Date, subject to Optionee continuing to be a Service Provider through each such date.

Termination Period:

This Option shall be exercisable for three (3) months after Optionee ceases to be a Service Provider. Upon Optionee's death or Disability, this Option may be exercised for one (1) year after Optionee ceases to be a Service Provider. In no event may Optionee exercise this Option after the Term/Expiration Date as provided above.

II. AGREEMENT

1. Grant of Option. The Plan Administrator of the Company hereby grants to the Optionee named in the Notice of Grant (the "**Optionee**"), an option (the "**Option**") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "**Exercise Price**"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 15(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Grant as an Incentive Stock Option ("**ISO**"), this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that it exceeds the $100,000 rule of Code Section 422(d), this Option shall be treated as a Nonstatutory Stock Option ("**NSO**").

2. Exercise of Option.

(a) Right to Exercise. This Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Grant and with the applicable provisions of the Plan and this Option Agreement.

(b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "**Exercise Notice**") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise comply with Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. In the event the Shares have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Lock-Up Period. Optionee hereby agrees that Optionee shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Optionee (other

than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred eighty (180) days following the effective date of any registration statement of the Company filed under the Securities Act (or such other period as may be requested by the Company or the underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto).

Optionee agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Optionee shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 4 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180) day (or other) period. Optionee agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section 4.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash or check;

(b) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(c) surrender of other Shares which, (i) in the case of Shares acquired from the Company, either directly or indirectly, have been owned by the Optionee, and not subject to a substantial risk of forfeiture, for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares.

6. Restrictions on Exercise. This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.

7. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the

lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

8. Term of Option. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

9. Tax Obligations.

(a) Withholding Taxes. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements applicable to the Option exercise. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Optionee herein is an ISO, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (1) the date two years after the Date of Grant, or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

10. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the internal substantive laws but not the choice of law rules of California.

11. No Guarantee of Continued Service. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE

Signature

«Name»

Print Name

Residence Address

TRANSPHORM, INC.

Signature

Print Name

Title

EXHIBIT A

2007 STOCK PLAN

EXERCISE NOTICE

Transphorm, Inc.
115 Castilian Drive
Goleta, CA 93117

Attention: Corporate Secretary

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("**Optionee**") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "**Shares**") of Transphorm, Inc. (the "**Company**") under and pursuant to the 2007 Stock Plan (the "**Plan**") and the Stock Option Agreement dated «Grant_Date» (the "**Option Agreement**").

2. Delivery of Payment. Optionee herewith delivers to the Company the full purchase price of the Shares, as set forth in the Option Agreement, and any and all withholding taxes due in connection with the exercise of the Option.

3. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Stockholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares shall be issued to the Optionee as soon as practicable after the Option is exercised in accordance with the Option Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in Section 13 of the Plan.

5. Company's Right of First Refusal. Before any Shares held by Optionee or any transferee (either being sometimes referred to herein as the "**Holder**") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company and/or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section 5 (the "**Right of First Refusal**").

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice in the form attached hereto as Attachment 1 (the "**Notice**") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("**Proposed Transferee**"); (iii) the number of Shares to be transferred to each Proposed Transferee; (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "**Offered Price**"); and (v) any other terms and conditions

of the proposed sale, and the Holder shall offer the Shares at the Offered Price and upon the same terms (or terms as similar as reasonably possible) to the Company and/or its assignee(s).

(b) Exercise of Right of First Refusal. For a period of thirty (30) days following the Company's receipt of the Notice (the "**Refusal Period**"), the Company and/or its assignee(s) will have an irrevocable right of first refusal to purchase all, but not less than all, of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below and upon the same terms set forth in the Notice. The Company and/or its assignee(s) may exercise the right to purchase the Shares proposed to be transferred at any point during the Refusal Period by countersigning the Notice's "offer acceptance notice". For avoidance of doubt, the Holder may not withdraw the Notice prior to the end of the Refusal Period.

(c) Purchase Price. The purchase price ("**Purchase Price**") for the Shares purchased by the Company and/or its assignee(s) under this Section 5 shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board of Directors of the Company in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company and/or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) by the end of the Refusal Period, then for a period of thirty (30 days) following lapse of the Refusal Period (the "**Transfer Period**"), the Holder may sell the Shares to the Proposed Transferee(s) on terms no more favorable than those offered to the Company *provided* that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section 5 shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within the Transfer Period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Transfer Fee. Upon any transfer of the Shares by the Holder other than to the Company or its assignee under this Section 5, the Holder shall pay the Company a processing fee (not to exceed $10,000) as set forth below:

Transaction Size	Processing Fee
$1 - $10,000	$1,000
$10,001 - $25,000	$2,500
More than $25,000	$2,500 + 10% of balance greater than $25,000

(g) Exception for Certain Family Transfers. Anything to the contrary contained in this Section 5 notwithstanding, the transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's immediate family or a trust for the benefit of the Optionee's immediate family shall be exempt from the provisions of this Section 5. "**Immediate Family**" as used herein shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section 5, and there shall be no further transfer of such Shares except in accordance with the terms of this Section 5.

(h) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the earlier of (i) the first sale of Common Stock of the Company to the general public, or (ii) a Change in Control in which the successor corporation has equity securities that are publicly traded.

6. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

7. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COMPANY COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER FOR A PERIOD NOT TO EXCEED 180 DAYS

FOLLOWING THE EFFECTIVE DATE OF THE UNDERWRITTEN PUBLIC OFFERING OF THE COMPANY'S SECURITIES AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF BY THE HOLDER WITHOUT THE CONSENT OF THE COMPANY OR THE MANAGING UNDERWRITER.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Notice or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

(d) Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

8. Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by Optionee or by the Company forthwith to the Administrator which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on all parties.

9. Governing Law; Severability. This Exercise Notice is governed by the internal substantive laws but not the choice of law rules, of California. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Exercise Notice will continue in full force and effect.

10. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

Submitted by: **OPTIONEE**	Accepted by: **TRANSPHORM, INC.**
_____	_____
Signature	*Signature*
«Name»	
Print Name	*Print Name*
	_____
	Title
Address:	*Address:*
	115 Castilian Drive Goleta, CA 93117
_____	
_____	_____
	Date received

ATTACHMENT 1

TRANSPHORM, INC.

NOTICE OF PROPOSED TRANSFER

<Date>

To: Transphorm, Inc. and/or its assignee(s)

From: «Name»

Re: Proposed Transfer of Common Stock

This to inform you that I have a *bona fide* intention to sell or otherwise transfer shares of Common Stock (the "Shares") of Transphorm, Inc. (the "Company") issued to me pursuant to the exercise of a stock option agreement dated «Grant_Date» (the "Option Agreement"). In accordance with the terms of the Option Agreement, the Company and/or its assignee(s) have the irrevocable right to purchase all of the Shares referenced in this Notice for a period of thirty (30) days following the Company's receipt of this Notice.

Set forth below are the relevant terms applicable to this Notice:

1. Number of Shares: _____

2. Proposed Transferee: _____

3. Proposed consideration (both amount and form, including, if the consideration consists in whole or in part of non-cash consideration, such information available as may be reasonably necessary for the Company and/or its assignee(s) to analyze the value of such non-cash consideration): _____

4. Other terms and conditions of the proposed transfer: [_____]

[Proposed Transferee] has been informed of the rights of the Company and/or its assignee(s) under the Option Agreement. If the Company and/or its assignee(s) wish to exercise the right of first refusal, please sign and return to me the "offer acceptance notice" no later than 30 days after the date of this Notice. I acknowledge that the right of repurchase of the Company and/or its assignee(s) will be deemed exercised on the date the Company and/or its assignee(s) sign the offer acceptance notice.

If all persons who have a right of first refusal exercise their rights (i.e., the Company and/or its assignee(s)) such that I will be able to transfer to such persons all of the Shares that are subject to this Notice, then I shall sell all my Shares to such persons. If all of the Shares are not subscribed for, then I shall sell all my Shares to the Proposed Transferee. In either case, the sale shall be made in accordance with the terms described above.

Offer Acceptance Notice

<Date>

Re: Exercise of Right of First Refusal

Dear «Name»:

[The Company/Assignee(s)] wishes to exercise its right of first refusal under Section 5 of the Transphorm, Inc. 2007 Stock Plan Exercise Notice to repurchase from you shares of Common Stock of Transphorm, Inc. (the "Company") that you acquired upon the exercise of one or more stock options granted to you under the Transphorm, Inc. 2007 Stock Plan (such shares, the "Shares").

This "offer acceptance notice" applies to _____ Shares.

The Company/Assignee(s) is/are prepared to make payment at the time and in the form provided in your offer Notice of [insert date].

Should you have any additional questions, please contact *[insert contact person and contact information]*.

Very truly yours,

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE:«Name»

COMPANY:TRANSPHORM, INC.

SECURITY:COMMON STOCK

AMOUNT:

DATE:

In connection with the purchase of the above-listed Securities, the undersigned Optionee represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. In this connection, Optionee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with any legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such

longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than two years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

OPTIONEE

_____

Signature

«Name»

Print Name

_____

Date

TRANSPHORM, INC.

2015 EQUITY INCENTIVE PLAN

(as amended November 28, 2016)

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide additional incentive to Employees, Directors and Consultants, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units.

2. Definitions. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, or Restricted Stock Units.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) Change in Ownership of the Company. A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company,

except that any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control; or

(ii) Change in Effective Control of the Company. If the Company has a class of securities registered pursuant to Section 12 of the Exchange Act, a change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(f), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(h) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or by the compensation committee of the Board, in accordance with Section 4 hereof.

(i) "Common Stock" means the common stock of the Company.

(j) "Company" means Transphorm, Inc., a Delaware corporation, or any successor thereto.

(k) "Consultant" means any natural person, including an advisor, engaged by the Company or a Parent or Subsidiary to render bona fide services to such entity, provided the services (i) are not in connection with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly promote or maintain a market for the Company's securities.

(l) "Director" means a member of the Board.

(m) "Disability" means total and permanent disability as defined in Code Section 22(e)(3), provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(n) "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(p) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have higher or lower exercise prices and different terms), Awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is reduced or increased. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(q) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were

reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

(r) "Incentive Stock Option" means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Code Section 422 and the regulations promulgated thereunder.

(s) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(t) "Option" means a stock option granted pursuant to the Plan.

(u) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Code Section 424(e).

(v) "Participant" means the holder of an outstanding Award.

(w) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(x) "Plan" means this 2015 Equity Incentive Plan.

(y) "Restricted Stock" means Shares issued pursuant to an Award of Restricted Stock under Section 8 of the Plan, or issued pursuant to the early exercise of an Option.

(z) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 9. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(aa) "Service Provider" means an Employee, Director or Consultant.

(bb) "Share" means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(cc) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 7 is designated as a Stock Appreciation Right.

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Code Section 424(f).

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares that may be subject to Awards and sold under the Plan is (i) 42,663,207 Shares, plus (ii) any Shares subject to stock options or similar awards granted under the Transphorm, Inc. 2007 Stock Plan (the "2007 Plan") that expire or otherwise terminate without having been exercised in full and Shares issued pursuant to awards granted under the 2007 Plan that are forfeited to or repurchased by the Company, with the maximum number of Shares to be added to the Plan pursuant to clause (ii) equal to 5,929,284 Shares. The Shares may be authorized but unissued, or reacquired Common Stock.

(b) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock or Restricted Stock Units, is forfeited to or repurchased by the Company due to the failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock or Restricted Stock Units are repurchased by the Company or are forfeited to the Company due to the failure to vest, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 13, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Code Section 422 and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Section 3(b).

(c) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which Committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine;

(vi) to institute and determine the terms and conditions of an Exchange Program;

(vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws;

(ix) to modify or amend each Award (subject to Section 18(c) of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(d));

(x) to allow Participants to satisfy withholding tax obligations in a manner prescribed in Section 14;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xii) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that otherwise would be due to such Participant under an Award; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, and Restricted Stock Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Grant of Options. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Options in such amounts as the Administrator, in its sole discretion, will determine.

(b) Option Agreement. Each Award of an Option will be evidenced by an Award Agreement that will specify the exercise price, the term of the Option, the number of Shares subject to the Option, the exercise restrictions, if any, applicable to the Option, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(c) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. Notwithstanding such designation, however, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(c), Incentive Stock Options will be taken into account in the order in which they were granted, the Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted, and calculation will be performed in accordance with Code Section 422 and Treasury Regulations promulgated thereunder.

(d) Term of Option. The term of each Option will be stated in the Award Agreement; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(e) Option Exercise Price and Consideration.

(i) Exercise Price. The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option will be determined by the Administrator, but will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. In addition,

in the case of an Incentive Stock Option granted to an Employee who owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing provisions of this Section 6(e)(i), Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Code Section 424(a).

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws, (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided further that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise, (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws, or (8) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator will consider if acceptance of such consideration may be reasonably expected to benefit the Company.

(f) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable tax withholding). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such

Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within thirty (30) days of termination, or such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent that the Option is vested on the date of termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within six (6) months of termination, or such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent the Option is vested on the date of termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised within six (6) months following the Participant's death, or within such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent that the Option is vested on the date of death, by the Participant's designated beneficiary, provided such beneficiary has been designated prior to the Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

7. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Shares subject to any Award of Stock Appreciation Rights.

(c) Exercise Price and Other Terms. The per Share exercise price for the Shares that will determine the amount of the payment to be received upon exercise of a Stock Appreciation Right as set forth in Section 7(f) will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(d) relating to the maximum term and Section 6(f) relating to exercise also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

8. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 8 or as the Administrator determines, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

9. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals

(including, but not limited to, continued employment or service), or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator, in its sole discretion, may settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

10. Compliance With Code Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Code Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Code Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Code Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Code Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A.

11. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave, any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

12. Limited Transferability of Awards.

(a) Unless determined otherwise by the Administrator, Awards may not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award may only

be transferred (i) by will, (ii) by the laws of descent and distribution, or (iii) as permitted by Rule 701 of the Securities Act of 1933, as amended (the "Securities Act").

(b) Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or after the Administrator determines that it is, will, or may no longer be relying upon the exemption from registration under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act, an Option, or prior to exercise, the Shares subject to the Option, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (i) persons who are "family members" (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (ii) to an executor or guardian of the Participant upon the death or disability of the Participant. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may determine to permit transfers to the Company or in connection with a Change in Control or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f).

13. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of shares of stock that may be delivered under the Plan and/or the number, class, and price of shares of stock covered by each outstanding Award; provided, however, that the Administrator will make such adjustments to an Award required by Section 25102(o) of the California Corporations Code to the extent the Company is relying upon the exemption afforded thereby with respect to the Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the following paragraph) without a Participant's consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such merger or Change in

Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subsection 13(c), the Administrator will not be obligated to treat all Awards, all Awards held by a Participant, or all Awards of the same type, similarly.

In the event that the successor corporation does not assume or substitute for the Award (or portion thereof), the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted in the event of a merger or Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection 13(c), an Award will be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or Change in Control.

Notwithstanding anything in this Section 13(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Notwithstanding anything in this Section 13(c) to the contrary, if a payment under an Award Agreement is subject to Code Section 409A and if the change in control definition contained in the Award Agreement does not comply with the definition of "change of control" for purposes of a distribution under Code Section 409A, then any payment of an amount that is otherwise accelerated under this Section will be delayed until the earliest time that such payment would be permissible under Code Section 409A without triggering any penalties applicable under Code Section 409A.

14. Tax Withholding.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the statutory amount required to be withheld, provided the delivery of such Shares will not result in any adverse accounting consequences, as the Administrator determines in its sole discretion, or (iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

15. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

16. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

17. Term of Plan. Subject to Section 21 of the Plan, the Plan will become effective upon its adoption by the Board. Unless sooner terminated under Section 18, it will continue in effect for

a term of ten (10) years from the later of (a) the effective date of the Plan, or (b) the earlier of the most recent Board or stockholder approval of an increase in the number of Shares reserved for issuance under the Plan.

18. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

19. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

20. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

21. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

22. Information to Participants. Beginning on the earlier of (i) the date that the aggregate number of Participants under this Plan is five hundred (500) or more and the Company is relying on the exemption provided by Rule 12h-1(f)(1) under the Exchange Act and (ii) the date that the

Company is required to deliver information to Participants pursuant to Rule 701 under the Securities Act, and until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, is no longer relying on the exemption provided by Rule 12h-1(f)(1) under the Exchange Act or is no longer required to deliver information to Participants pursuant to Rule 701 under the Securities Act, the Company shall provide to each Participant the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Participants or by written notice to the Participants of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Company may request that Participants agree to keep the information to be provided pursuant to this section confidential. If a Participant does not agree to keep the information to be provided pursuant to this section confidential, then the Company will not be required to provide the information unless otherwise required pursuant to Rule 12h-1(f)(1) under the Exchange Act or Rule 701 of the Securities Act.

TRANSPHORM, INC.

2015 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the 2015 Equity Incentive Plan (the "Plan") shall have the same defined meanings in this Stock Option Agreement (the "Option Agreement").

I. NOTICE OF STOCK OPTION GRANT

Name:

Address:

The undersigned Participant has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Date of Grant	
Vesting Commencement Date:	
Exercise Price per Share:	$
Total Number of Shares Granted:	
Total Exercise Price :	$
Type of Option:	_____ Incentive Stock Option
	_____ Nonstatutory Stock Option
Term/Expiration Date:	

Vesting Schedule:

This Option shall be exercisable, in whole or in part, according to the following vesting schedule:

[Twenty-five percent (25%) of the Shares subject to the Option shall vest on the one (1) year anniversary of the Vesting Commencement Date, and one forty-eighth (1/48th) of the Shares subject to the Option shall vest each month thereafter on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Participant continuing to be a Service Provider through each such date.]

Termination Period:

This Option shall be exercisable for [_____] after Participant ceases to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case this Option

shall be exercisable for [twelve (12) months] after Participant ceases to be a Service Provider. Notwithstanding the foregoing sentence, in no event may this Option be exercised after the Term/Expiration Date as provided above and this Option may be subject to earlier termination as provided in Section 13 of the Plan.

II. AGREEMENT

1. Grant of Option. The Administrator of the Company hereby grants to the Participant named in the Notice of Stock Option Grant in Part I of this Agreement ("Participant"), an option (the "Option") to purchase the number of Shares set forth in the Notice of Stock Option Grant, at the exercise price per Share set forth in the Notice of Stock Option Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 18 of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Stock Option Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that it exceeds the $100,000 rule of Code Section 422(d), this Option shall be treated as a Nonstatutory Stock Option ("NSO"). Further, if for any reason this Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event shall the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

2. Exercise of Option.

(a) Right to Exercise. This Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Stock Option Grant and with the applicable provisions of the Plan and this Option Agreement.

(b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") or in a manner and pursuant to such procedures as the Administrator may determine, which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company (including an Adoption Agreement to the Voting Agreement and the ROFR and Co-Sale Agreement (as defined in the Exercise Notice)). The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares, together with any applicable tax withholding. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price, together with any applicable tax withholding.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise comply with Applicable Laws. Assuming such compliance, for income tax

purposes the Shares shall be considered transferred to Participant on the date on which the Option is exercised with respect to such Shares.

3. Participant's Representations. In the event the Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, Participant shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Lock-Up Period. Participant hereby agrees that Participant shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Participant (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred and eighty (180) days following the effective date of any registration statement of the Company filed under the Securities Act (or such other period as may be requested by the Company or the underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto).

Participant agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Participant shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 4 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred and eighty (180) day (or other) period. Participant agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section 4.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Participant:

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) surrender of other Shares which (i) shall be valued at its Fair Market Value on the date of exercise, and (ii) must be owned free and clear of any liens, claims, encumbrances or security interests, if accepting such Shares, in the sole discretion of the Administrator, shall not result in any adverse accounting consequences to the Company.

6. Restrictions on Exercise. This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.

7. Non-Transferability of Option.

(a) This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant.

(b) Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or after the Administrator determines that it is, will, or may no longer be relying upon the exemption from registration of Options under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act (the "Reliance End Date"), Participant shall not transfer this Option or, prior to exercise, the Shares subject to this Option, in any manner other than (i) to persons who are "family members" (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (ii) to an executor or guardian of Participant upon the death or disability of Participant. Until the Reliance End Date, the Options and, prior to exercise, the Shares subject to this Option, may not be pledged, hypothecated or otherwise transferred or disposed of, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than as permitted in clauses (i) and (ii) of this paragraph.

8. Term of Option. This Option may be exercised only within the term set out in the Notice of Stock Option Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

9. Tax Obligations.

(a) Tax Withholding. Participant agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Participant) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements applicable to the Option exercise. Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver the Shares if such withholding amounts are not delivered at the time of exercise.

(b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, or (ii) the date one (1) year after the date of exercise, Participant shall immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.

(c) Code Section 409A. Under Code Section 409A, an Option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the Fair Market Value of a Share on the date of grant (a "discount option") may be considered "deferred compensation." An Option that is a "discount option" may result in (i) income recognition by Participant prior to the exercise of the Option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The "discount option" may also result in additional state income, penalty and interest tax to the Participant. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the Fair Market Value of a Share on the date of grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the Fair Market Value of a Share on the date of grant, Participant shall be solely responsible for Participant's costs related to such a determination.

10. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant. This Option Agreement is governed by the internal substantive laws but not the choice of law rules of [California].

11. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT	TRANSPHORM, INC.
Signature	By
Print Name	Print Name
	Title
Residence Address	

EXHIBIT A

2015 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

Transphorm, Inc.
115 Castilian Drive
Goleta, CA 93117

Attention: [Title]

1. Exercise of Option. Effective as of today, _____, ____, the undersigned ("Participant") hereby elects to exercise Participant's option (the "Option") to purchase _____ shares of the Common Stock (the "Shares") of Transphorm, Inc., a Delaware corporation (the "Company"), under and pursuant to the 2015 Equity Incentive Plan (the "Plan") and the Stock Option Agreement dated _____, _____ (the "Option Agreement").

2. Delivery of Payment. Participant herewith delivers to the Company (i) the full purchase price of the Shares, as set forth in the Option Agreement, and any and all withholding taxes due in connection with the exercise of the Option, (ii) an adoption or joinder agreement as provided by the Company (the "Adoption Agreement") to the Company's Sixth Amended and Restated Voting Agreement dated May [_], 2015, between the Company and the other parties thereto, as may be amended from time to time (the "Voting Agreement") and (iii) and Adoption Agreement to the Company's Sixth Amended and Restated Right of First Refusal and Co-Sale Agreement dated May [__], 2015, between the Company and the other parties thereto, as may be amended from time to time (the "ROFR and Co-Sale Agreement").

3. Representations of Participant. Participant acknowledges that Participant has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Stockholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Common Stock subject to an Award, notwithstanding the exercise of the Option. The Shares shall be issued to Participant as soon as practicable after the Option is exercised in accordance with the Option Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in Section 13 of the Plan.

5. Company's Right of First Refusal. Before any Shares held by Participant or any transferee (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section 5 (the "Right of First Refusal").

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (iii) the number of Shares to be transferred to each Proposed Transferee; and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) Purchase Price. The purchase price ("Purchase Price") for the Shares purchased by the Company or its assignee(s) under this Section 5 shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board of Directors of the Company in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section 5, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, *provided* that such sale or other transfer is consummated within one hundred and twenty (120) days after the date of the Notice, that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section 5 shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Transfer Fee. Upon any transfer of the Shares by the Holder other than to the Company or its assignee under this Section 5, the Holder shall pay the Company a processing fee (not to exceed $10,000) as set forth below:

Transaction Size	Processing Fee
$1 - $10,000	$1,000
$10,001 - $25,000	$2,500
More than $25,000	$2,500 + 10% of balance greater than $25,000

(g) Exception for Certain Family Transfers. Anything to the contrary contained in this Section 5 notwithstanding, the transfer of any or all of the Shares during the Participant's lifetime or on the Participant's death by will or intestacy to the Participant's immediate family or a trust for the benefit of the Participant's immediate family shall be exempt from the provisions of this Section 5. "Immediate Family" as used herein shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section 5, and there shall be no further transfer of such Shares except in accordance with the terms of this Section 5.

(h) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the earlier of (i) the first sale of Common Stock of the Company to the general public, or (ii) a Change in Control in which the successor corporation has equity securities that are publicly traded.

6. Tax Consultation. Participant understands that Participant may suffer adverse tax consequences as a result of Participant's purchase or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of the Shares and that Participant is not relying on the Company for any tax advice.

7. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Participant understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER FOR A PERIOD OF TIME FOLLOWING THE EFFECTIVE DATE OF THE UNDERWRITTEN PUBLIC OFFERING OF THE COMPANY'S SECURITIES SET FORTH IN AN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF BY THE HOLDER PRIOR TO THE EXPIRATION OF SUCH PERIOD WITHOUT THE CONSENT OF THE COMPANY OR THE MANAGING UNDERWRITER.

(b) Stop-Transfer Notices. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Notice or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

9. Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by Participant or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on all parties.

10. Governing Law; Severability. This Exercise Notice is governed by the internal substantive laws, but not the choice of law rules, of [California]. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Exercise Notice shall continue in full force and effect.

11. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan, the Option Agreement and the Investment Representation

Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant.

[Signature Page Follows]

Submitted by: PARTICIPANT	Accepted by: TRANSPHORM, INC.
_____	_____
Signature	By
_____	_____
Print Name	Print Name
	_____
	Title
Address:	Address:
_____	_____
_____	_____
	_____
	Date Received

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

PARTICIPANT	:	
COMPANY	:	TRANSPHORM, INC.
SECURITY	:	COMMON STOCK
AMOUNT	:	
DATE	:	

In connection with the purchase of the above-listed Securities, the undersigned Participant represents to the Company the following:

(a) Participant is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Participant is acquiring these Securities for investment for Participant's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Participant acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Participant's investment intent as expressed herein. In this connection, Participant understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Participant's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one (1) year or any other fixed period in the future. Participant further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Participant further acknowledges and understands that the Company is under no obligation to register the Securities. Participant understands that the certificate evidencing the Securities shall be imprinted with any legend required under applicable state securities laws.

(c) Participant is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Participant, the exercise shall be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701

may be resold, subject to the satisfaction of the applicable conditions specified by Rule 144, including in the case of affiliates (1) the availability of certain public information about the Company, (2) the amount of Securities being sold during any three (3) month period not exceeding specified limitations, (3) the resale being made in an unsolicited "broker's transaction", transactions directly with a "market maker" or "riskless principal transactions" (as those terms are defined under the Securities Exchange Act of 1934) and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which may require (i) the availability of current public information about the Company; (ii) the resale to occur more than a specified period after the purchase and full payment (within the meaning of Rule 144) for the Securities; and (iii) in the case of the sale of Securities by an affiliate, the satisfaction of the conditions set forth in sections (2), (3) and (4) of the paragraph immediately above.

(d) Participant further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption shall be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 shall have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Participant understands that no assurances can be given that any such other registration exemption shall be available in such event.

PARTICIPANT

Signature

Print Name

Date

Exhibit 16.1

[Raich Ende Malter & Co. LLP Letterhead]

February 13, 2020

Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Ladies and Gentlemen:

We have read the section under the heading “Changes in Registrant’s Certifying Accountant” included in the Form 8-K of Transphorm, Inc. to be filed on or about February 13, 2020 and agree with the statements contained therein as they relate to our firm. We have no basis to agree or disagree with other statements of the registrant contained therein.

Respectfully submitted,

/s/ Raich Ende Malter & Co. LLP

Raich Ende Malter & Co. LLP

Melville, New York

Exhibit 99.1

Transphorm, Inc.
Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 (audited)

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Transphorm, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Transphorm, Inc. (the “Company”) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, stockholders’ deficit and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018 and 2017, and the results of its consolidated operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph - Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum llp

Marcum llp

We have served as the Company’s auditor since 2019.
Chicago, IL
February 13, 2020

Transphorm, Inc.
Consolidated Balance Sheets
(in thousands except share and per share data)

	December 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 3,069	$ 9,973
Accounts receivable, net, including related parties	280	—
Inventory	852	183
Prepaid expenses and other current assets	624	1,020
Total current assets	4,825	11,176
Property and equipment, net	2,132	2,603
Goodwill	1,306	1,277
Intangible assets, net	1,958	2,587
Other assets	278	294
Total assets	**$ 10,499**	**$ 17,937**
Liabilities, convertible preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,351	$ 1,560
Promissory notes	—	13,010
Revolving credit facility, including accrued interest	10,346	—
Deferred revenue	3,000	—
Unfunded commitment to joint venture	659	98
Accrued payroll and benefits	1,172	1,193
Total current liabilities	16,528	15,861
Promissory notes, net of current portion	15,852	14,746
Total liabilities	**32,380**	**30,607**
Commitments and contingencies (Note 11)		
Convertible preferred stock (Note 12):		
Series 1, $0.001 par value; 12,438,704 shares authorized and 12,433,953 shares issued and outstanding as of December 31, 2018 and 2017	39,658	39,658
Series 2, $0.001 par value; 7,507,699 shares authorized and 7,499,996 shares issued and outstanding as of December 31, 2018 and 2017	30,000	30,000
Series 3, $0.001 par value; 4,000,000 shares authorized, issued and outstanding as of December 31, 2018	16,000	—
Total convertible preferred stock	**85,658**	**69,658**
Stockholders' deficit:		
Common stock, $0.001 par value; 29,012,034 shares authorized and 4,219,606 shares issued and outstanding as of December 31, 2018 and 2017	4	4
Additional paid-in capital	21,829	21,244
Accumulated deficit	(128,632)	(102,834)
Accumulated other comprehensive loss	(740)	(742)
Total Stockholders' deficit	**(107,539)**	**(82,328)**
Total liabilities, convertible preferred stock and stockholders' deficit	**$ 10,499**	**$ 17,937**

See accompanying Notes to Consolidated Financial Statements

Transphorm, Inc.
Consolidated Statements of Operations
(in thousands except share and per share data)

	Year Ended December 31,	
	2018	**2017**
Revenue, net	$ 1,358	$ —
Operating expenses:		
Cost of goods sold	4,601	—
Research and development	9,351	17,632
Sales and marketing	3,626	5,835
General and administrative	5,675	6,688
Total operating expenses	23,253	30,155
Loss from operations	(21,895)	(30,155)
Interest expense	710	697
Loss in joint venture	2,404	1,324
Changes in fair value of promissory notes	1,060	321
Other income, net	(271)	(275)
Loss before tax expense	(25,798)	(32,222)
Tax expense	—	—
Net loss	**$ (25,798)**	**$ (32,222)**
Loss per share - basic and diluted	$ (6.11)	$ (7.65)
Weighted average common shares outstanding - basic and diluted	4,219,606	4,209,975

See accompanying Notes to Consolidated Financial Statements

Transphorm, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,	
	2018	2017
Net loss	$ (25,798)	$ (32,222)
Other comprehensive income (loss), net of tax:		
Change in fair value on investment securities	—	(87)
Foreign currency translation adjustments	2	7
Other comprehensive income (loss), net of tax	2	(80)
Comprehensive loss	**$ (25,796)**	**$ (32,302)**

See accompanying Notes to Consolidated Financial Statements

Transphorm, Inc.
Consolidated Statements of Changes in Stockholders' Deficit
(in thousands except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Stockholders' Deficit
	Number of Shares	Amount				
Balance at January 1, 2017	**4,207,873**	**$ 4**	**$ 20,068**	**$ (70,612)**	**$ (662)**	**$ (51,202)**
Stock options exercised	11,733	—	48	—	—	48
Stock-based compensation	—	—	1,128	—	—	1,128
Other comprehensive loss	—	—	—	—	(80)	(80)
Net loss	—	—	—	(32,222)	—	(32,222)
Balance at December 31, 2017	**4,219,606**	**4**	**21,244**	**(102,834)**	**(742)**	**(82,328)**
Stock-based compensation	—	—	585	—	—	585
Other comprehensive income	—	—	—	—	2	2
Net loss	—	—	—	(25,798)	—	(25,798)
Balance at December 31, 2018	**4,219,606**	**$ 4**	**$ 21,829**	**$ (128,632)**	**$ (740)**	**$ (107,539)**

See accompanying Notes to Consolidated Financial Statements

Transphorm, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2018	**2017**
Cash flows from operating activities:		
Net loss	$ (25,798)	$ (32,222)
Adjustments to reconcile net loss to net cash used in operating activities:		
Capitalized interest cost	346	—
Depreciation and amortization	1,374	1,775
Stock-based compensation	585	1,128
Changes in fair value of promissory notes	1,060	321
Loss on sale of investment securities	—	(173)
Loss (gain) on disposal of property and equipment	75	(12)
Loss in joint venture	2,404	1,324
Changes in operating assets and liabilities:		
Accounts receivable	(280)	64
Inventory	(669)	(183)
Prepaid expenses and other current assets	396	(233)
Other assets	16	26
Accounts payable and accrued expenses	(173)	(1,314)
Deferred revenue	3,000	—
Accrued payroll and benefits	(21)	(273)
Net cash used in operating activities	**(17,685)**	**(29,772)**
Cash flows from investing activities:		
Purchases of property and equipment	(332)	(259)
Proceeds from disposal of property and equipment	—	119
Maturities of investment securities	—	20,500
Investment in joint venture	(1,852)	(1,225)
Net cash (used in) provided by investing activities	**(2,184)**	**19,135**
Cash flows from financing activities:		
Proceeds from issuance of Series 3 convertible preferred stock	16,000	—
Proceeds from stock option exercises	—	48
Proceeds from issuance of revolving credit facility	10,000	—
Proceeds from issuance of promissory note	—	15,000
Principal payments on debts	(13,000)	—
Net cash provided by financing activities	**13,000**	**15,048**
Effect of foreign exchange rate changes on cash and cash equivalent	**(35)**	**(98)**
Net (decrease) increase in cash and cash equivalents	**(6,904)**	**4,313**
Cash and cash equivalents at beginning of year	9,973	5,660
Cash and cash equivalents at end of year	**$ 3,069**	**$ 9,973**
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 328	$ 1,616

See accompanying Notes to Consolidated Financial Statements

Note 1 - Business

Transphorm, Inc. develops gallium nitride ("GaN") semiconductor components used in power conversion. Transphorm was incorporated in the state of Delaware on February 22, 2007. Transphorm, Inc's activities to date have been primarily performing research and development, establishing manufacturing infrastructure, market sampling, product launch, hiring personnel, and raising capital to support and expand these activities. Transphorm, Inc. is headquartered in Goleta, California. Transphorm Japan, Inc. was established in February 2014 to secure Transphorm, Inc's production capacity and establish a direct presence in Asian markets. Transphorm, Inc., Transphorm Japan, Inc. and Transphorm Aizu, Inc. are collectively referred to "Transphorm," the "Company" or "our" in these notes.

Stock Conversion

On February 12, 2020, the Company entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement"). See Note 18 - Subsequent Events for more information. As a result of the Merger, the Company's stock immediately prior to the closing of the Merger included herein was retroactively restated for the effect of the stock conversion as follows:

- Series 1 convertible preferred stock: 51,700,000 shares authorized and 51,680,254 shares issued and outstanding were converted into 12,438,704 shares authorized and 12,433,953 shares issued and outstanding, respectively;
- Series 2 convertible preferred stock: 38,800,000 shares authorized and 38,760,190 shares issued and outstanding were converted into 7,507,699 shares authorized and 7,499,996 shares issued and outstanding, respectively;
- Series 3 convertible preferred stock: 31,850,304 shares authorized, issued and outstanding were converted into 4,000,000 shares authorized, issued and outstanding; and
- Common stock: 350,000,000 shares authorized and 50,905,160 shares issued and outstanding were converted into 29,012,034 shares authorized and 4,219,606 shares issued and outstanding, respectively.

The stock conversion did not change the par value of our stock. Stock price per share was adjusted in proportion to the decrease in shares to maintain equal value. In addition, stock options and stock warrants are reduced at 1 for 12.0639594 rate pursuant to the Merger Agreement and the reduced stock options and stock warrants were retroactively restated for the effect of the stock conversion.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As included in the accompanying consolidated financial statements, the Company has generated recurring losses from operations and has an accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern for the next twelve months from the issuance of these consolidated financial statements.

Management plans to raise additional working capital to fund operations through the issuance of stock to investors, license of intellectual property and/or issuance of notes payable. However, there is no assurance that the Company will be successful in raising additional capital.

The ability of the Company to continue as a going concern is dependent on its ability to raise adequate capital to fund operating losses until it is able to generate liquidity from its business operations. To the extent

sufficient financing is not available, the Company may not be able to, or may be delayed in, developing its offerings and meeting its obligations. The Company will continue to evaluate its projected expenditures relative to its available cash and to evaluate financing alternatives in order to satisfy its working capital and other cash requirements. The accompanying consolidated financial statements do not reflect any adjustments that might result from the outcome of these uncertainties.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Transphorm, Inc. and its wholly-owned subsidiaries, Transphorm Japan, Inc. and Transphorm Aizu, Inc. Upon consolidation, all intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with Accounting Principles Generally Accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates and assumptions on historical experience, knowledge of current conditions, and its belief of what could occur in the future, given available information. Actual results could differ from those estimates, and such differences could be material to the consolidated financial statements. Estimates are used for, but not limited to, the determinations of fair value of stock awards and promissory notes, accrual of liabilities, revenue recognition, inventory reserve, and useful lives for property and equipment.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with original maturities of 90 days or less at the date of purchase to be cash equivalents. Cash and cash equivalents consist principally of bank deposits and money market funds. Other assets in consolidated balance sheets as of December 31, 2018 and 2017 include restricted cash of $75 thousand.

Foreign Currency Risk

The Company is exposed to foreign currency risk due to its operations in Japan. Assets and liabilities of the operations are re-measured into U.S. currency at exchange rates in effect at the balance sheet dates through the consolidated statements of comprehensive income. Gains or losses resulting from foreign currency transactions are re-measured using the rates on the dates on which those elements are recognized during the period and are included in other income or expense in the consolidated statements of operations. As of December 31, 2018 and 2017, the Company had foreign cash and cash equivalents of $264 thousand and $371 thousand, respectively, which represent 8.6 percent and 3.7 percent, respectively, of total cash and cash equivalents.

Concentrations of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company is exposed to credit risk in the event of default by the financial institution holding its cash. The Company's investment policy restricts investments to high-quality investments and limits the amounts invested with any one issuer, industry or geographic area. Risks associated with cash holdings in excess of insured limits are mitigated by banking with high-quality institutions. To date, the Company has not experienced any significant losses on its cash and cash equivalents. The Company periodically evaluates the relative credit standing of these financial institutions.

The Company is subject to risks common in the power conversion components industry, including, but not limited to, technological obsolescence, dependence on key personnel, market acceptance of its products, the

successful protection of its proprietary technologies, compliance with government regulations, and the possibility of not being able to obtain additional financing when needed.

Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes the impact of foreign currency translation adjustments and unrealized gains or losses on investment securities classified as available for sale.

Accounts Receivable

Accounts receivable are analyzed and allowances for uncollectible accounts are recorded, as required. Provisions for uncollectible accounts, if any, are recorded as bad debt expense and included in general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss. The process for determining the appropriate level of allowances for doubtful accounts involves judgment, and considers such factors as the age of the underlying receivables, historical and projected collection trends, the composition of outstanding receivables, current economic conditions and regulatory changes. An account is fully reserved when reasonable collection efforts have been unsuccessful and it is probable that the receivable will not be recovered. No significant losses on accounts receivable have been recorded through December 31, 2018.

Inventory

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. The Company periodically reviews the value of items in inventory and records write-downs or write-offs based on its assessment of slow moving or obsolete inventory. The Company maintains an inventory reserve for obsolete inventory and generally makes inventory value adjustments against the inventory reserve.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is determined using the straight-line method over the estimated useful lives of the respective assets, generally ranging from three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the related lease term. Depreciation for equipment commences once it is placed in service, and depreciation for buildings and leasehold improvements commences once they are ready for their intended use. The Company expenses maintenance and repair costs that do not extend the life of the asset as they are incurred.

The Company evaluates the carrying amount of its property and equipment whenever events or changes in circumstances indicate that the assets may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of an asset or asset group and its eventual disposition is less than the carrying amount of the asset or asset group. To date, there have been no such impairment losses.

Goodwill

Goodwill arose for the acquisition of a business in February 2014 based in Japan and was accounted for as the purchase of a business. Goodwill generated from business combinations and deemed to have indefinite lives are not subject to amortization and instead are tested for impairment at least annually in December unless certain events occur or circumstances change. Goodwill represents the excess of the purchase price over the fair value of the net assets and other identifiable intangible assets acquired. We test for goodwill impairment annually or earlier if events or changes in circumstances indicate goodwill might possibly be impaired. Impairment exists when the carrying value of the goodwill exceeds its implied fair value. An impairment loss would be recognized in an amount equal to that excess as a charge to operations in the consolidated statements of operations. For the years ended December 31, 2018 and 2017, no impairment charge was recorded related to goodwill.

Intangible Assets

Intangible assets that are not considered to have an indefinite useful life are amortized over their estimated useful lives, which generally range from three to ten years. Each reporting period, the Company evaluates the estimated remaining useful lives of intangible assets and whether events or changes in circumstances warrant a revision to the remaining periods of amortization.

If it is determined that the carrying values might not be recoverable based upon the existence of one or more indicators of impairment, the Company performs a test for recoverability using various methodologies, such as the income approach or cost approach, to determine the fair value of intangible assets depending upon the nature of the assets. If assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds their respective fair values. For the years ended December 31, 2018 and 2017, no impairment charges were recorded related to intangible assets.

Revenue Recognition

Revenue Recognition Policy

The Company derives its revenues from sales of high-powered GaN-based products manufactured utilizing their proprietary and patented epiwafer technology and wafer fabrication and other assembly processes, and sales of GaN epiwafers for the RF and power markets, as well as sales of licenses to use such patented proprietary technology. Revenues are recognized when control of these products or licenses are transferred to its customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products and licenses. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The Company does not have any significant financing components associated with its revenue contracts, as payment is received at or shortly after the point of sale.

Disaggregation of Revenue from Contracts with Customers

Revenue for the year ended December 31, 2018 solely consists of product sales, with such performance obligation satisfied at a point in time. These goods are sold to distributors and end-users in various sectors such as, but not limited to, the automotive, gaming, industrial, IT, and consumer products industries.

As part of the Collaboration Arrangement executed with Nexperia on April 4, 2018, the Company agreed to grant Nexperia the perpetual exclusive right to use the Company's existing Gen 3 manufacturing process technology, and the Gen 4 (Tranche A), Gen 5 (Tranche B), 1200V (Tranche B1) and 1200V technologies to be developed by the Company as part of the Collaboration Arrangement. License fees are received upon satisfaction of contractual milestones. For the year ended December 31, 2018, the Company did not recognize any revenue related to the process transfer or technology development performance obligations. The $3.0 million contract liability related to cash received in 2018 from Nexperia is included in deferred revenue.

Government contract revenues are principally generated under research and development contracts. Contract revenues are derived primarily from research contracts with agencies of the United States Government. Credit risk related to accounts receivable arising from such contracts is considered minimal. These contracts may include cost-plus and fixed price. All payments to us for work performed on contracts with agencies of the U.S. Government are subject to adjustment upon audit by the Defense Contract Audit Agency.

Performance Obligations

For performance obligations related to the sale of products, control transfers to the customer at a point in time. The Company's principal terms of sale are Free On Board Destination and the Company transfers control and records revenue for product sales upon shipment to the customer. For performance obligations related to the licensing for the use of patented technology in perpetuity, control also transfers to the customer at a point in time.

The Company transfers control and records revenue for licensing fees once the Company has (i) provided or otherwise makes available the patented technology to the customer and (ii) the customer is able to use and benefit from the patented technology.

Variable Consideration

The nature of the Company's arrangement with Nexperia gives rise to variable consideration in the form of milestone and royalty payments. These variable amounts are received upon satisfaction of contractually agreed upon development targets and sales volume, which has not been achieved as of December 31, 2018. The royalties qualify for the sales and usage-based royalty exception, as the license of intellectual property is the predominant item to which the royalty relates and are recognized upon the subsequent sale occurring.

Research and Development

The Company is a party to research grant contracts with the U.S. federal government for which the Company is reimbursed for specified costs incurred for its research projects. These projects include energy saving initiatives for which the U.S. federal government offers reimbursement funds. Such reimbursements are recorded as an offset to research and development expenses when the related qualified research and development expenses are incurred. Reimbursable costs are recognized in the same period the costs are incurred up to the limit of approved funding amounts on qualified expenses. Grant reimbursements of $573 thousand were recorded as an offset to research and development expense for the years ended December 31, 2017.

In connection with limited shipments of samples of the Company's products to third parties during the year ended December 31, 2017, the Company recorded income of $628 thousand as an offset to research and development expense.

Stock-Based Compensation

All share-based payments, including grants of stock options, are measured based on the fair value of the share-based awards at the grant date and recognized over their respective vesting periods, which is generally four years. The estimated fair value of stock options at the grant date is determined using the Black-Scholes-Merton pricing model. The Company recognizes the fair value of share-based payments as compensation expense for all expected-to-vest stock-based awards over the vesting period of the award using the straight-line attribution method provided that the amount of compensation cost recognized at any date is no less than the portion of the grant-date fair value of the award that is vested at that date.

The Black-Scholes-Merton option pricing model requires inputs such as the fair value of common stock on date of grant, expected term, expected volatility, dividend yield, and risk-free interest rate. Further, the forfeiture rate also affects the amount of aggregate compensation expense. These inputs are subjective and generally require significant analysis and judgment to develop. Volatility data is obtained from a study of publicly traded industry peer companies. The forfeiture rate is derived primarily from the Company's historical data, and the risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues commensurate with the expected term. Management generally uses the simplified method to calculate the expected term for employee grants as the Company has limited historical exercise data or alternative information to reasonably estimate an expected term assumption. The simplified method assumes that all options will be exercised midway between the weighted average vesting date and the contractual term of the option.

Stock-based compensation expense recognized in the Company's consolidated financial statements is based on awards that are expected to vest. These expense amounts have been reduced by using an estimated forfeiture rate. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company evaluates the assumptions used to estimate forfeitures annually in connection of recognition of stock-based compensation expense.

Loss Per Share

Basic loss per share is calculated by dividing net loss applicable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing the net income attributable to common stockholders by the sum of the weighted average number of common shares outstanding plus potential dilutive common shares outstanding during the period. Potential dilutive securities, comprised of the convertible preferred stock, stock warrants and stock options, are not reflected in diluted net loss per share because such shares are anti–dilutive. Dilutive impact of potential common shares resulting from common stock equivalents is determined by applying the treasury stock method.

For the year ended December 31, 2018, there were 26,337,286 shares, consisting of 23,933,949 convertible preferred stocks, 26,157 stock warrants and 2,377,180 stock options, that were not included in the computation of diluted loss per share because their effect would be anti-dilutive. For the year ended December 31, 2017, there were 22,406,652 shares, consisting of 19,933,949 convertible preferred stocks, 36,866 stock warrants and 2,435,837 stock options, that were not included in the computation of diluted loss per share because their effect would be anti-dilutive.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of the Company's financial instruments such as cash equivalents, accounts receivable, revolving credit facility, accounts payable and accrued liabilities approximate fair values due to the short-term nature of these items. The Company has elected the fair value option for its promissory notes. See Note 4 - Fair Value Measurements for more information.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, *Income Taxes* ("ASC 740"). ASC 740 prescribes the use of the liability method. Deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted statutory tax rates in effect at the balance sheet date. The Company records a valuation allowance to reduce its deferred tax assets when uncertainty regarding their realizability exists.

Equity Method Investments

The Company uses the equity method to account for investments in entities that it does not control, but in which it has the ability to exercise significant influence over operating and financial policies. The Company's proportionate share of the net income or loss of these companies is included in consolidated net earnings. Judgments regarding the level of influence over each equity method investment include consideration of key factors such as the Company's ownership interest, representation on the board of directors or other management body and participation in policy-making decisions.

Segment Reporting

The Company's operations and its financial performance is evaluated on a consolidated basis by the chief operating decision maker. Accordingly, the Company considers all of its operations to be aggregated in one reportable operating segment. For the year ended December 31, 2018, total revenue was $1.4 million, of which $1.3 million was from U.S. operations and $49 thousand was from Japan operations.

Recently Issued Accounting Standards Adopted

In July 2017, the FASB issued ASU 2017-11, *Earnings Per Shares (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815).* ASU 2017-11 changes the classification analysis

of certain equity-linked financial instruments, such as warrants and embedded conversion features, such that a down round feature is disregarded when assessing whether the instrument is indexed to an entity's own stock under Subtopic 815-40. As a result, a down round feature no longer requires an instrument to be remeasured at fair value through earnings each period, although all other aspects of the indexation guidance under Subtopic 815-40 continue to apply. ASU 2017-11 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company adopted this standard effective January 1, 2018. The adoption of ASU 2017-11did not have a material effect on the consolidated financial statements.

Revenue - In May 2014, the Financial Accounting Standards Boards ("FASB") issued Accounting Standards Update ("ASU") 2014- 09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company early adopted the new standard effective January 1, 2018, the first day of the Company's fiscal year using the modified retrospective approach.

Stock Compensation - In May 2017, the FASB issued ASU 2017-09, *Compensation -Stock Compensation (Topic 718)* ("ASU 2017-09"), which clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. ASU 2017-09 is effective for the Company's 2018 fiscal year, although early adoption is permitted. The Company adopted this standard effective January 1, 2018. The adoption of ASU 2017-09 did not have a material effect on the consolidated financial statement.s

Goodwill Impairment - In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which eliminates step two from the goodwill impairment test. Under the amendments in ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for the Company's 2022 fiscal year on a prospective basis, and earlier adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted this standard as of January 1, 2018. The adoption of ASU 2017-04 did not have a material effect on the consolidated financial statements.

Stock Compensation - In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718)* ("ASU 2016-09"), which simplified certain aspects of the accounting for share-based payment transactions, including income taxes, classification of awards and classification in the statement of cash flows. ASU 2016-09 will be effective for the Company beginning in fiscal year 2018. Early adoption is permitted. The Company adopted this standard as of January 1, 2018. The adoption of ASU 2016-09 did not have a material effect on the consolidated financial statements, and prior periods were not restated.

Recently Issued Accounting Standards under Evaluation

Fair Value - In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (ASC 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement. ASU 2018-13 removes certain disclosures, modifies certain disclosures and adds additional disclosures. ASU 2018-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Statement of Cash Flows - In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). This guidance addresses eight specific cash flow issues with the objective of reducing existing diversity in practice. ASU 2016-15 is effective for the Company's 2020 fiscal year. The guidance is to be adopted retrospectively unless impracticable upon which the guidance is to be adopted prospectively. Early adoption is permitted. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Financial Instruments - In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). The standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. ASU 2016-13 is effective for the Company's 2022 fiscal year. Early adoption is permitted. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Leases - In February 2016, the FASB issued ASU 2016-02, *Leases*, which, for operating leases, requires the lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on its balance sheet. The guidance also requires a lessee to recognize single lease costs, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. This guidance will be effective for the Company in fiscal year 2021 and must be adopted using a modified retrospective transition approach. Early adoption is permitted. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Note 3 - Nexperia Arrangement

Nexperia Transaction

On April 4, 2018, the Company entered into a multi-element commercial arrangement with Nexperia to obtain financing in exchange for sale of equity instruments and performing certain technology and product development activities for Nexperia (collectively, the "Collaboration Arrangement"). Nexperia specializes in designing, manufacturing and selling a broad range of small discrete semiconductor devices that utilize components such as those manufactured by the Company. Financing under the Collaboration Arrangement is comprised of the following elements:

- $16 million Series 3 preferred stock issuance
- $9 million license fee for transfer of the Gen 3 manufacturing process
- $5 million development loan maturing March 31, 2020 intended to pre-fund the Gen 4 (Tranche A) technology development (the "Tranche A Loan")
- $8 million development loan maturing March 31, 2021 intended to pre-fund the Gen 5 (Tranche B), 1200V (Tranche B1) technology development (the "Tranche B Loan")
- $2 million development loan maturing March 31, 2021 intended to pre-fund the 1200V technology development (the "Tranche B-1 Loan") (together with the Tranche A and Tranche B Loans, the "Development Loans")
- $10 million revolving loan (the "Tranche C Loan")

The Company has to use the funds to operate the business in a manner consistent with or reasonably related to those business activities as carried out on or prior to the Effective Date. In addition to the multiple elements outlined above, the Company and Nexperia entered into a Supply Agreement requiring that the Company be Nexperia's primary supplier of specified components until June 30, 2020 on a best efforts basis. By entering into this Collaboration Arrangement, Nexperia will gain access to technology that allows for production of high power semiconductors for use in electric vehicles.

Further, Nexperia will obtain an exclusive license and market access to automotive customers outside of Japan and a sole license (non-exclusive of the Company), as well as market access, to customers in other segments of the power market. Nexperia has a lien on certain US patents not relating to Metal organic chemical vapor deposition ("MOCVD") or epiwafer technology, per the agreement.

On December 2018, the Company received $3 million, 1st of the three tranches in relation to the transfer of Gen 3 manufacturing process and recorded it in deferred revenue as of December 31, 2018. The Company will recognize this revenue upon the completion and mutual sign off between Nexperia and the Company.

On March 31, 2019, the Company executed Amendment No. 1 to the Loan and Security Agreement (the "First Amendment to the LSA" or the "Amendment"). Under this First Amendment to the LSA the Tranche B Loan is bifurcated into the following two separate sub-tranches:

- $8 million development loan intended to pre-fund the Gen 5 (Tranche B), 1200V (Tranche B1) (Ron/2) technology development (the "Tranche B Loan")
- $2 million development loan intended to pre-fund the 1200V technology development (the "Tranche B-1 Loan" and, together with the Tranche B Loan, the "Tranche B Loans")

All other terms set forth under the original agreement remain unchanged and in full effect. The Tranche A and Tranche B Loans represent pre-funding for Gen 4 (Tranche A), Gen 5 (Tranche B), 1200V (Tranche B1) and 1200V technology development for Nexperia. The specific development activities and associated performance milestones are contained within a Statement of Work ("SoW") between the Company and Nexperia. The SoW may be modified from time to time based upon mutual business interests. This promise to perform the technology development is a good/service provided to a customer in exchange for consideration in the form of the technology development license fees that offset the Tranche A and Tranche B Loans outstanding. The Development Loans are within the scope of ASC 730-20, *Research & Development Arrangements* and are recognized as a liability equal to the cash proceeds received. No cash has been received in relation to the above loans as of December 31, 2018.

The Tranche C revolving loan of $10 million was received during the year ended December 31, 2018. See Note 9 - Debts for more information.

The Company obtained a waiver for a non-financial covenant violation in June 2019 in connection with the delivery of the 2018 audited financial statements.

Note 4 - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - Inputs (other than quoted prices included within Level 1) that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the related assets or liabilities.

Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Inputs are unobservable for the asset or liability. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following table summarizes the Company's liabilities measured at fair value as of December 31, 2018 and 2017, by level within the fair value hierarchy (in thousands):

	Level 1	Level 2	Level 3
December 31, 2018			
Promissory note	$ —	$ —	$ 15,852
December 31, 2017			
Promissory notes	$ —	$ —	$ 27,756

The following table includes the changes in fair value of the promissory notes which are Level 3 on the fair value hierarchy (in thousands):

	2018	2017
Fair value at January 1,	**$ 27,756**	**$ 13,354**
Issuance of note	—	15,000
Interest expense accrued	364	697
Principal and interest expense paid	(13,328)	(1,616)
Increase in fair value	1,060	321
Fair value at December 31,	**$ 15,852**	**$ 27,756**

There were no changes to our valuation techniques used to measure assets and liability fair values during the year ended December 31, 2018 and 2017. The valuation techniques for the items in the table above are as follows:

Level 3 borrowings, which consist of promissory notes, are measured and reported at fair value using a Monte Carlo simulation valuation model. The models can include assumptions related to the value of the notes that are based on the estimated timing and amounts of future rounds of financing, including the estimated timing of a change in control of the Company, and estimated market interest rates, which represent significant unobservable inputs. Assumptions used are 1) the Company is worth today what it can generate in future cash to the Company, 2) cash received today is more than an equal amount of cash received in the future; and 3) future cash flows can be reasonably estimated.

Note 5 - Concentration of Credit Risk and Significant Customers

The Company manages its credit risk associated with exposure to distributors and direct customers on outstanding accounts receivable through the application of credit approvals and other monitoring procedures. Credit sales, which are mainly on credit terms of 30 to 60 days, are only made to customers who meet the Company's credit standards, while sales to new customers or customers with low credit ratings are usually made on an advance payment basis. The Company closely monitors the aging of accounts receivable from its distributors and direct customers, and regularly reviews their financial positions, where available.

Significant customers are those that represent 10% or more of revenue or accounts receivable and are set forth in the following:

	Revenue For the Year Ended December 31, 2018	Accounts Receivable As of December 31, 2018
Customer A	44.0%	22.7%
Customer B	17.6%	43.7%
Customer C	16.0%	*
Customer D	*	19.3%

* Less than 10% of total

Customer B and C are related parties. See Note 17 - Related Party Transactions for more information.

Note 6 - Inventory

Inventory consists of the following as of December 31, 2018 and 2017 (in thousands):

	As of December 31,	
	2018	2017
Raw materials	$ 258	$ 41
Work in process	270	15
Finished goods	324	127
Total	**$ 852**	**$ 183**

For the years ended December 31, 2018 and 2017, no inventory write-off was recorded.

Note 7 - Property and Equipment

Property and equipment as of December 31, 2018 and 2017 consists of the following (in thousands except years):

	As of December 31,		
	2018	2017	Estimated Useful Life (in years)
Machinery and equipment	$ 14,551	$ 14,645	5
Computer equipment and software	787	915	3
Furniture and fixtures	185	184	7
Leasehold improvements (1)	4,952	5,142	7
Construction in progress	263	4	
Property and equipment, gross	20,738	20,890	
Less: accumulated depreciation and amortization	(18,606)	(18,287)	
Property and equipment, net	**$ 2,132**	**$ 2,603**	

(1) Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the related remaining lease term.

The Company recorded depreciation and amortization expense related to property and equipment of $728 thousand, and $1.1 million for the years ended December 31, 2018 and 2017, respectively.

Note 8 - Intangible Assets

The carrying values of intangible assets as of December 31, 2018 and 2017, respectively, consists of the following (in thousands except years):

	December 31, 2018				
	Gross	Accumulated Amortization	Foreign Exchange Rate Changes	Net	Estimated Useful Life (in years)
Patents	$ 2,963	$ (1,383)	$ —	$ 1,580	10
Developed technology - 150V	560	(425)	(41)	94	6
Developed technology - 600V	1,701	(1,291)	(126)	284	6
Total	**$ 5,224**	**$ (3,099)**	**$ (167)**	**$ 1,958**	

	December 31, 2017				
	Gross	Accumulated Amortization	Foreign Exchange Rate Changes	Net	Estimated Useful Life (in years)
Patents	$ 2,963	$ (1,086)	$ —	$ 1,877	10
Developed technology - 150V	560	(331)	(53)	176	6
Developed technology - 600V	1,701	(1,005)	(162)	534	6
Total	**$ 5,224**	**$ (2,422)**	**$ (215)**	**$ 2,587**	

The Company recorded amortization expenses related to intangible assets of $646 thousand and $659 thousand for the year ended December 31, 2018 and 2017, respectively.

Estimated future amortization expenses related to intangible assets at December 31, 2018 were as follows (in thousands):

Year Ending December 31,	Amount
2019	$ 645
2020	325
2021	296
2022	296
2023	296
Thereafter	100
Total	**$ 1,958**

Note 9 - Debts

Revolving Credit Facility

On April 4, 2018, the Company entered into the Loan and Security Agreement with Nexperia comprised of a $10 million revolving loan (the “Tranche C Loan”) maturing at the earlier of (i) the third anniversary of April 3, 2018, and (ii) the date a Change of Control (as defined in the Loan and Security Agreement) occurs. Interest payable by the Company will accrue on the outstanding principal amount of the loans during such period at a rate of 6% per annum. The credit facility is secured against certain of the our US patents not relating to MOVCD or epiwafer technology.

The Nexperia debt is recorded based on principal $10.0 million and accrued interest (6% interest per annum). The Company recorded interest expense of $346 thousand for the year ended December 31, 2018, resulting in a total balance of $10.3 million as of December 31, 2018.

Promissory Notes

The Company's promissory note obligations at December 31, 2018 and 2017, respectively, consists of the following (in thousands):

			Stated Value at December 31,	
	Interest Rate	Due Date	2018	2017
SCI Note	6.00%	October 2017	$ —	$ 10,031
IIDA Note	1.00%	April 2018	—	3,083
Yaskawa Note	1.00%	September 2022	15,186	15,036
Total			**$ 15,186**	**$ 28,150**

Pursuant to ASC 825-10-15-4, the Company elected to apply the fair value option for the promissory notes. As of December 31, 2018 and 2017, the Company determined the fair value for each note, as compared to the face value, including accrued interest, as follows (in thousands):

	Fair Value at December 31,	
	2018	2017
SCI Note	$ —	$ 9,977
IIDA Note	—	3,033
Yaskawa Note	15,852	14,746
Total	**$ 15,852**	**$ 27,756**

The changes in fair value of $1.1 million and $321 thousand were recorded in changes in fair value of promissory notes in the accompanying consolidated statements of operations for the years ended December 31, 2018 and 2017, respectively.

Prior to January 1, 2016, the Company issued promissory notes to Semiconductor Components Industries, LLC, a semiconductor components manufacturer (the SCI Note), for $10.0 million and to IIDA Electronics Co, Ltd., a Japanese electronics company (the IIDA Note) for $3.0 million. The stated interest rate of the SCI Note is 6.0%, and principal plus interest was due on the earlier of October 2, 2017 or the occurrence of an Event of Default or a Change of Control (both terms as defined). The stated interest rate of the IIDA Note is 1.0%, and principal plus interest is due on the earlier of April 1, 2018, or the date of the occurrence of an Event of Default or a Change of Control (both terms as defined). The IIDA Note was convertible at the option of the holder into shares of common shares at an exercise price of $9.82380 per share. The SCI Note and IIDA Note do not have embedded conversion option as they are accounted for at fair value. In April 2018, both the SCI Note and IIDA Note were paid in full, including accrued interest. The company obtained waivers from both IIDA and Yaskawa in relation to the delayed repayment of the IIDA loan.

In October 2017, the Company issued an unsecured subordinated convertible promissory note to Yaskawa Electric Corporation, (the Yaskawa Note), for $15.0 million. The stated interest rate of the Yaskawa Note is 1.0%, and principal plus interest is due on the earlier of September 30, 2022, or the date of the occurrence of an Event of Default, Change of Control or an Initial Public Offering (all terms as defined). The Yaskawa Note is convertible at the option of the holder into shares of preferred stock upon the consummation of a preferred stock financing, whose

aggregate gross proceeds are at least $10 million (Qualified Financing), under the terms of such financing, with the following conversion price per share:

a) upon the first Qualified Financing that occurs and prior to a second Qualified Financing, a price per share equal to the price per share paid by the purchasers of the preferred stock and

b) each subsequent Qualified Financing, a price per share equal to eighty percent (80%) of the price paid by the purchasers of the preferred stock, subject to a upper and lower limit of 250 million and $160 million estimated enterprise value, each, respectively, divided by the Fully Diluted Capitalization, as defined, of the Company.

In connection with its revolving credit facility and promissory note obligations, the Company recorded interest expense of $364 thousand and $697 thousand for the years ended December 31, 2018 and 2017, respectively. In accordance with the terms of the promissory notes, interest is added to the principal balance and is reflected in the carrying value on the consolidated balance sheet. As of December 31, 2018 and 2017, accrued interest on the promissory notes was $186 thousand and $150 thousand.

As of December 31, 2018, the scheduled maturity on the revolving credit facility and promissory note was as follows (in thousands):

Year Ending December 31,	Amount
2019	$ 10,346
2020	—
2021	—
2022	15,748
Total	**$ 26,094**

Note 10 - Investment in Aizu Fujitsu Semiconductor Wafer Solution Limited (“AFSW”)

On May 23, 2017, Transphorm acquired a 49% interest in AFSW for 1,000,000 Japanese Yen ($9,000 USD). In connection with the transaction, Transphorm entered into a Joint Venture Agreement (“JVA”) with the 51% owner, Aizu Fujitsu Semiconductor Limited, a subsidiary of Fujitsu Semiconductor Limited. AFSW manufactures semiconductor products exclusively for its owners under manufacturing agreements at prices estimated to cover the cost of production. In connection with the JVA, the Company seconded certain employees from AFSW and entered into a Manufacturing Agreement with AFSW. The JVA provides for certain put and call rights on February 1, 2020 and continue for 180 days thereafter. The 51% owner has the right to put their interest to the Company and the Company can call the other owners interest in AFSW, in either case, for a price, based upon the greater of a formula based upon the increase in net book value or 1 Yen. The Company expects that if either option were to be exercised the price would be 1 Japanese Yen. The JVA provided that the Company was responsible for the costs and expenses to procure the equipment for wafer processing if solely required for the Company’s gallium nitride products. The JVA provided for monthly payments during the term of the manufacturing agreement for specified equipment and at the conclusion of the payments ownership will transfer to the Company.

AFSW was determined to be a variable interest entity (“VIE”) as the equity at risk was not believed to be sufficient. AFSW depends on its owners for any additional cash. In 2018 and 2017, the Company extended $1.9 million and $1.2 million, respectively, to AFSW to fund their operations. The Company’s known maximum exposure to loss approximated the carrying value of our investment balance, which included the financing. Potential future losses could be higher than the carrying amount of the Company’s investment, as they are liable, along with the other owner, for other future operating costs or obligations of AFSW. In addition, because Transphorm is currently committed to purchasing our GaN wafers and production-related services, at pre-agreed pricing based upon our second generation products, the Company may be required to purchase products at a higher cost for its

newer generation products. Unfunded commitment to AFSW was $0.7 million and $98 thousand as of December 31, 2018 and 2017, respectively.

The Company has determined that they do not have the characteristics of a primary beneficiary in the VIE, and therefore, account for our interest in AFSW using the equity method of accounting. On a quarterly basis the Company will reassess whether our interest in AFSW gives us a controlling financial interest in AFSW. The purpose of this quarterly reassessment is to identify the primary beneficiary of AFSW. The Company determined that they were not the primary beneficiary of the VIE, by virtue of shared non-controlling power with the other owner within AFSW's Board of Directors, thereby not having the power to direct the activities of AFSW that most significantly impact its economic performance.

The Company' investment activities in AFSW for the years ended December 31, 2018 and 2017 are summarized below (in thousands):

	2018	2017
Beginning balance at January 1,	$ (98)	$ —
Investment	1,852	1,225
Loss	(2,404)	(1,324)
Effect of exchange rate change	(9)	1
Ending balance at December 31,	**$ (659)**	**$ (98)**

Summarized financial information of AFSW as of December 31, 2018 and 2017 are as follows (in thousands):

	As of December 31,	
	2018	2017
Current assets	$ 4,096	$ 3,048
Long-term assets	4,194	4,189
Other current liabilities	961	622
Due to controlling owner	12,031	8,607
Due to Transphorm	2,960	688
Net deficit	**$ (7,662)**	**$ (2,680)**

	Year Ended December 31, 2018	Short Period From Inception on May 23 to December 31, 2017
Sales	$ 22,283	$ 8,640
Gross loss	$ (2,523)	$ (1,928)
Net loss	$ (4,906)	$ (2,701)

Note 11 - Commitments and Contingencies

Operating Leases

The Company leases office and fabrication space in Goleta, California, and office spaces in San Jose, California and in Japan under noncancelable operating lease agreements. The terms of certain leases provide for escalating rental payments through the term of the lease. The Company recognizes rent expense on a straight-line basis over the lease term and accrues for rent expense incurred but not paid.

As of December 31, 2018, future minimum operating lease commitments were as follows (in thousands):

Year Ending December 31,	Amount
2019	$ 717
2020	703
2021	489
2022	163
Total	**$ 2,072**

The Company recorded rent expense, net of rental income, which includes common area maintenance fees in addition to the base rent of $0.9 million and $1.0 million for the years ended December 31, 2018 and 2017, respectively. Rental income from noncancelable sublease for the year ended December 31, 2018 was $121 thousand. As of December 31, 2018, the future minimum rental payments to be received under the noncancelable sublease is $397 thousand through February 2021.

Contingencies

During the ordinary course of business, the Company may become a party to legal proceedings incidental to its business. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimable. Legal cost is expensed as incurred. The company is not aware of any material legal claims or assessments, although the results of litigation and claims are inherently unpredictable, management believes there was not at least a reasonable possibility that the Company had incurred a material loss with respect to such loss contingencies as of December 31, 2018 and through date of this report.

Indemnification

The Company from time to time enters into types of contracts that contingently require the Company to indemnify parties against third-party claims. These contracts primarily relate to: 1) real estate leases, under which the Company may be required to indemnify property owners for environmental and other liabilities and for other claims arising from the Company's use of the applicable premises; 2) agreements with the Company's officers, directors, and employees, under which the Company may be required to indemnify such persons from liabilities arising out of their relationship; 3) indemnifying customers in the event of product failure; and 4) agreements with outside parties that use the Company's intellectual property, under which the Company may indemnify for copyright or patent infringement related specifically to the use of such intellectual property.

Historically, the Company has not been required to make payments under these obligations, and no liabilities have been recorded for these obligations in the Company's consolidated financial statements.

Note 12 - Convertible Preferred Stock

As of December 31, 2018, and 2017 the Company's convertible preferred stock consists of the following (in thousands, except share and per share amounts):

December 31, 2018	Authorized Shares	Outstanding Shares	Carrying Value	Par Value per Share	Preference Value
Series 1	12,438,704	12,433,953	$ 39,658	$ 0.001	$ 40,000
Series 2	7,507,699	7,499,996	30,000	$ 0.001	30,000
Series 3	4,000,000	4,000,000	16,000	$ 0.001	16,000
	23,946,403	23,933,949	$ 85,658		$ 86,000

December 31, 2017	Authorized Shares	Outstanding Shares	Carrying Value	Par Value per Share	Preference Value
Series 1	12,438,704	12,433,953	$ 39,658	$ 0.001	$ 40,000
Series 2	7,507,699	7,499,996	30,000	$ 0.001	30,000
	19,946,403	19,933,949	$ 69,658		$ 70,000

Series 1 and 2 Preferred Stock

KKR Phorm Investors L.P. (KKR) purchased 12,433,953 shares of Series 1 preferred stock, par value $0.001 per share, at a per share price of $3.217 for an aggregate purchase price of approximately $40 million. KKR and other investors with a small percentage (~0.02%) purchased 7,499,996 shares of Series 2 preferred stock, par value $0.001 per share, at a per share price of $4.00 for an aggregate purchase price of approximately $30 million.

Series 3 Preferred Stock

On March 26, 2018, the Company entered into a stock purchase agreement and related contracts in order to effectuate the issuance of its Series 3 preferred stock to Nexperia. Pursuant to the terms of the stock purchase agreement, Nexperia purchased 4,000,000 shares of Series 3 preferred stock, par value $0.001 per share, at a per share price of $4.00, for an aggregate purchase price of approximately $16 million equating to a total ownership stake of approximately 9.9% on a fully-diluted basis. The Company has reserved shares of common stock, par value $0.001 per share, for issuance upon conversion of the Series 3 preferred stock (the conversion shares). The Series 3 preferred stock issued is substantially pari passu with the Company's Series 1 and Series 2 preferred stock previously issued to KKR with a small percentage (~0.02%) issued to other investors.

Each share of Series 1, Series 2 and Series 3 preferred stock are convertible at the option of the holder into such number of shares of common stock as is determined by dividing the original issue price (OIP) of the Series 1, Series 2 and Series 3 preferred stock by the conversion price in effect at the time of the conversion. The conversion price of the Series 1, Series 2 and Series 3 preferred stock is subject to adjustment for certain events. Each share of Series 1, Series 2 and Series 3 preferred stock automatically converts into common stock immediately upon the closing of an underwritten public offering of the Company's common stock in which the aggregate net proceeds are at least $40 million and the offering price per share is not less than 1.5 times the OIP of the Series 1, Series 2 and Series 3 preferred stock (a Qualifying Public Offering).

The rights, privileges, and preferences of the Series 1, Series 2, and Series 3 convertible preferred stock are as follows:

Liquidation Rights - In the event of any liquidation, dissolution, or winding up of the Company, either voluntary or involuntary, the holders of convertible preferred stock will be entitled to receive, prior and in preference to any distribution of any assets of the Company to the holders of common stock, an amount per share equal to

$3.217 per share for Series 1, $4.00 per share for Series 2 and $4.00 per share for Series 3, plus any declared but unpaid dividends. If, upon the occurrence of such an event, the assets and funds thus distributed among the holders of the convertible preferred stock are insufficient to permit the payment of the preferential amounts, the entire assets and funds legally available for distribution will be distributed ratably among the holders of convertible preferred stock in proportion to the full amount to which they would otherwise be respectively entitled. If, upon satisfaction of the convertible preferred stock preferences, there are any remaining assets and funds available for distribution, they will be ratably distributed among the holders of common stock.

Conversion - The convertible preferred stock is convertible at the option of the holder at any time into common stock on a one-for-one basis, subject to certain adjustments for anti-dilution. Each share of convertible preferred stock automatically converts into common stock in the event of an initial public offering (IPO) in which the proceeds are at least $40,000,000, net of the underwriting discount and commissions, and the offering price per share is not less than 1.5 times the original issue price of the convertible preferred stock.

Dividends - The holders of convertible preferred stock are entitled to receive, out of funds legally available, cash dividends at the rate of $0.25736 per annum for Series 1, $0.32 per annum for Series 2 and $0.32 per annum for Series 3 on each outstanding share. Such dividends are payable when, as, and if declared by the Board of Directors and are noncumulative. Through December 31, 2018 no such dividends have been declared.

Voting - The holders of Series 1 convertible preferred stock shall be entitled to the number of votes equal to ten times the number of shares of common stock into which such shares could be converted, and the holders of Series 2 convertible preferred stock shall be entitled to the number of votes equal to the number of shares of common stock into which such shares could be converted. Each holder of Series 3 preferred stock shall be entitled to the number of votes equal to ten times the number of shares of common stock into which the shares of Series 3 preferred stock held by such holder could be converted as of the record date.

Due to certain provisions in liquidation and conversion rights the company has presented the convertible preferred stock outside of stockholders deficit as mezzanine equity.

Note 13 - Stockholders' Equity

Common Stock

In March 2018, the Company amended the Certificate of Incorporation, to increase the number of authorized shares of common stock from 24,867,458 to a new total of 29,012,034 shares of $0.001 par value common stock. Common stockholders are entitled to dividends, as and when declared by the Board of Directors, subject to the priority dividend rights of the holders of other classes of stock. There have been no dividends declared to date. The holder of each share of common stock is entitled to one vote.

At December 31, 2018, the Company has reserved shares of common stock for future issuance as follows:

Conversion of convertible preferred stock	23,946,403
Stock option plans	4,025,218
Common stock warrants	26,157
Total	**27,997,778**

Common Stock Warrants

At December 31, 2018, the following warrants to purchase common stock were outstanding:

Number of Shares	Exercise Price	Expiration Date
10,696	$18.699	April 2019
6,046	$34.732	November 2020
6,046	$34.732	February 2025
3,369	$54.408	February 2025
26,157		

Note 14 - Stock Option Plans

In 2007, the Board of Directors adopted the 2007 Stock Option Plan (the 2007 Plan). The 2007 Plan provides for the granting of incentive and nonstatutory stock options to employees, officers, directors and consultants of the Company. Stock options are generally granted with terms of up to 10 years and with a strike price equal to or greater than the fair value on the date of grant, as determined by the Board of Directors. The 2007 Plan provides for standard vesting of stock options of 25% after 12 months and 1/36th of the remaining balance monthly. Effective June 2015, no additional grants were available under the 2007 Plan. As of December 31, 2018, 213,017 shares were issued and outstanding under the 2007 plan.

In June 2015, the Board of Directors adopted the 2015 Equity Incentive Plan (the 2015 Plan). The 2015 Plan provides for the granting of incentive and nonstatutory stock options to purchase the Company's common stock, stock appreciation rights, restricted stock and restricted stock units to employees, directors and consultants of the Company. Under the terms of the 2015 Plan, stock options and stock appreciation rights may be granted with terms of up to ten years at exercise prices of no less than 100% of the fair market value of the Company's common stock on the grant date. As of December 31, 2018, 2,164,163 shares were issued and outstanding under the 2015 plan.

The following table summarizes stock option activity under the 2007 Plan and 2015 Plan and related information:

	Number of Shares Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Balance at January 1, 2017	**1,354,381**	**2,682,570**	**$ 4.83**	**9.37**	**$ —**
Options granted	(37,749)	37,749	$ 4.34		
Options exercised	—	(11,733)	$ 4.22		
Options canceled	272,749	(272,749)	$ 5.07		
Balance at December 31, 2017	**1,589,381**	**2,435,837**	**$ 4.80**	**8.38**	**$ —**
Options granted	(46,005)	46,005	$ 4.34		
Options canceled	104,662	(104,662)	$ 4.70		
Balance at December 31, 2018	**1,648,038**	**2,377,180**	**$ 4.79**	**7.46**	**$ —**
Exercisable at December 31, 2018		**1,741,165**	**$ 5.07**	**7.28**	**$ —**

Stock-based compensation expense is determined based on the fair value of the Company's common stock as determined by the Board of Directors and assumptions such as volatility, expected term, risk-free interest rates, and other factors. Changes in the deemed fair value of the common stock, the underlying assumptions in the

calculations, the number of options granted or the terms of such options, the expected forfeiture rate, the treatment of tax benefits and other changes may result in significant differences in the amounts or timing of the compensation expense recognized. The assumptions and estimates are made as follows:

- *Fair Value of Common Stock* - The fair value of the shares of common stock underlying the stock options has been determined by the Board of Directors, utilizing valuation studies performed by third-party advisors. Because there has been no public market for the Company's common stock, the Board of Directors has determined fair value of the common stock at the time of grant of the options by considering a number of objective and subjective factors, including valuations of comparable companies, sales of convertible preferred stock to unrelated third parties, operating and financial performance, the lack of liquidity of capital stock, and general and industry-specific economic outlook. The Company has not granted stock options with an exercise price that is less than the fair value of the underlying common stock as determined at the time of grant by the Board of Directors.

- *Expected Volatility* - The Company utilizes the historical volatility of representative public companies to determine its expected volatility, as there is no public trading of the Company's common stock.

- *Estimated Forfeitures* - The Company adopted ASU 2016-09, *Compensation-Stock Compensation (Topic 718)*: *Improvements to Employee Share-Based Payment Accounting* and has elected to account for forfeitures as they occur and therefore, stock-based compensation expense for the year ended December 31, 2018 has been calculated based on actual forfeitures in the statements of operations, rather than our previous approach which was net of estimated forfeitures. The net cumulative effect of this change was not material.

- *Expected Dividend Yield* - The Company has not issued any common stock dividends; therefore, a dividend yield of zero was used.

- *Risk-Free Interest Rate* - The Company bases the risk-free interest rate used in the Black- Scholes-Merton option pricing model on the implied yield currently available on United States Treasury zero-coupon issues with an equivalent expected term.

- *Expected Term* - The expected term of stock options represents the period that the Company's stock options are expected to be outstanding. The Company generally uses the simplified method to calculate the expected term for employee grants.

The assumptions used to value options granted to employees during the year ended December 31, 2018 and 2017, were as follows:

	Year Ended December 31,	
	2018	2017
Weighted average expected life (in years)	5.84	6.02
Risk-free interest rate	2.51% - 2.52%	1.82% - 2.01%
Expected volatility	38.1% - 38.2%	38.9% - 40.7%
Weighted average grant date fair value	$0.84	$1.81
Dividend yield	—%	—%

As of December 31, 2018, there was $846 thousand of unrecognized stock-based compensation cost related to stock options granted to employees under the 2007 Plan and the 2015 Plan. The unrecognized compensation cost is expected to be recognized over an estimated weighted average amortization period of 1.76 years.

The accompanying consolidated statement of operations and comprehensive loss includes stock-based compensation expense as follows (in thousands):

	Year Ended December 31,	
	2018	2017
Cost of revenue	$ 41	$ —
Research and development	186	259
Sales and marketing	45	223
General and administrative	313	646
Total	**$ 585**	**$ 1,128**

Note 15 - 401(k) Savings Plan

The Company has a 401(k) savings plan (the 401(k) plan). The 401(k) plan is a defined contribution plan intended to qualify under Section 401(k) of the Internal Revenue Code. All full-time employees of the Company are eligible to participate pursuant to the terms of the 401(k) plan. Contributions by the Company are discretionary, and the Company made no contributions during the years ended December 31, 2018 and 2017.

Note 16 - Income Taxes

For the year ended December 31, 2018, the Company reported a worldwide consolidated pre-tax loss of $25.8 million, which consisted of a pre-tax loss from U.S. operations of approximately $22.1 million, pre-tax loss from Transphorm Japan, Inc. operations of approximately $1.3 million and a pre-tax loss from Transphorm Aizu, Inc. operations of approximately $2.4 million. For the year ended December 31, 2017, the Company reported a worldwide consolidated pre-tax loss of $32.2 million, which consisted of a pre-tax loss from U.S. operations of approximately $29.6 million, a pre-tax loss from Transphorm Japan, Inc. operations of approximately $1.3 million and a pre-tax loss from Transphorm Aizu, Inc. operations of $1.3 million .

There is no U.S. federal or foreign provision for income taxes because the Company has incurred operating losses since inception and is in a full valuation allowance position. For the year ended December 31, 2018 and 2017, the Company has recorded a state income tax provision of $1 thousand which represents minimum taxes. Deferred income taxes reflect the net tax effects of the net operating losses and the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and deferred tax liabilities as follows (in thousands):

	As of December 31,	
	2018	2017
Deferred tax assets:		
Net operating loss carryforwards	$ 42,181	$ 36,256
Tax credits	3,808	3,090
California capitalized research and development	290	459
Depreciation	153	270
Others, net	272	262
Total deferred tax assets	46,704	40,337
Valuation allowance	(46,703)	(40,337)
Deferred tax asset, net of valuation allowance	1	—
Deferred tax liabilities:		
Others, net	(1)	—
Total deferred tax liabilities	(1)	—
Net deferred tax assets	**$ —**	**$ —**

As of December 31, 2018, and 2017, the Company had no assurance that future taxable income would be sufficient to fully utilize the net operating loss carryforwards and other deferred tax assets in the future. Consequently, the Company determined that a valuation allowance of approximately $46.7 million and $40.3 million as of December 31, 2018, and 2017, was needed to offset the deferred tax assets resulting mainly from the net operating loss carryforwards.

The Company files income tax returns in the U.S. federal and California jurisdictions and is subject to U.S. federal, state, and local income tax examinations by tax authorities. Generally, the statute of limitations is 3 years for U.S. federal income tax and 4 years for state and local taxes. The statute of limitations may be extended for tax years where a corporation has a net operating loss carryforward or by agreement with the jurisdictional taxing authority. Accordingly, all of the Company's U.S. federal, state and local income tax years since inception remain open to examination by tax authorities. The Company is not currently under audit by any taxing authority.

The Company follows the provisions of uncertain tax positions as addressed in ASC 740-10. The Company recognized no increase or decrease in the liability for unrecognized tax benefits for any period presented. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the period presented. The Company had no accruals for interest and penalties at December 31, 2018, and 2017.

The utilization of the Company's net operating loss and tax credit carryforwards is dependent on the future profitability of the Company. Further, the Internal Revenue Code imposes substantial restrictions on the utilization of such carryforwards in the event of an ownership change of more than 50%, as defined, during any three-year period (Section 382 and 383 limitations). The Company has determined that several ownership changes have occurred, which have resulted in substantial limitations on the Company's ability to utilize its pre-ownership change net operating loss and tax credit carryforwards. These substantial limitations are expected to result in both a permanent loss of certain tax benefits related to net operating loss carryforwards and federal research and development credits, as well as an annual utilization limitation. The company plans to perform a study of its available NOL's that are subject to section 382 and 383 limitations to determine its expected utilization period.

As of December 31, 2018, the Company has federal net operating loss carryforwards of $227.6 million, of which $207.6 million will begin to expire in 2027 unless previously utilized, and the Company has state net

operating loss carryforwards of $149.9 million which will begin to expire in 2021 unless previously utilized. The Company also has foreign net operating loss carryforwards of approximately $4.1 million which will begin to expire in 2024. The federal net operating loss generated for the year ended 2018 of $20.0 million can be carried forward indefinitely. However, the federal deduction for net operating losses incurred in tax years beginning after January 1, 2018 is limited to 80% of annual taxable income. The state net operating loss generated for the year ended 2018 of $15.3 million can be carried forward 20 years.

As of December 31, 2018, the Company has federal research and development credit carryforwards of $3.7 million, which will begin to expire in 2032 unless previously utilized, and the Company had California research and development credit carryforwards of $3.0 million, which do not expire.

Deferred tax assets have not been established for net operating and tax credit carryforwards that are deemed to have no value due to the Section 382 and 383 limitations discussed above and, therefore, are not reflected in the table of deferred tax assets presented above. Future ownership changes, if any, may further limit the Company's ability to utilize its remaining net operating losses and tax credit carryforwards.

Reconciliation between federal statutory tax rate and the effective tax rate is shown in the following table:

	Year Ended December 31,	
	2018	**2017**
Federal statutory income tax rate	21.00%	34.00%
Research and development credit	1.61%	1.58%
Nondeductible expenses	(1.81)%	(1.64)%
Loss in joint venture	(1.99)%	(1.40)%
Foreign income tax rate difference	(1.04)%	(1.37)%
Others, net	0.02%	0.09%
Federal tax rate change	—%	(54.39)%
Valuation allowance	(17.79)%	23.13%
Effective tax rate	**—%**	**—%**

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "Tax Reform Act") was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax regime by, among other things, lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018, while also repealing the deduction for domestic production activities, implementing a territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. At December 31, 2017, the Company has completed its accounting for the tax effects of enactment of the Tax Act. As a result of the Tax Reform Act, the Company reduced its deferred tax assets by $17.5 million which was offset by a corresponding reduction in the valuation allowance of the same amount resulting in net impact of zero on income tax expense due to a remeasurement of deferred tax assets and liabilities for the year ended December 31, 2017. The Deemed Repatriation Transition Tax ("Transition Tax") is a tax on previously untaxed accumulated and current earnings and profits of our foreign subsidiary. To determine the amount of the Transition Tax, the Company must determine, in addition to other factors, the amount of post-1986 earnings and profits of the relevant subsidiary, as well as the amount of non-U.S. income taxes paid on such earnings. The Company has determined that it will not owe a Transition Tax since it has deficit for our foreign subsidiary that are subject to the tax

Note 17 - Related Party Transactions

During the year ended December 31, 2018, the Company entered into the following related party transactions:

- Recorded $751 thousand in cost of goods sold for services, incurred expenses of $560 thousand for research and development activities, and incurred $175 thousand for employees and their related benefits seconded from the joint venture with AFSW;
- Sold $269 thousand of products to non-controlling common stockholders of the Company and incurred $200 thousand of license maintenance fee from a non-controlling common stockholder of the Company;
- Incurred $71 thousand for employees and their related benefits seconded from a common stockholder of the Company; and
- Sold $37 thousand of products to common stockholders and former noteholders of the Company.
- Recorded $3.0 million in deferred license fee and sold $166 thousand of products to a convertible preferred stockholder of the Company.

As of December 31, 2018, total accounts receivable from related parties was $3.1 million, consisting of $3.0 million from the joint venture with AFSW, $123 thousand from non-controlling common stockholders of the Company, $10 thousand from non-controlling common stockholder and noteholder of the Company and $54 thousand from a convertible preferred stockholder and noteholder of the Company. As of December 31, 2018, total accounts payable to related parties was $122 thousand to non-controlling common stockholders of the Company.

During the year ended December 31, 2017, the Company entered into the following related party transactions:

- Purchased $2.7 million of research and development services from non-controlling common stockholders of the Company;
- Leased $43 thousand of office space from a non-controlling common stockholder of the Company;
- Incurred $651 thousand for employees and their related benefits seconded from a non-controlling common stockholder of the Company;
- Shipped $237 thousand of product samples to non-controlling common stockholders of the Company and incurred $200 thousand of license maintenance fee from a non-controlling common stockholder of the Company; and
- Shipped $51 thousand of product samples to and purchased $5 thousand of goods from non-controlling common stockholders and noteholders of the Company.

As of December 31, 2017, total due from related parties was $0.7 million, consisting of $0.7 million from the joint venture with AFSW, $22 thousand from common stockholders of the Company and $6 thousand from non-controlling common stockholders and noteholders of the Company. As of December 31, 2017, total due to related parties was $219 thousand to non-controlling common stockholders of the Company.

The services provided to the Company were recorded as research and development expenses, the office space leased was recorded to rent expense and the shipment of product samples were recorded as an offset to research and development expenses.

Note 18 - Subsequent Events

Navy Contract

In 2018 the Company was awarded a base contract with a value of $2.6 million with an option with the US Navy (the “Navy”contract). The option portion of the Navy contract went into effect as of June 6, 2019. The value of the option portion of the Navy Contract is $15.9 million, bringing the total value of the Navy Contract to $18.5 million. The length of the Navy Contract is three years. The award is in relation to the development of Nitrogen-Polar and Gallium-Polar GaN on various substrates for multiple end applications.

Extension of Lease

The Company has extended its lease on the 75 Castilian location for three years starting June 30, 2019. Total lease commitment with an annual 3 percent increase for three years is $950 thousand. The extended lease is included in future minimum operating lease commitments in Note 11 - Commitment and Contingencies.

Nexperia Arrangement

During 2019, the Company received $21.0 million from Nexperia consisting of $6 million under the Gen 3 manufacturing process transfer and $15.0 million for the Tranches A, B and B-1 loans. See Note 3 - Nexperia Arrangement.

Merger Agreement

On February 12, 2020, Peninsula Acquisition Corporation, Acquisition Sub and Transphorm Technology entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”). Pursuant to the terms of the Merger Agreement, on February 12, 2020, Acquisition Sub merged with and into Transphorm Technology, with Transphorm Technology continuing as the surviving corporation and a wholly-owned subsidiary of Peninsula Acquisition Corporation. The Merger was treated as a recapitalization and reverse acquisition for financial reporting purposes. Transphorm Technology is considered the acquirer for accounting purposes. Immediately after completion of the merger, Peninsula Acquisition Corporation adopted Transphorm Technology’s former company name, Transphorm, Inc. as its company name.

Private Placement

Following the Merger, the Company sold 5,365,000 shares of common stock pursuant to an initial closing of a private placement offering for up to 12,500,000 shares of common stock at a purchase price of $4.00 per share. The Company may hold one or more subsequent closings at any time prior to February 28, 2020, unless otherwise extended, to sell the remaining shares in the private placement offering. The aggregate gross proceeds from the initial closing of the Offering were $21.46 million (before deducting placement agent fees and expenses of the initial closing of the Offering, which are estimated at $2.43 million).

Yaskawa Letter of Intent

In February, 2020, the Company entered into a letter of intent with Yaskawa that the Company believes will form the basis for a mutually beneficial cooperation agreement between the Company and Yaskawa to be finalized later this year. This letter of intent contemplates the following:

- Yaskawa intends to enter into a long-term cooperation and development agreement with the Company to use our GaN power device products for a variety of industrial power conversion applications, which will initially focus on servo motor drive applications.

- Yaskawa intends to provide at least $4.0 million to fund the Company's development activities, with an expected funding start date of May 2020, from which amount Yaskawa intends to provide $1.0 million in 2020 in connection with ongoing development activities.

Transphorm, Inc.
Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2019 and 2018 (unaudited)

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Transphorm, Inc.
Condensed Consolidated Balance Sheets
(in thousands except share and per share data)

	(unaudited) September 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 2,911	$ 3,069
Accounts receivable, net, including related parties	325	280
Inventory	1,140	852
Prepaid expenses and other current assets	860	624
Total current assets	5,236	4,825
Property and equipment, net	1,859	2,132
Goodwill	1,333	1,306
Intangible assets, net	1,477	1,958
Other assets	329	278
Total assets	**$ 10,234**	**$ 10,499**
Liabilities, convertible preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 969	$ 1,351
Development loan	5,000	—
Revolving credit facility, including accrued interest	10,305	10,346
Deferred revenue	6,000	3,000
Unfunded commitment to joint venture	2,015	659
Accrued payroll and benefits	1,036	1,172
Total current liabilities	25,325	16,528
Development loan, net of current portion	8,000	—
Promissory note	16,065	15,852
Total liabilities	**49,390**	**32,380**
Commitments and contingencies (Note 8)		
Convertible preferred stock (Note 9):		
Series 1, $0.001 par value; 12,438,704 shares authorized and 12,433,953 shares issued and outstanding as of September 30, 2019 and December 31, 2018	39,658	39,658
Series 2, $0.001 par value; 7,507,699 shares authorized and 7,499,996 shares issued and outstanding as of September 30, 2019 and December 31, 2018	30,000	30,000
Series 3, $0.001 par value; 4,000,000 shares authorized, issued and outstanding as of September 30, 2019 and December 31, 2018	16,000	16,000
Total convertible preferred stock	**85,658**	**85,658**
Stockholders' deficit:		
Common stock, $0.001 par value; 29,012,034 shares authorized and 4,219,606 shares issued and outstanding as of September 30, 2019 and December 31, 2018	4	4
Additional paid-in capital	22,264	21,829
Accumulated deficit	(146,349)	(128,632)
Accumulated other comprehensive loss	(733)	(740)
Total stockholders' deficit	**(124,814)**	**(107,539)**
Total liabilities, convertible preferred stock and stockholders' deficit	**$ 10,234**	**$ 10,499**

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

Transphorm, Inc.
Condensed Consolidated Statements of Operations (unaudited)
(in thousands except share and per share data)

	Nine Months Ended September 30,	
	2019	**2018**
Revenue, net	$ 2,011	$ 915
Operating expenses:		
Cost of goods sold	4,211	3,336
Research and development	6,245	6,928
Sales and marketing	2,098	2,739
General and administrative	4,015	4,129
Total operating expenses	16,569	17,132
Loss from operations	(14,558)	(16,217)
Interest expense	567	536
Loss in joint venture	3,004	1,185
Changes in fair value of promissory notes	101	821
Other income, net	(513)	(158)
Loss before tax expense	(17,717)	(18,601)
Tax expense	—	—
Net loss	**$ (17,717)**	**$ (18,601)**
Loss per share - basic and diluted	$ (4.20)	$ (4.41)
Weighted average common shares outstanding - basic and diluted	4,219,606	4,219,606

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

Transphorm, Inc.
Condensed Consolidated Statements of Comprehensive Loss (unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2019	**2018**
Net loss	$ (17,717)	$ (18,601)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	7	(76)
Other comprehensive income (loss), net of tax	7	(76)
Comprehensive loss	**$ (17,710)**	**$ (18,677)**

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

Transphorm, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Deficit (unaudited)
(in thousands except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Stockholders' Deficit
	Number of Shares	Amount				
Balance at January 1, 2018	**4,219,606**	**$ 4**	**$ 21,244**	**$ (102,834)**	**$ (742)**	**$ (82,328)**
Stock-based compensation	—	—	455	—	—	455
Other comprehensive loss	—	—	—	—	(76)	(76)
Net loss	—	—	—	(18,601)	—	(18,601)
Balance at September 30, 2018	**4,219,606**	**$ 4**	**$ 21,699**	**$ (121,435)**	**$ (818)**	**$ (100,550)**
Balance at January 1, 2019	**4,219,606**	**$ 4**	**$ 21,829**	**$ (128,632)**	**$ (740)**	**$ (107,539)**
Stock-based compensation	—	—	435	—	—	435
Other comprehensive income	—	—	—	—	7	7
Net loss	—	—	—	(17,717)	—	(17,717)
Balance at September 30, 2019	**4,219,606**	**$ 4**	**$ 22,264**	**$ (146,349)**	**$ (733)**	**$ (124,814)**

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

Transphorm, Inc.
Condensed Consolidated Statements of Cash Flows (unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2019	**2018**
Cash flows from operating activities:		
Net loss	$ (17,717)	$ (18,601)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Capitalized interest cost	455	210
Depreciation and amortization	920	1,057
Stock-based compensation	435	455
Changes in fair value of promissory notes	101	821
Loss on disposal of property and equipment	—	75
Loss in joint venture	3,004	1,185
Changes in operating assets and liabilities:		
Accounts receivable	(45)	(294)
Inventory	(288)	(704)
Prepaid expenses and other current assets	(236)	547
Other assets	(51)	17
Accounts payable and accrued expenses	(766)	(909)
Deferred revenue	3,000	—
Accrued payroll and benefits	(136)	(169)
Net cash provided by (used in) operating activities	**(11,324)**	**(16,310)**
Cash flows from investing activities:		
Purchases of property and equipment	(155)	(46)
Investment in joint venture	(1,696)	(1,548)
Net cash used in investing activities	**(1,851)**	**(1,594)**
Cash flows from financing activities:		
Proceeds from issuance of Series 3 convertible preferred stock	—	16,000
Proceeds from issuance of revolving credit facility	—	7,000
Proceeds from issuance of development loans	13,000	—
Principal payments on debt	—	(13,000)
Net cash provided by financing activities	**13,000**	**10,000**
Effect of foreign exchange rate changes on cash and cash equivalent	**17**	**(95)**
Net decrease in cash and cash equivalents	**(158)**	**(7,999)**
Cash and cash equivalents at beginning of period	3,069	9,973
Cash and cash equivalents at end of period	**$ 2,911**	**$ 1,974**
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 496	$ 328

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1 - Business and Basis of Presentation

Transphorm, Inc. develops gallium nitride ("GaN") semiconductor components used in power conversion. Transphorm was incorporated in the state of Delaware on February 22, 2007. Transphorm, Inc's activities to date have been primarily performing research and development, establishing manufacturing infrastructure, market sampling, hiring personnel, and raising capital to support and expand these activities. Transphorm, Inc. is headquartered in Goleta, California. Transphorm Japan, Inc. was established in February 2014 to increase Transphorm, Inc's production capacity and establish a direct presence in Asian markets. Transphorm, Inc., Transphorm Japan Inc. and Transphorm Aizu, Inc. are collectively referred to "Transphorm," the "Company" or "our" in these notes.

In management's opinion, the accompanying unaudited consolidated financial statements of Transphorm reflect all adjustments of a normal and recurring nature that are necessary for a fair presentation of the results for the interim period ended September 30, 2019, but are not necessarily indicative of the results that will be reported for the entire year or any other interim period. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with Accounting Principles Generally Accepted in the United States of America ("GAAP") have been condensed or omitted. The aforementioned unaudited condensed consolidated financial statements are prepared in conformity with GAAP and in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission. The interim information should be read in conjunction with the audited financial statements and notes thereto included in the Company's Form 8-K filed on February 13, 2020. The balance sheet as of December 31, 2018 is derived from audited financial statements.

The preparation of interim unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Material estimates subject to change include, among other items, the determination of allowance for loan and lease losses and allowance for off-balance sheet items, other-than-temporary impairment, securities valuations, the fair value of other assets and liabilities acquired in a business combination and income taxes. Actual results could differ from those estimates.

Stock Conversion

On February 12, 2020, The Company entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement"). See Note 15 - Subsequent Events for more information. As a result of the Merger, the Company's stock immediately prior to the closing of the Merger included herein was retroactively restated for the effect of the stock conversion as follows:

- Series 1 convertible preferred stock: 51,700,000 shares authorized and 51,680,254 shares issued and outstanding were converted into 12,438,704 shares authorized and 12,433,953 shares issued and outstanding, respectively;
- Series 2 convertible preferred stock: 38,800,000 shares authorized and 38,760,190 shares issued and outstanding were converted into 7,507,699 shares authorized and 7,499,996 shares issued and outstanding, respectively;
- Series 3 convertible preferred stock: 31,850,304 shares authorized, issued and outstanding were converted into 4,000,000 shares authorized, issued and outstanding; and
- Common stock: 350,000,000 shares authorized and 50,905,160 shares issued and outstanding were converted into 29,012,034 shares authorized and 4,219,606 shares issued and outstanding, respectively.

The stock conversion did not change the par value of the Company's stock. Stock price per share was adjusted in proportion to the decrease in shares to maintain equal value. In addition, stock options and stock warrants are reduced at 1 for 12.0639594 rate pursuant to the Merger Agreement and the reduced stock options and stock warrants were retroactively restated for the effect of the stock conversion.

Going Concern

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As included in the accompanying condensed consolidated financial statements, the Company has generated recurring losses from operations and has an accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern for the next twelve months from the issuance of these condensed consolidated financial statements.

Management plans to raise additional working capital to fund operations through the issuance of stock to investors, license of intellectual property and/or issuance of notes payable. However, there is no assurance that the Company will be successful in raising additional capital.

The ability of the Company to continue as a going concern is dependent on its ability to raise adequate capital to fund operating losses until it is able to generate liquidity from its business operations. To the extent sufficient financing is not available, the Company may not be able to, or may be delayed in, developing its offerings and meeting its obligations. The Company will continue to evaluate its projected expenditures relative to its available cash and to evaluate financing alternatives in order to satisfy its working capital and other cash requirements. The accompanying condensed consolidated financial statements do not reflect any adjustments that might result from the outcome of these uncertainties.

Recently Issued Accounting Standards Adopted

In July 2017, the FASB issued ASU 2017-11, *Earnings Per Shares (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815).* ASU 2017-11 changes the classification analysis of certain equity-linked financial instruments, such as warrants and embedded conversion features, such that a down round feature is disregarded when assessing whether the instrument is indexed to an entity's own stock under Subtopic 815-40. As a result, a down round feature — by itself — no longer requires an instrument to be remeasured at fair value through earnings each period, although all other aspects of the indexation guidance under Subtopic 815-40 continue to apply. ASU 2017-11 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company adopted this standard effective January 1, 2018. The adoption of ASU 2017-11did not have a material effect on the consolidated financial statement.

Revenue - In May 2014, the Financial Accounting Standards Boards ("FASB") issued Accounting Standards Update ("ASU") 2014- 09, *Revenue from Contracts with Customers (Topic 606).* The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2018, the first day of the Company's fiscal year using the modified retrospective approach.

Stock Compensation - In May 2017, the FASB issued ASU 2017-09, *Compensation -Stock Compensation (Topic 718)* ("ASU 2017-09"), which clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. ASU 2017-09 is effective for the Company's 2018 fiscal year, although early adoption is permitted. The Company adopted this standard effective January 1, 2018. The adoption of ASU 2017-09 did not have a material effect on the consolidated financial statement.

Goodwill Impairment - In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which eliminates step two from the goodwill impairment test. Under the amendments in ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value; however, the loss recognized

should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for the Company's 2022 fiscal year on a prospective basis, and earlier adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. The Company this standards as of January 1, 2018. The adoption of ASU 2017-04 did not have a material effect on the consolidated financial statement.

Stock Compensation - In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718)* ("ASU 2016-09"), which simplified certain aspects of the accounting for share-based payment transactions, including income taxes, classification of awards and classification in the statement of cash flows. ASU 2016-09 will be effective for the Company beginning in fiscal year 2018. Early adoption is permitted. The Company adopted this standard as of January 1, 2018. The adoption of ASU 2016-09 did not have a material effect on the consolidated financial statements and prior periods were not restated.

Descriptions of our significant accounting policies are included in Note 2 - Summary of Significant Accounting Policies in the notes to consolidated financial statements on Form 8-K. The Company is currently evaluating impacts of other recently issued accounting standards on the consolidated financial statements.

Note 2 - Nexperia Arrangement

Nexperia Transaction

On April 4, 2018, the Company entered into a multi-element commercial arrangement with Nexperia to obtain financing in exchange for sale of equity instruments and performing certain technology and product development activities for Nexperia (collectively, the "Collaboration Arrangement"). Nexperia specializes in designing, manufacturing and selling a broad range of small discrete semiconductor devices that utilize components such as those manufactured by the Company. Financing under the Collaboration Arrangement is comprised of the following elements:

- $16 million Series 3 preferred stock issuance
- $9 million license fee for transfer of the Gen 3 manufacturing process
- $5 million development loan maturing March 31, 2020 intended to pre-fund the Gen 4 (Tranche A) technology development (the "Tranche A Loan")
- $8 million development loan maturing March 31, 2021 intended to pre-fund the Gen 5 (Tranche B), 1200V (Tranche B1) technology development (the "Tranche B Loan")
- $2 million development loan maturing March 31, 2021 intended to pre-fund the 1200V technology development (the "Tranche B-1 Loan") (together with the Tranche A and Tranche B Loans, the "Development Loans")
- $10 million revolving loan (the "Tranche C Loan")

The company has to use the funds to operate the business in a manner consistent with or reasonably related to those business activities as carried out on or prior to the Effective Date. In addition to the multiple elements outlined above, the Company and Nexperia entered into a Supply Agreement requiring that the Company be Nexperia's primary supplier of specified components until June 30, 2020 on a best effort basis. By entering into this Collaboration Arrangement, Nexperia will gain access to technology that allows for production of high power semiconductors for use in electric vehicles.

Further, Nexperia will obtain an exclusive license and market access to automotive customers outside of Japan and a sole license (non-exclusive of the Company), as well as market access, to customers in other segments of the power market. Nexperia has a lien on certain US patents not relating to MOCVD or epiwafer technology, per the agreement.

On March 31, 2019, the Company executed Amendment No. 1 to the Loan and Security Agreement (the "First Amendment to the LSA" or the "Amendment"). Under this First Amendment to the LSA the Tranche B Loan is bifurcated into the following two separate sub-tranches:

- $8 million development loan intended to pre-fund the Gen 5 (Tranche B), 1200V (Tranche B1) (Ron/2) technology development (the "Tranche B Loan")
- $2 million development loan intended to pre-fund the 1200V technology development (the "Tranche B-1 Loan" and, together with the Tranche B Loan, the "Tranche B Loans")

All other terms set forth under the original agreement remain unchanged and in full effect. The Tranche A and Tranche B Loans represent pre-funding for Gen 4 (Tranche A), Gen 5 (Tranche B), 1200V (Tranche B1) and 1200V technology development for Nexperia. The specific development activities and associated performance milestones are contained within a Statement of Work ("SoW") between the Company and Nexperia. The SoW may be modified from time to time based upon mutual business interests. This promise to perform the technology development is a good/service provided to a customer in exchange for consideration in the form of the technology development license fees that offset the Tranche A and Tranche B Loans outstanding. The Development Loans are within the scope of ASC 730-20, *Research & Development Arrangements* and are recognized as a liability equal to the cash proceeds received.

On December 2018, the Company received $3 million, 1st of the three tranches in relation to the Gen 3 manufacturing process, and recorded it in deferred revenue as of December 31, 2018. On April 2019, the Company received additional $3 million, 2nd of the three tranches in relation to the Gen 3 manufacturing process, and recorded in deferred revenue as of September 30, 2019. The Company will recognize this revenue upon the completion and mutual sign off between Nexperia and the Company.

On January 2019, the Company received $5 million development loan maturing March 31, 2020 intended to pre-fund the Gen 4 (Tranche A) technology development (the Tranche A Loan).

On June and July 2019, the Company received $8 million development loan maturing March 31, 2021 intended to pre-fund the Gen 5 (Tranche B), 1200V (Tranche B1) (Ron/2) technology development (the Tranche B Loan)

The Tranche C revolving loan of $10 million was received during the year ended December 31, 2018. See Note 6 - Debts for more information.

Note 3 - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - Inputs (other than quoted prices included within Level 1) that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the related assets or liabilities.

Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Inputs are unobservable for the asset or liability. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following table summarizes the Company's liabilities measured at fair value as of September 30, 2019 and December 31, 2018, by level within the fair value hierarchy (in thousands):

	Level 1	Level 2	Level 3
September 30, 2019			
Promissory note	$ —	$ —	$ 16,065
December 31, 2018			
Promissory note	$ —	$ —	$ 15,852

The following table includes the changes in fair value of the promissory notes which are Level 3 on the fair value hierarchy (in thousands):

	2019
Fair value at January 1	**$ 15,852**
Interest expense accrued	112
Decrease in fair value	**101**
Fair value at September 30	**$ 16,065**

	2018
Fair value at January 1	**$ 27,756**
Interest expense accrued	364
Principal and interest expense paid	(13,328)
Increase in fair value	1,060
Fair value at December 31	**$ 15,852**

There were no changes to our valuation techniques used to measure assets and liability fair values during the nine months ended September 30, 2019. The valuation techniques for the items in the table above are as follows:

Level 3 borrowing, which consist of promissory note, are measured and reported at fair value using a Monte Carlo simulation valuation model. The models can include assumptions related to the value of the notes that are based on the estimated timing and amounts of future rounds of financing, including the estimated timing of a change in control of the Company, and estimated market interest rates, which represent significant unobservable inputs. Assumptions used are 1) the Company is worth today what it can generate in future cash to the Company, 2) cash received today is more than an equal amount of cash received in the future; and 3) future cash flows can be reasonably estimated.

Note 4 - Concentration of Credit Risk and Significant Customers

The Company manages its credit risk associated with exposure to distributors and direct customers on outstanding accounts receivable through the application of credit approvals and other monitoring procedures. Credit sales, which are mainly on credit terms of 30 to 60 days, are only made to customers who meet the Company's credit standards, while sales to new customers or customers with low credit ratings are usually made on an advance payment basis. The Company closely monitors the aging of accounts receivable from its distributors and direct

customers, and regularly reviews their financial positions, where available. The Company has not experienced any significant bad debt write-offs of accounts receivable for the nine months ended September 30, 2019 and 2018.

Significant customers are those that represent 10% or more of revenue or accounts receivable and are set forth in the following:

	Revenue For the Nine Months Ended September 30,		Accounts Receivable As of	
	2019	2018	September 30, 2019	December 31, 2018
Customer A	51.1%	*	*	*
Customer B	14.6%	*	57.6%	19.3%
Customer C	*	57.2%	*	22.7
Customer D	*	11.8%	*	43.7%
Customer E	*	17.1%	*	*

* Less than 10% of total

Customer A is US Government, and Customer B and D are related parties. See Note 13 - Related Party Transactions for more information.

Note 5 - Inventory

Inventory consists of the following as of September 30, 2019 and 2018 (in thousands):

	As of	
	September 30, 2019	December 31, 2018
Raw materials	$ 293	$ 258
Work in process	248	270
Finished goods	599	324
Total	**$ 1,140**	**$ 852**

For the nine months ended September 30, 2019, no inventory write-off was recorded.

Note 6 - Debts

Revolving Credit Facility

On April 4, 2018, the Company entered into the Loan and Security Agreement with Nexperia comprised of a $10 million revolving loan (the “Tranche C Loan”) maturing at the earlier of (i) the third anniversary of April 3, 2018, and (ii) the date a Change of Control (as defined in the Loan and Security Agreement) occurs. Interest payable by the Company will accrue on the outstanding principal amount of the loans during such period at a rate of 6% per annum. The credit facility is secured against certain of our US patents not relating to MOVCD or epiwafer technology.

The Nexperia debt is recorded based on principal $10.0 million and accrued interest (6% interest per annum). The Company recorded interest expense of $455 thousand and paid interest expense of $496 thousand for the nine months ended September 30, 2019, resulting in a total balance of $10.3 million as of September 30, 2019.

Promissory Note

The Company's promissory note obligations at September 30, 2019 and December 31, 2018 consists of the following (in thousands):

			Stated Value at	
	Interest Rate	Due Date	September 30, 2019	December 31, 2018
Yaskawa Note	1.0%	September 2022	$ 15,298	$ 15,186

Pursuant to ASC 825-10-15-4, the Company elected to apply the fair value option for the Yaskawa promissory note. As of September 30, 2019 and December 31, 2018, the Company determined the fair value for each note, as compared to the face value, including accrued interest, as follows (in thousands):

	Fair Value at	
	September 30, 2019	December 31, 2018
Yaskawa Note	$ 16,065	$ 15,852

The changes in fair value of $101 thousand and $1.1 million were recorded in changes in fair value of promissory notes in the accompanying condensed consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2019 and the year ended December 31, 2018, respectively.

In connection with its promissory note obligation, the Company recorded interest expense of $112 thousand and $326 thousand for the nine months ended September 30, 2019 and 2018. In accordance with the terms of the promissory note, interest is added to the principal balance and is reflected in the carrying value on the condensed consolidated balance sheet. As of September 30, 2019, accrued interest on the promissory note was $298 thousand.

As of September 30, 2019, the scheduled maturity on the revolving credit facility and promissory note, and development loans (Note 2 - Nexperia Arrangement) was as follows (in thousands):

Year Ending December 31,	Amount
2019	$ 10,305
2020	5,000
2021	8,000
2022	15,748
Total	**$ 39,053**

Note 7 - Investment in Aizu Fujitsu Semiconductor Wafer Solution Limited ("AFSW")

The Company has 49% interest in AFSW and a joint venture agreement with the 51% owner. AFSW manufactures semiconductor products exclusively for its owners under manufacturing agreements at prices estimated to cover the cost of production. AFSW was determined to be a variable interest entity ("VIE") as the equity at risk was not believed to be sufficient. AFSW depends on its owners for any additional cash. The Company extended $1.7 million and $1.9 million to AFSW to fund their operations for the nine months ended September 30, 2019 and for the year ended December 31, 2018. The Company's known maximum exposure to loss approximated the carrying value of our investment balance, which included the financing. Potential future losses could be higher than the carrying amount of the Company's investment, as they are liable, along with the other owner, for other future operating costs or obligations of AFSW. In addition, because Transphorm is currently committed to purchasing our GaN wafers and production-related services, at pre-agreed pricing based upon our second generation

products, they may be required to purchase products at a higher cost for its newer generation products. Unfunded commitment to AFSW was $2.0 million and $0.7 million as of September 30, 2019 and December 31, 2018, respectively.

The Company' investment activities in AFSW for the nine months ended September 30, 2019 and for the year ended December 31, 2018 are summarized below (in thousands):

	For the Nine Months Ended September 30, 2019	For the Year Ended December 31, 2018
Beginning balance	$ (659)	$ (98)
Investment	1,696	1,852
Loss	(3,004)	(2,404)
Effect of exchange rate change	(48)	(9)
Ending balance	**$ (2,015)**	**$ (659)**

Summarized financial information (unaudited) of AFSW for the period indicated are as follows (in thousands):

	September 30, 2019	December 31, 2018
Current assets	$ 2,864	$ 4,096
Long-term assets	4,838	4,194
Current liabilities	547	961
Due to controlling owner	16,608	12,031
Due to Transphorm	4,569	2,960
Net deficit	**$ (14,022)**	**$ (7,662)**

	Nine Months Ended September 30,	
	2019	2018
Sales	$ 8,864	$ 18,815
Gross loss	$ (4,002)	$ (598)
Net loss	$ (6,130)	$ (2,419)

Note 8 - Commitments and Contingencies

Operating Leases

The Company leases office and fabrication space in Goleta and San Jose, California under noncancelable operating lease agreements with terms through 2022. The terms of certain leases provide for escalating rental payments through the term of the lease. The Company recognizes rent expense on a straight-line basis over the lease term and accrues for rent expense incurred but not paid.

As of September 30, 2019, future minimum operating lease commitments were as follows (in thousands):

Year Ending December 31,	Amount
2019	$ 177
2020	703
2021	489
2022	163
Total	**$ 1,532**

The Company recorded rent expense, net of rental income, which includes common area maintenance fees in addition to the base rent of $672 thousand for the nine months ended September 30, 2019. Rental income from noncancelable sublease for the nine months ended September 30, 2019 was $136 thousand. As of September 30, 2019, the future minimum rental payments to be received under the noncancelable sublease is $262 thousand through February 2021.

Contingencies

During the ordinary course of business, the Company may become a party to legal proceedings incidental to its business. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimable. Legal cost is expensed as incurred. The company is not aware of any material legal claims or assessments, although the results of litigation and claims are inherently unpredictable, management believes there was not at least a reasonable possibility that the Company had incurred a material loss with respect to such loss contingencies as of September 30, 2019 and through date of this report.

Indemnification

The Company from time to time enters into types of contracts that contingently require the Company to indemnify parties against third-party claims. Historically, the Company has not been required to make payments under these obligations, and no liabilities have been recorded for these obligations in the Company's condensed consolidated financial statements.

Note 9 - Convertible Preferred Stock

As of September 30, 2019 and December 31, 2018, the Company's convertible preferred stock consists of the following (in thousands, except share and per share amounts):

September 30, 2019	Authorized Shares	Outstanding Shares	Carrying Value	Par Value per Share	Preference Value
Series 1	12,438,704	12,433,953	$ 39,658	$ 0.001	$ 40,000
Series 2	7,507,699	7,499,996	30,000	$ 0.001	30,000
Series 3	4,000,000	4,000,000	16,000	$ 0.001	16,000
Total	**23,946,403**	**23,933,949**	**$ 85,658**		**$ 86,000**

December 31, 2018	Authorized Shares	Outstanding Shares	Carrying Value	Par Value per Share	Preference Value
Series 1	12,438,704	12,433,953	$ 39,658	$ 0.001	$ 40,000
Series 2	7,507,699	7,499,996	30,000	$ 0.001	30,000
Series 3	4,000,000	4,000,000	16,000	$ 0.001	16,000
Total	**23,946,403**	**23,933,949**	**$ 85,658**		**$ 86,000**

Series 1 and 2 Preferred Stock

KKR Phorm Investors L.P. (KKR) purchased 12,433,953 shares of Series 1 preferred stock, par value $0.001 per share, at a per share price of $3.217 for an aggregate purchase price of approximately $40 million. KKR and other investors with a small percentage (~0.02%) purchased 7,499,996 shares of Series 2 preferred stock, par value $0.001 per share, at a per share price of $4.00 for an aggregate purchase price of approximately $30 million.

Series 3 Preferred Stock

On March 26, 2018, the Company entered into a stock purchase agreement and related contracts in order to effectuate the issuance of its Series 3 preferred stock to Nexperia. Pursuant to the terms of the stock purchase agreement, Nexperia purchased 4,000,000 shares of Series 3 preferred stock, par value $0.001 per share, at a per share price of $4.00, for an aggregate purchase price of approximately $16 million equating to a total ownership stake of approximately 9.9%. The Company has reserved shares of common stock, par value $0.001 per share, for issuance upon conversion of the Series 3 preferred stock (the conversion shares). The Series 3 preferred stock issued is substantially pari passu with the Company's Series 1 and Series 2 preferred stock previously issued to KKR with a small percentage (~0.02%) issued to other investors.

Each share of Series 1, Series 2 and Series 3 preferred stock are convertible at the option of the holder into such number of shares of common stock as is determined by dividing the original issue price (OIP) of the Series 1, Series 2 and Series 3 preferred stock by the conversion price in effect at the time of the conversion. The conversion price of the Series 1, Series 2 and Series 3 preferred stock is subject to adjustment for certain events. Each share of Series 1, Series 2 and Series 3 preferred stock automatically converts into common stock immediately upon the closing of an underwritten public offering of the Company's common stock in which the aggregate net proceeds are at least $40 million and the offering price per share is not less than 1.5 times the OIP of the Series 1, Series 2 and Series 3 preferred stock (a Qualifying Public Offering).

Noted 10 - Stockholders' Equity

Common Stock

At September 30, 2019, the Company has reserved shares of common stock for future issuance as follows:

Conversion of convertible preferred stock	23,946,403
Stock option plans	4,025,218
Common stock warrants	15,461
Total	**27,987,082**

Common Stock Warrants

At September 30, 2019, the following warrants to purchase common stock were outstanding:

Number of Shares	Exercise Price	Expiration Date
6,046	$34.740	November 2020
6,046	$34.740	February 2025
3,369	$54.410	February 2025
15,461		

Note 11 - Stock Option Plans

The following table summarizes stock option activity and related information for the nine months ended September 30, 2019:

	Number of Shares Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Balance at January 1, 2019	**1,648,039**	**2,377,180**	**$ 4.79**	**7.46**	**$ —**
Options granted	(183,109)	183,109	$ 3.14		
Options canceled	106,477	(106,477)	$ 4.34		
Balance at September 30, 2019	**1,571,407**	**2,453,812**	**$ 4.69**	**7.06**	**$ —**
Exercisable at September 30, 2019		**1,984,257**	**$ 4.95**	**6.85**	**$ —**

The assumptions used to value options granted to employees during nine months ended September 30, 2019 were as follows:

Weighted average expected life (in years)	5.46
Risk-free interest rate	1.56% - 1.94%
Expected volatility	39.4% - 39.8%
Weighted average grant date fair value	$1.09
Dividend yield	—%

As of September 30, 2019, there was $573 thousand of unrecognized stock-based compensation cost related to stock options granted to employees under the 2007 Plan and the 2015 Plan. The unrecognized compensation cost is expected to be recognized over an estimated weighted average amortization period of 1.34 years.

The accompanying condensed consolidated statement of operations and comprehensive loss includes stock-based compensation expense as follows (in thousands):

	Nine Months Ended September 30,	
	2019	2018
Cost of revenue	$ 44	$ 31
Research and development	146	142
Sales and marketing	24	36
General and administrative	221	246
Total	**$ 435**	**$ 455**

Note 12 - Loss Per Share

For the nine months ended September 30, 2019, there were 26,403,222 shares, consisting of 23,933,949 convertible preferred stocks, 15,461 stock warrants and 2,453,812 stock options, that were not included in the computation of diluted loss per share because their effect would be anti-dilutive. For the nine months ended September 30, 2018, there were 26,359,893 shares, consisting of 23,933,949 convertible preferred stocks, 26,157

stock warrants and 2,399,787 stock options, that were not included in the computation of diluted loss per share because their effect would be anti-dilutive.

Note 13 - Related Party Transactions

During the nine months ended September 30, 2019, the Company entered into the following related party transactions:

- Recorded $477 thousand in cost of goods sold for services, incurred expenses of $320 thousand for research and development activities, and incurred $21 thousand for employees and their related benefits seconded from the joint venture with AFSW;
- Sold $216 thousand of products to non-controlling common stockholders of the Company, incurred $21 thousand for employees and their related benefits seconded from a non-controlling common stockholder of the Company and $100 thousand of license maintenance fee from a non-controlling common stockholder; and
- Recorded $16.0 million in unearned revenue for sales, incurred of $50 thousand of license maintenance fee and sold $293 thousand of products to a convertible preferred stockholder of the Company.

As of September 30, 2019, total accounts receivable from related parties was $4.8 million, consisting of $4.6 million from the joint venture with AFSW, $42 thousand from non-controlling common stockholders of the Company and$187 thousand from a convertible preferred stockholder and noteholder of the Company. As of September 30, 2019, total accounts payable to related parties was $3 thousand to a non-controlling common stockholder of the Company.

During the nine months ended September 30, 2018, the Company entered into the following related party transactions:

- Recorded $640 thousand in cost of goods sold for services, incurred expenses of $466 thousand for research and development activities, and incurred $138 thousand for employees and their related benefits seconded from the Joint Venture with AFSW;
- Sold $134 thousand of products to non-controlling common stockholders of the Company, incurred $36 thousand for employees and their related benefits seconded to a non-controlling common stockholder of the Company and incurred $200 thousand of license maintenance fee from a non-controlling common stockholder ;
- Sold $27 thousand of products to a noncontrolling common stockholder and noteholder of the Company; and
- Sold $64 thousand of products to a convertible preferred stock holder and noteholder of the company.

The services provided to the Company were recorded as research and development expenses and the sale of product samples were recorded as an offset to research and development expenses.

Note 14 - Subsequent Events

Nexperia Arrangement

In October 2019, the Company received remaining $3 million, the last of the three tranches, $9 million in total, in relation to the Gen 3 manufacturing process from Nexperia, and recorded it in deferred revenue. On December 2019, the Company received $2 million development loan maturing March 31, 2021 intended to pre-fund the 1200V technology development (the Tranche B-1 Loan). See Note 2 - Nexperia Arrangement.

Merger Agreement

On February 12, 2020, Peninsula Acquisition Corporation, Acquisition Sub and Transphorm Technology entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, on February 12, 2020, Acquisition Sub merged with and into Transphorm Technology, with Transphorm Technology continuing as the surviving corporation and a wholly-owned subsidiary of Peninsula Acquisition Corporation. The Merger was treated as a recapitalization and reverse acquisition for financial reporting purposes. Transphorm Technology is considered the acquirer for accounting purposes. Immediately after completion of the merger, Peninsula Acquisition Corporation adopted Transphorm Technology's former company name, Transphorm, Inc. as its company name.

Private Placement

Following the Merger, the Company sold 5,365,000 shares of common stock pursuant to an initial closing of a private placement offering for up to 12,500,000 shares of common stock at a purchase price of $4.00 per share. The Company may hold one or more subsequent closings at any time prior to February 28, 2020, unless otherwise extended, to sell the remaining shares in the private placement offering. The aggregate gross proceeds from the initial closing of the Offering were $21.46 million (before deducting placement agent fees and expenses of the initial closing of the Offering, which are estimated at $2.43 million).

Yaskawa Letter of Intent

In February 2020, the Company entered into a letter of intent with Yaskawa that the Company believes will form the basis for a mutually beneficial cooperation agreement between the Company and Yaskawa to be finalized later this year. This letter of intent contemplates the following:

- Yaskawa intends to enter into a long-term cooperation and development agreement with the Company to use our GaN power device products for a variety of industrial power conversion applications, which will initially focus on servo motor drive applications.

- Yaskawa intends to provide at least $4 million to fund the Company's development activities, with an expected funding start date of May 2020, from which amount Yaskawa intends to provide $1 million in 2020 in connection with ongoing development activities.

Transphorm, Inc.
Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

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Unaudited Pro Forma Condensed Combined Consolidated Financial Information

We were incorporated as Peninsula Acquisition Corporation in the State of Delaware on May 31, 2017. Prior to the Merger (as defined below), we were a "shell company" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended).

On December 6, 2019, our board of directors and our pre-Merger (as defined below) stockholders approved an amended and restated certificate of incorporation, which, among other things, increased our authorized common stock from 50,000,000 shares of common stock, par value $0.0001 per share to 750,000,000 shares of common stock, par value $0.0001 per share, and authorizes 5,000,000 shares of preferred stock, par value $0.0001 per share.

On February 12, 2020, our wholly-owned subsidiary, Peninsula Acquisition Sub, Inc., a corporation formed in the State of Delaware on April 22, 2019 ("Acquisition Sub"), merged with and into Transphorm, Inc., a Delaware corporation ("Transphorm Technology"). Pursuant to this transaction (the "Merger"), each share of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger was converted into the right to receive (a) 0.08289152527 (the "Common Stock Conversion Ratio") shares of our common stock (in the case of shares held by accredited investors) or (b) $4.00 multiplied by the Common Stock Conversion Ratio (in the case of shares held by unaccredited investors), with the maximum number of shares of our common stock issuable to the former holders of Transphorm Technology's common stock equal to 4,224,382 (ii) 51,680,254 shares of Transphorm Technology's Series 1 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 12,433,953 shares of our common stock, (iii) 38,760,190 shares of Transphorm Technology's Series 2 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 7,499,996 shares of our common stock, and (iv) 31,850,304 shares of Transphorm Technology's Series 3 preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 4,000,000 shares of our common stock. As a result, a maximum of 28,158,331 shares of our common stock will be issued to the holders of Transphorm Technology's issued and outstanding capital stock after adjustments due to rounding for fractional shares. Immediately prior to the consummation of the Merger, an aggregate of 682,699 shares of our common stock, owned by the stockholders of Peninsula Acquisition Corporation prior to the Merger, were forfeited and cancelled (the "Stock Forfeiture").

In addition, pursuant to the Merger Agreement, (i) options to purchase 29,703,285 shares of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger under Transphorm Technology's 2007 Stock Plan and 2015 Equity Incentive Plan were assumed and converted into options to purchase 2,461,923 shares of our common stock, (ii) warrants to purchase 186,535 shares of Transphorm Technology's common stock issued and outstanding immediately prior to the closing of the Merger were assumed and converted into warrants to purchase 15,461 shares of our common stock, and (iii) Transphorm Technology's outstanding convertible promissory note was amended to be convertible, at the option of the holder, into a maximum of 3,076,171 shares of our common stock at a conversion price of $5.12 per share. As of the closing of the Merger, there was $15.0 million of principal and $0.3 million of accrued and unpaid interest outstanding on the convertible promissory note.

Upon filing of the Certificate of Merger on February 12, 2020, Transphorm Technology changed its name to "Transphorm Technology, Inc." and we adopted Transphorm Technology's former company name, "Transphorm, Inc.", as our company name by filing a Certificate of Amendment to our Certificate of Incorporation.

On February 11, 2020, our board of directors and all of our pre-Merger stockholders approved an amended and restated certificate of incorporation, which will be effective upon its filing with the Secretary of State of the State of Delaware on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders. On February 11, 2020, our board of directors adopted amended and restated bylaws.

As a result of the Merger, we acquired the business of Transphorm Technology and will continue the existing business operations of Transphorm Technology as a publicly-traded company under the name Transphorm, Inc. On February 12, 2020, we sold 5,365,000 shares of our common stock in a private placement offering (the "Offering"), at a purchase price of $4.00 per share.

In accordance with "reverse merger" or "reverse acquisition" accounting treatment, our historical financial statements as of period ends, and for periods ended, prior to the Merger will be replaced with the historical financial statements of Transphorm Technology prior to the Merger, in all future filings with the SEC.

Immediately after giving effect to the Merger (and assuming the issuance of an aggregate of 28,158,331 shares of our common stock in the Merger), the Stock Forfeiture, and the initial closing of the Offering, there will be a maximum of 35,173,331 shares of our common stock issued and outstanding as of the Closing Date, as follows:

- the stockholders of Transphorm Technology prior to the Merger will hold a maximum of 28,158,331 shares of our common stock, excluding any shares purchased by them in the Offering and after adjustments due to rounding for fractional shares (which maximum number may be reduced within 5 days of the Closing Date to the extent a stockholder of Transphorm Technology prior to the Merger is an unaccredited investor and receives a cash payment per share of $4.00 multiplied by the Common Stock Conversion Ratio, in lieu of shares of our common stock);

- investors in the initial closing of the Offering hold 5,365,000 shares of our common stock, excluding any shares issued to them in connection with the Merger as a result of being a stockholder of Transphorm Technology prior to the Merger; and

- 1,650,000 shares are held by persons who purchased or received such shares for services rendered from pre-Merger Peninsula Acquisition Corporation.

The Merger is being accounted for as a reverse-merger and recapitalization. Transphorm Technology is the acquirer for financial reporting purposes, and Peninsula Acquisition Corporation is the acquired company under the acquisition method of accounting in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 805, *Business Combination*. Consequently, the assets, liabilities and operations that will be reflected in the historical financial statements prior to the Merger will be those of Peninsula Acquisition Corporation and will be recorded at the historical cost basis of Peninsula Acquisition Corporation, and the consolidated financial statements after completion of the Merger will include the assets, liabilities and results of operations of Transphorm Technology up to the day prior to the closing of the Merger and the assets, liabilities and results of operations of the combined company from and after the closing date of the Merger.

The following unaudited pro forma combined financial statements give effect to both the Merger and the Offering and were prepared in accordance with Accounting Principles Generally Accepted in the United States of America ("GAAP").

Certain fees associated with the acquisition and the Offering that were incurred by Transphorm Technology and Peninsula Acquisition Corporation, such as fees for legal and financial services, are not reflected in these unaudited pro forma combined financial statements. The unaudited pro forma combined statements of operations eliminate any non-recurring charges directly related to the Merger that the combined entities incur upon completion of the Merger.

The unaudited pro forma combined balance sheet as of September 30, 2019 gives effect to the Merger and the initial closing of the Offering as if they had been consummated on September 30, 2019, and includes adjustments that give effect to events that are directly attributable to the transactions and that are factually supportable. The unaudited pro forma combined statements of operations for the nine months ended September 30, 2019 and for the year ended December 31, 2018 gives effect to the transactions as if they had been consummated on January 1, 2019 and January 1, 2018, respectively, and include adjustments that give effect to events that are directly attributable to the transactions, are expected to have a continuing impact, and that are factually supportable. The notes to the unaudited pro forma combined financial information describe the pro forma amounts and adjustments presented below.

The unaudited pro forma combined financial information does not purport to represent what the combined company's results of operations and comprehensive loss or financial position would actually have been had the transactions occurred on the dates described above or to project the combined company's results of operations and comprehensive loss or financial position for any future date or period.

The unaudited pro forma combined financial information should be read together with (1) Transphorm Technology's audited balance sheets as of December 31, 2018 and 2017 and the related statements of operations, statements of stockholders' deficit and statements of cash flows for the years ended December 31, 2018 and 2017 and the accompanying notes, (2) Transphorm Technology's unaudited interim balance sheet as of September 30, 2019 and 2018 and the related statements of operations, stockholders' deficit and statements of cash flows for the nine months ended September 30, 2019 and 2018 and the accompanying notes, (3) Peninsula Acquisition Corporation's audited balance sheet as of June 30, 2019 and 2018 and the related statements of operations, statements of cash flows, and statements of

stockholder's equity for the years ended June 30, 2019 and 2018 and the accompanying notes, and (4) Peninsula Acquisition Corporation's unaudited interim balance sheet as of September 30, 2019 and the related statements of operations, statements of cash flows, and statements of stockholder's equity for the three months ended September 30, 2019 and the accompanying notes.

Transphorm Technology and Peninsula Acquisition Corporation
Unaudited Pro Forma Condensed Combined Consolidated Balance Sheets
As of September 30, 2019
(in thousands except share data)

	Transphorm Technology	Peninsula Acquisition Corporation	Pro Forma Adjustments - Merger		Pro Forma Adjustments - Private Placement		Transphorm, Inc. Pro Forma Combined
Assets							
Current assets:							
Cash and cash equivalents	$ 2,911	$ 1	$ —		$ 19,036	C	$ 21,898
					(50)	C	
Accounts receivable, net	325	—	—		—		325
Inventory	1,140	—	—		—		1,140
Prepaid expenses and other current assets	860	—	—		—		860
Total current assets	5,236	1	—		18,986		24,223
Property and equipment, net	1,859	—	—		—		1,859
Goodwill	1,333	—	—		—		1,333
Intangible asset, net	1,477	—	—		—		1,477
Other assets	329	—	—		—		329
Total assets	**$ 10,234**	**$ 1**	**$ —**		**$ 18,986**		**$ 29,221**
Liabilities, convertible preferred stock and stockholders' deficit							
Current liabilities:							
Accounts payable and accrued expenses	$ 969	$ 17	$ —		$ —		$ 986
Development loan	5,000	—	—		—		5,000
Revolving credit facility	10,305	—	—		—		10,305
Note payable - stockholder	—	100	—		(100)	C	—
Deferred revenue	6,000	—	—		—		6,000
Unfunded commitment to joint venture	2,015	—	—		—		2,015
Payroll and accrued compensation	1,036	—	—		—		1,036
Total current liabilities	25,325	117	—		(100)		25,342
Development loan, net of current portion	8,000	—	—		—		8,000
Promissory note	16,065	—	—		—		16,065
Total liabilities	**49,390**	**117**	**—**		**(100)**		**49,407**
Convertible preferred stock							
Series 1	39,658	—	(39,658)	A	—		—
Series 2	30,000	—	(30,000)	A	—		—
Series 3	16,000	—	(16,000)	A	—		—
Total convertible preferred stock	**85,658**	**—**	**(85,658)**		**—**		**—**
Stockholders' deficit:							
Common stock	4	—	(1)	A	1	C	4
Additional paid-in capital	22,264	25	85,659	A	21,459	C	126,842
			(141)	B	(2,424)	C	
Accumulated deficit	(146,349)	(141)	141	B	50	C	(146,299)
Accumulated other comprehensive loss	(733)	—	—		—		(733)
Total stockholders' deficit	**(124,814)**	**(116)**	**85,658**		**19,086**		**(20,186)**
Total liabilities and stockholders' deficit	**$ 10,234**	**$ 1**	**$ —**		**$ 18,986**		**$ 29,221**

Transphorm Technology and Peninsula Acquisition Corporation
Unaudited Pro Forma Condensed Combined Consolidated Statements of Operations
Nine Months Ended September 30, 2019
(in thousands except per share and share data)

	Transphorm Technology	Peninsula Acquisition Corporation	Pro Forma Adjustments - Merger		Pro Forma Adjustments - Private Placement		Transphorm, Inc. Pro Forma Combined
Revenue, net	$ 2,011	$ —	$ —		$ —		$ 2,011
Operating expenses:							
Cost of goods sold	4,211	—	—		—		4,211
Research and development	6,245	—	—		—		6,245
Sales and marketing	2,098	—	—		—		2,098
General and administrative	4,015	34	—		—		4,049
Total operating expenses	16,569	34	—		—		16,603
Loss from operations	(14,558)	(34)	—		—		(14,592)
Interest expense	567	4	—		—		571
Loss in joint venture	3,004	—	—		—		3,004
Changes in fair value of promissory note	101	—	—		—		101
Other income, net	(513)	—	—		—		(513)
Loss before tax expense	(17,717)	(38)	—		—		(17,755)
Tax expense	—	—	—		—		—
Net loss	**$ (17,717)**	**$ (38)**	**$ —**		**$ —**		**$ (17,755)**
Loss per share - basic and diluted	$ (4.20)	$ (0.02)	$ —		$ —		$ (0.50)
Weighted average common shares outstanding - basic and diluted	4,219,606	2,307,699	23,276,250	A, D	5,365,000	C	35,168,555

Transphorm Technology and Peninsula Acquisition Corporation
Unaudited Pro Forma Consolidated Combined Statements of Operations
Twelve Months Ended December 31, 2018
(in thousands except per share and share data)

	Transphorm Technology	Peninsula Acquisition Corporation	Pro Forma Adjustments		Pro Forma Adjustments - Private Placement		Transphorm, Inc. Pro Forma Combined
Revenue, net	$ 1,358	$ —	$ —		$ —		$ 1,358
Operating expenses:							
Cost of goods sold	4,601	—	—		—		4,601
Research and development	9,351	—	—		—		9,351
Sales and marketing	3,626	—	—		—		3,626
General and administrative	5,675	33	—		—		5,708
Total operating expenses	23,253	33	—		—		23,286
Loss from operations	(21,895)	(33)	—		—		(21,928)
Interest expense	710	3	—		—		713
Loss in joint venture	2,404	—	—		—		2,404
Changes in fair value of promissory notes	1,060	—	—		—		1,060
Other income, net	(271)	—	—		—		(271)
Loss before tax expense	(25,798)	(36)	—		—		(25,834)
Tax expense	—	—	—		—		—
Net loss	**$ (25,798)**	**$ (36)**	**$ —**		**$ —**		**$ (25,834)**
Loss per share - basic and diluted	$ (6.11)	$ (0.02)	—		—		$ (0.73)
Weighted average common shares outstanding - basic and diluted	4,219,606	2,307,699	23,276,250	A, D	5,365,000	C	35,168,555

Pro Forma Adjustments

A. To reflect the conversion of convertible preferred stock and common stock of Transphorm Technology into Peninsula Acquisition Corporation as below:

- 51,680,54 shares issued and outstanding of Transphorm Technology Series 1 convertible preferred stock, par value $0.001 per share into 12,433,953 shares of Peninsula Acquisition Corporation common stock, par value $0.0001 per share;
- 38,760.190 shares issued and outstanding of Transphorm Technology Series 2 convertible preferred stock, par value $0.001 per share into 7,499,996 shares of Peninsula Acquisition Corporation common stock, par value $0.0001 per share;
- 31,850,304 shares issued and outstanding of Transphorm Technology Series 3 convertible preferred stock, par value $0.001 per share into 4,000,000 shares of Peninsula Acquisition Corporation common stock, par value $0.0001 per share; and
- 50,905,160 shares issued and outstanding of Transphorm Technology common stock, par value $0.001 per share into 4,219,606 shares of Peninsula Acquisition Corporation common stock, par value $0.0001 per share.

B. To eliminate the accumulated deficit of Peninsula Acquisition Corporation.

C. On February 12, 2020, Peninsula Acquisition Corporation (now renamed Transphorm, Inc.) completed a private placement offering and issued 5,365,000 shares of common stock, with a par value of $0.0001 per share, at an offering price of $4.00 per share. The proceeds, net of placement agent and other offering expenses estimated at $2.43 million, are $19.03 million. In addition, note payable of $100 thousand to stockholder was settled at $50 thousand.

D. To include the forfeiture and cancellation of 682,699 shares of common stock and the issuance of 25,000 shares of common stock to a service provider of Peninsula Acquisition Corporation.