As filed with the Securities and Exchange Commission on November 13, 2020.

Registration No. 333-

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

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

C3.ai, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	7372	26-3999357
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1300 Seaport Blvd, Suite 500
Redwood City, CA 94063
(650) 503-2200
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Thomas M. Siebel
Chief Executive Officer
C3.ai, Inc.
1300 Seaport Blvd, Suite 500
Redwood City, CA 94063
(650) 503-2200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Eric Jensen **Calise Y. Cheng** **Sepideh Mousakhani** **Cooley LLP** **3175 Hanover Street** **Palo Alto, CA 94304** **(650) 843-5000**	**Brady Mickelsen** **General Counsel** **C3.ai, Inc.** **1300 Seaport Blvd, Suite 500** **Redwood City, CA 94063** **(650) 503-2200**	**Michael Nordtvedt** **Richard Blake** **Wilson Sonsini Goodrich & Rosati,** **Professional Corporation** **650 Page Mill Road** **Palo Alto, CA 94304** **(650) 493-9300**

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

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

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

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Class A Common Stock, $0.001 par value per share	$100,000,000.00	$10,910.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase, if any.

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

PROSPECTUS (Subject to Completion)
Issued , 2020

Shares

Class A Common Stock

C3.ai, Inc. is offering shares of our Class A common stock. This is our initial public offering, and no public market currently exists for our shares of common stock. We anticipate that the initial public offering price will be between $ and $ per share.

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 50 votes per share and is convertible into one share of Class A common stock.

Outstanding shares of Class B common stock will represent approximately % of the voting power of our outstanding capital stock immediately following this offering. Our founder, Chief Executive Officer, and Chairman of the Board, Thomas M. Siebel, will hold or have the ability to control approximately % of the voting power of our outstanding capital stock immediately following this offering. We believe we are eligible for but do not intend to take advantage of the "controlled company" exemption to the corporate governance rules for New York Stock Exchange-listed companies.

We have applied to list our Class A common stock on the New York Stock Exchange under the symbol "AI."

We are an "emerging growth company" as defined under the federal securities laws. Investing in our Class A common stock involves risks. See the section titled "Risk Factors" beginning on page 15.

PRICE $ A SHARE

	Price to Public	***Underwriting Discounts and Commissions[1]***	***Proceeds to C3.ai, Inc.***
Per Share	*$*	*$*	*$*
Total	*$*	*$*	*$*

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

We have granted the underwriters the right to purchase up to an additional shares of Class A common stock.

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

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

MORGAN STANLEY *J.P. MORGAN* *BofA SECURITIES*

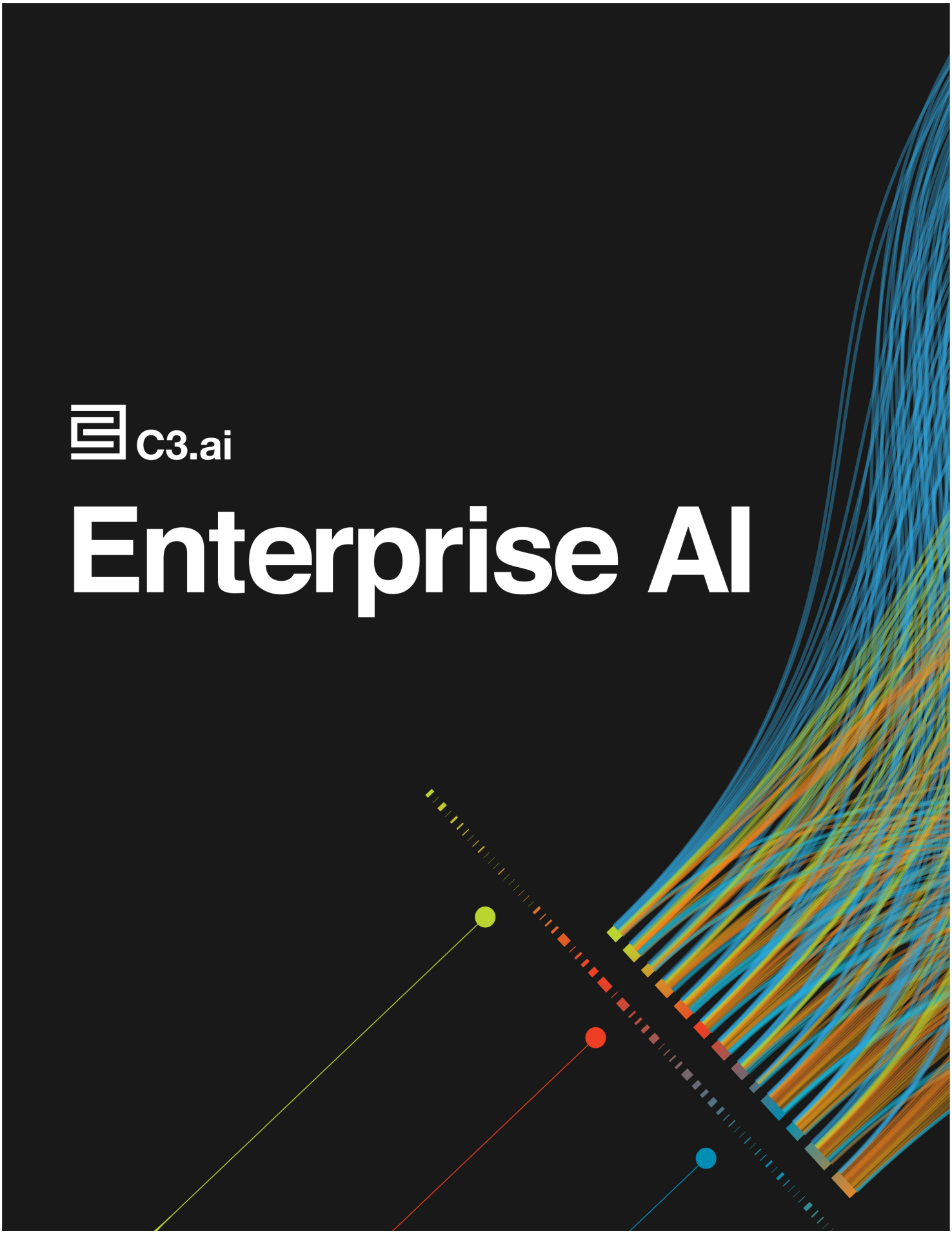
DEUTSCHE BANK SECURITIES

CANACCORD GENUITY ***JMP SECURITIES*** ***KEYBANC CAPITAL MARKETS*** ***NEEDHAM & COMPANY*** ***PIPER SANDLER***

, 2020

C3.ai

Enterprise AI



Investment Highlights

C3.ai

71%
YoY Revenue Growth

86%
Subscription Revenue

$271 Billion
Addressable Market by 2024

1.1 Billion
Predictions per Day

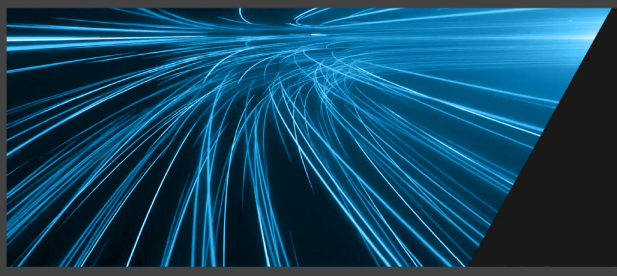
50+
Quarters experience running public companies

($69.4M)
FY20 Net Loss

Revenue growth is based on the year ended April 30, 2020, compared to the year ended April 30, 2019.
Subscription revenue is percentage of total revenue for the year ended April 30, 2020.
Addressable market estimate is based on industry reports discussed in the prospectus.
Experience running public companies refers to the combined experience of our senior management team.

The World's Largest Enterprise AI Production Footprint

C3.ai

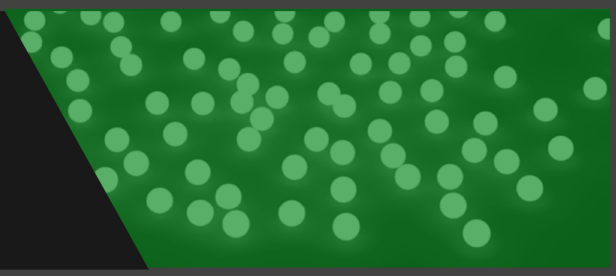


1.1 Billion
Predictions per day

4.8 Million
Machine learning models in production use

622 Million
Sensors generating data for the C3 AI Suite

770
Unique enterprise and extraprise source data integrations



50 Million
Businesses and consumers touched daily

Rapid Time to Value

C3.ai

Key to market success is C3.ai's ability to bring high-value Enterprise AI applications into production use rapidly

Fortune 50 **Bank**

Securities Lending Optimization

Estimated Value

$14 billion
in additional daily trades
Deployed in 52 weeks

Fortune 500 **Healthcare Mfg**

Production Optimization

Estimated Value

300% increase
in unit production
Deployed in 4 weeks

Fortune 500 **Oil and Gas Company**

Predictive Maintenance for Offshore Oil Rigs

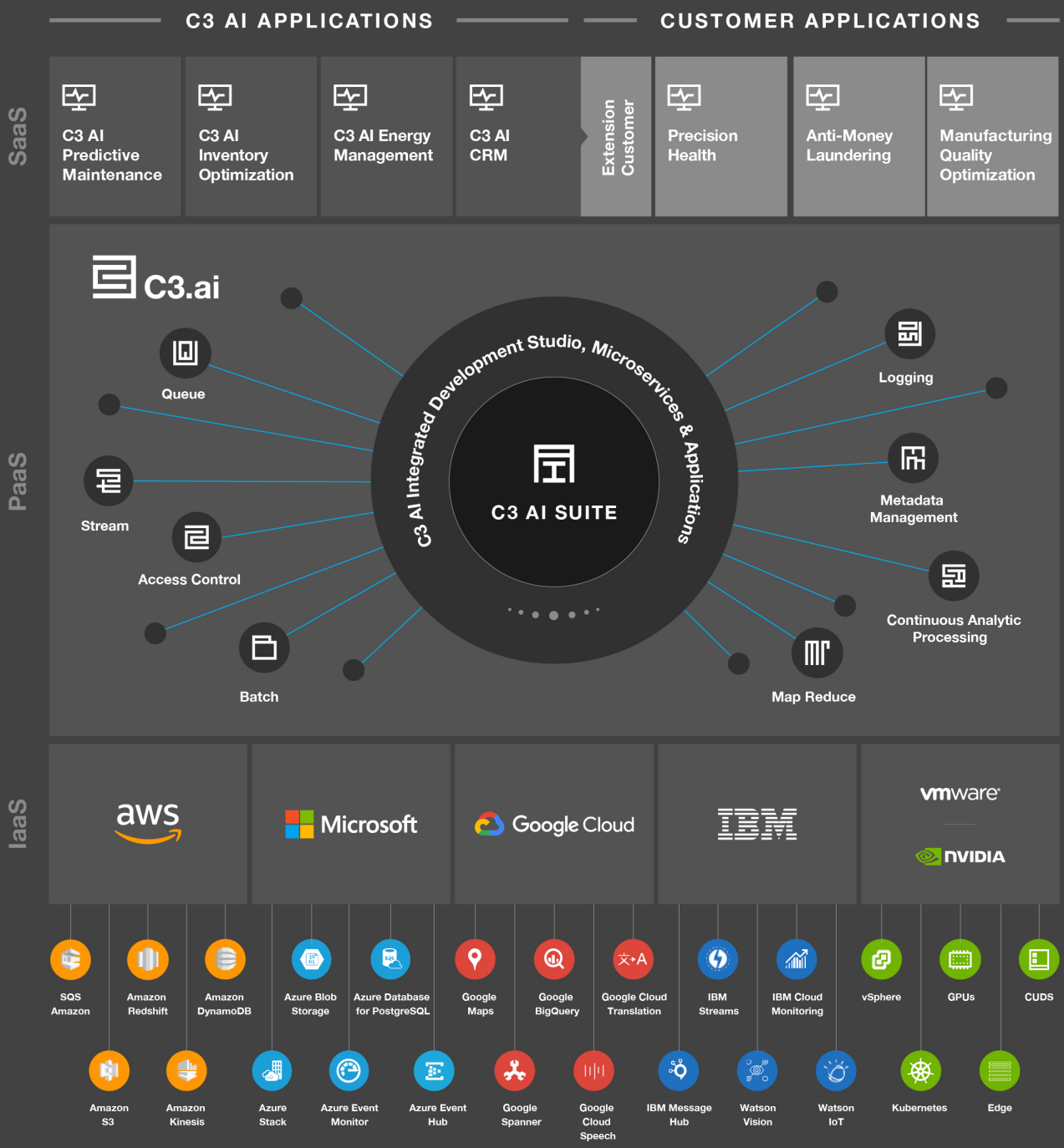
Estimated Value

$28 million
per year in avoided shutdowns
Deployed in 38 weeks

Estimates are ours, based on information provided by the customer.

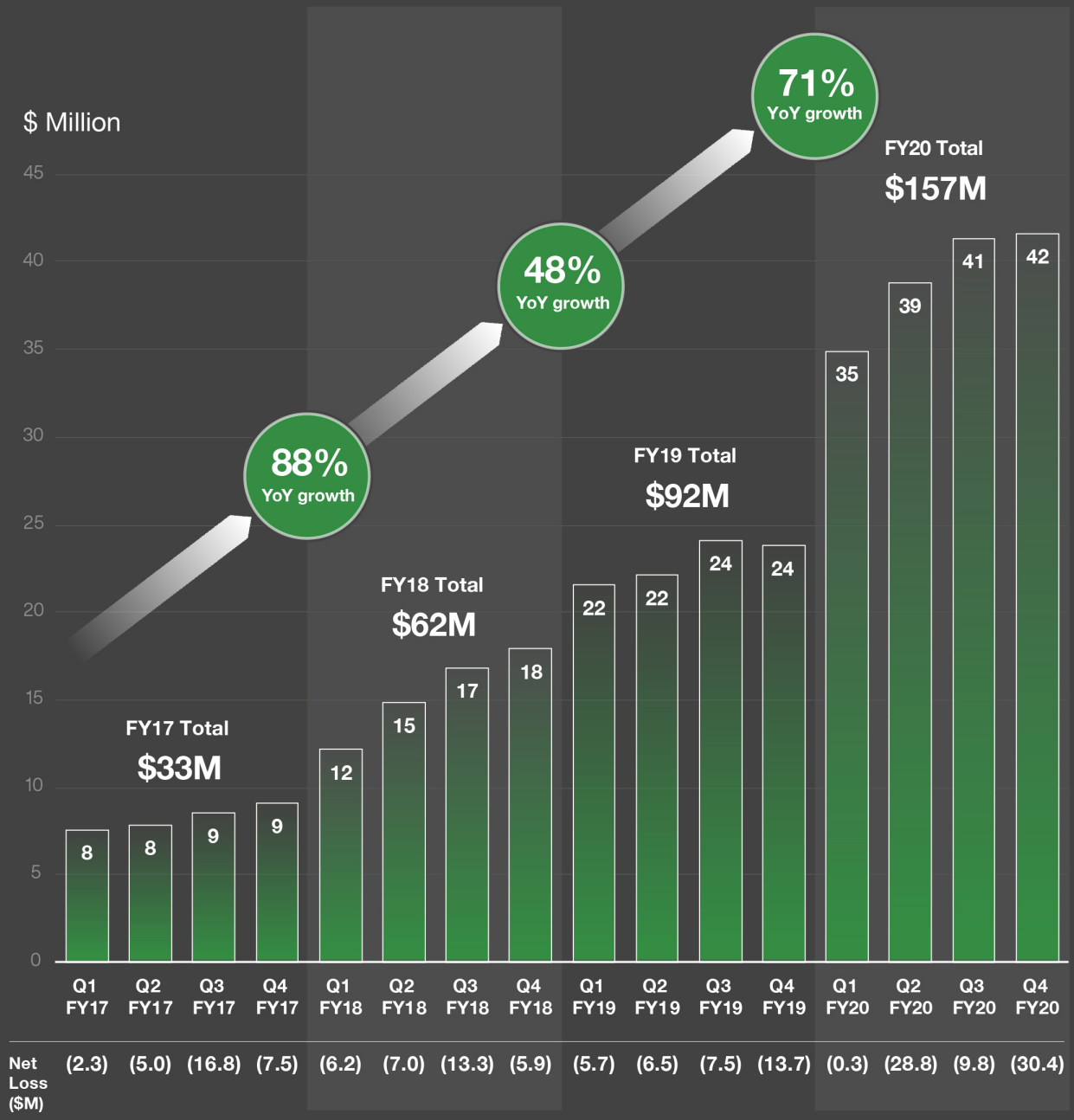
Model-Driven Architecture

C3.ai



Revenue Growth

C3.ai



Net Loss ($M)	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
	(2.3)	(5.0)	(16.8)	(7.5)	(6.2)	(7.0)	(13.3)	(5.9)	(5.7)	(6.5)	(7.5)	(13.7)	(0.3)	(28.8)	(9.8)	(30.4)

C3.ai, Inc.

Letter from the Chief Executive Officer

This is my fourth decade in the information technology industry.

After completing my graduate work in Computer Science, specifically relational database theory, I was recruited to the then start-up Oracle. The relational database market was nascent when I joined Larry Ellison and Bob Miner at Oracle in 1983. The global market for information technology was $224 billion, and, as I recall, the RDBMS market was less than $20 million. I was satisfied that the fundamental economics of application development and information processing assured the ascendance of RDBMS. That turned out to be a pretty good bet.

A decade later, Oracle grew to exceed $1 billion in revenue. The information technology market had grown to exceed $510 billion. We established a clear market leadership position in the RDBMS market.

In the mid-1990s, the industry experienced a step function of innovative information technology that proved to dramatically accelerate IT market growth. This included graphical user interface technology, popularized by Microsoft Windows 95, nomadic laptop computers, first introduced by Compaq, broad bandwidth communications, and the post-Mosaic browser ubiquitous internet.

As of 1993, as an industry we had successfully applied information technology to automate many business processes including accounting, manufacturing automation, and general office productivity. And yet the business processes of sales, marketing, and customer service were still analog and manual, largely untouched by information technology.

In July of 1993, convinced that this presented a huge unserved market opportunity, I founded Siebel Systems, a computer software company committed to successfully applying this new step function of information and communications technology to the business processes of sales, marketing, and customer service. That too turned out to be a good idea.

Six years later, Siebel Systems exceeded $2 billion in revenue with 8,000 employees in 29 countries, becoming one of the fastest growing enterprise software companies in history. At Siebel Systems, I believe we invented the CRM market as you know it today, and established a clear global market leading position in that market. Siebel Systems merged with Oracle in 2006. The CRM market is now a $60+ billion software industry.

From 1983 through 2006, we saw one wave after another of new technologies: mainframes, minicomputers, personal computers, the internet, relational database technology, enterprise application software, and client-server computing. Each technology breakthrough represented a replacement market for its predecessor, fueling a $1.3 trillion industry by 2006.

Assessing the IT landscape at the beginning of the 21st century, it became apparent that a new set of technologies was destined to constitute another step function that would change everything about the information processing world, dramatically accelerating the growth of IT markets. This step function of technologies – substantially more impactful than anything we had seen before – included: elastic cloud computing, big data, the internet of things, and AI or predictive analytics. Today, at the confluence of these technology vectors we find the phenomenon of Enterprise AI and Digital Transformation, mandates that are rising to the top of every CEO’s agenda. The global IT market exceeds $2.3 trillion today.

These technologies were largely nascent in January 2009 when we founded C3.ai with the goal of developing a comprehensive unified software development and enterprise applications solution designed to enable organizations to exploit these new technologies.

We succeeded at that task. And in the process, we developed a set of inventions we believe are fundamental to any enterprise AI application, and that are proprietary and patented. We succeeded at deploying high-value Enterprise AI applications at small scale, at medium scale, and at the largest industrial scale. We succeeded across a diverse range of industries and across a wide range of AI use cases.

We serve a large and rapidly growing market, estimated to be $174 billion in 2020, growing to $271 billion in 2024. Our goal is to establish a global market-leading position in this market as we did at Oracle and at Siebel Systems. The difference being that this market is an order of magnitude larger than either of those opportunities.

I believe we are well-positioned to succeed. The market is large and rapidly growing. We have succeeded at developing a highly differentiated and efficacious AI development platform and an associated family of AI applications. We have

manageable competitive risk compared to others, including – (1) companies attempting to build the application from scratch – with little to no success – and (2) a plethora of AI point solutions each of which addresses a small slice of the problem.

It boils down to execution risk. Does the C3.ai team have the skills and experience to succeed? Can they manage a rapidly growing business? Can they successfully implement mission critical extraprise application deployments? Can they attract, retain, and motivate the top people in the industry? Can they establish rewarding strategic partnerships with customers and market partners? Can they effectively scale and manage business sales, marketing, and support infrastructures globally? Can they accelerate and maintain technology leadership? I believe that the strength and experience of management and human capital at C3.ai is our strongest asset. This is unquestionably the most talented and experienced team that I have worked with in my career.

I believe C3.ai is uniquely qualified to tackle these challenges. But clearly, as an investor, you will need to resolve these questions to your satisfaction.

You can expect us to operate a highly disciplined, professional business that is engineered to become structurally profitable and structurally cash-positive in the long term. We will focus on maintaining continuing technology leadership. We will strive to attract, retain, and motivate high performance teams. We will focus on top-line growth to establish market leadership. We will work to establish and enhance brand equity and thought leadership. We will strive to assure that each and every one of our customers is delighted. We will focus on building a high-performance corporate culture known for excellence in execution. We will strive for high levels of predictability in our technology roadmap, our customer engagements, and our financial results.

We have seen many changes in the information technology markets in the past few decades: Disruptive technologies. The diversity and motivation of human capital. Increased accountability. Increased regulatory rigor. The expectations – indeed the demands – of customers, markets, employees, investors, and regulators have been in a constant state of change. I expect the rate of change in such expectations will only accelerate in the coming decades. We are here to serve our stakeholders and to be a good member of the communities in which we operate. You can expect that as these expectations of stakeholders continue to change in the coming years, we will be attentive to those changes and modify our business practices accordingly.

Our singular focus is to leverage our technology leadership, first-mover advantage, and management leadership to establish and maintain a global leadership position in Enterprise AI. Should we succeed at that objective, we will have built C3.ai into one of the world’s great software companies.

Sincerely,

Thomas M. Siebel
Founder and CEO

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

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

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

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Our fiscal year ends on April 30. Unless the context otherwise requires, all references in this prospectus to "we," "us," "our," "our company," and "C3.ai" refer to C3.ai, Inc. and its subsidiaries. Unless otherwise indicated, references to our "common stock" include our Class A common stock and Class B common stock.

OVERVIEW

C3.ai

C3.ai is an Enterprise AI software company.

We provide software-as-a-service, or SaaS, applications that enable the rapid deployment of enterprise-scale AI applications of extraordinary scale and complexity that offer significant social and economic benefit.

All C3.ai software applications can be deployed on Azure, Amazon Web Services, or AWS, the IBM Cloud, Google Cloud Platform, or on-premise.

Enterprise AI Software Solutions

We provide two primary families of software solutions:

- The C3 AI Suite, our core technology, is a comprehensive application development and runtime environment that is designed to allow our customers to rapidly design, develop, and deploy Enterprise AI applications of any type.
- C3 AI Applications, built using the C3 AI Suite, include a large and growing family of industry-specific and application-specific turnkey AI solutions that can be immediately installed and deployed.

Large Total Addressable Market

We serve a large and rapidly growing market, estimated to be $174 billion in 2020, growing to $271 billion in 2024, a 12% compound annual growth rate, or CAGR. Our solutions address use cases across:

- *Enterprise AI Software*. $18 billion in 2020, $44 billion in 2024, a 24% CAGR.[1]
- *Enterprise Infrastructure Software*. Application Development, Infrastructure, and Middleware; Data Integration and Quality Tools, and Master Data Management Products: $63 billion in 2020, $82 billion in 2024, a 7% CAGR.[2]
- *Enterprise Applications*. Analytics, Business Intelligence and Customer Relationship Management, or CRM: $93 billion in 2020, $145 billion in 2024, a 12% CAGR.[3]

By any standards, this is a large and rapidly growing addressable market opportunity.

First-Mover Advantage

We believe we enjoy a significant first-mover advantage in Enterprise AI, based on our significant investment in our products and technology over the last decade of development. We are not aware of others who have made as much progress as we have in this space. We believe that we have the world's most extensive Enterprise AI production footprint. Our goal is to establish and maintain a global leadership position in Enterprise AI across all market segments including large enterprises, small and medium businesses, and government entities.

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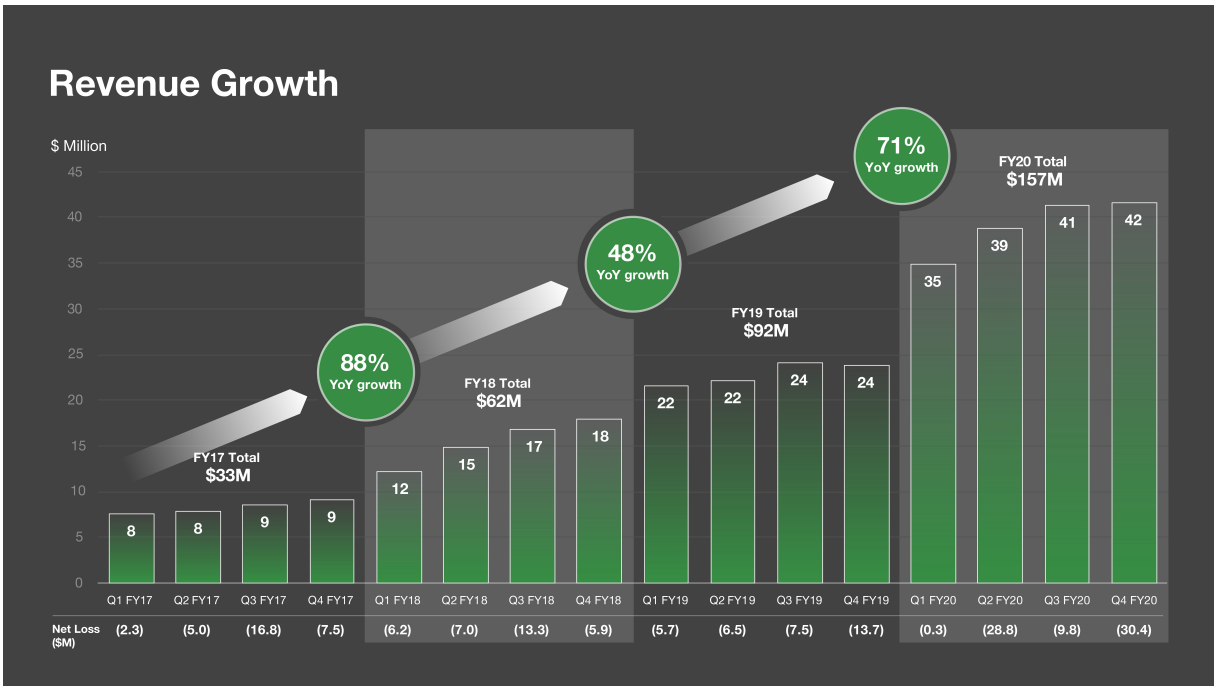
[1] *Source: IDC, Worldwide Artificial Intelligence Systems Spending Guide*, September 2019
[2] *Source: Gartner, Forecast: Enterprise Infrastructure Software, Worldwide, 2018-2024, 3Q20 Update*
[3] *Source: Garter, Forecast: Enterprise Application Software, Worldwide, 2018-2024, 3Q20 Update*

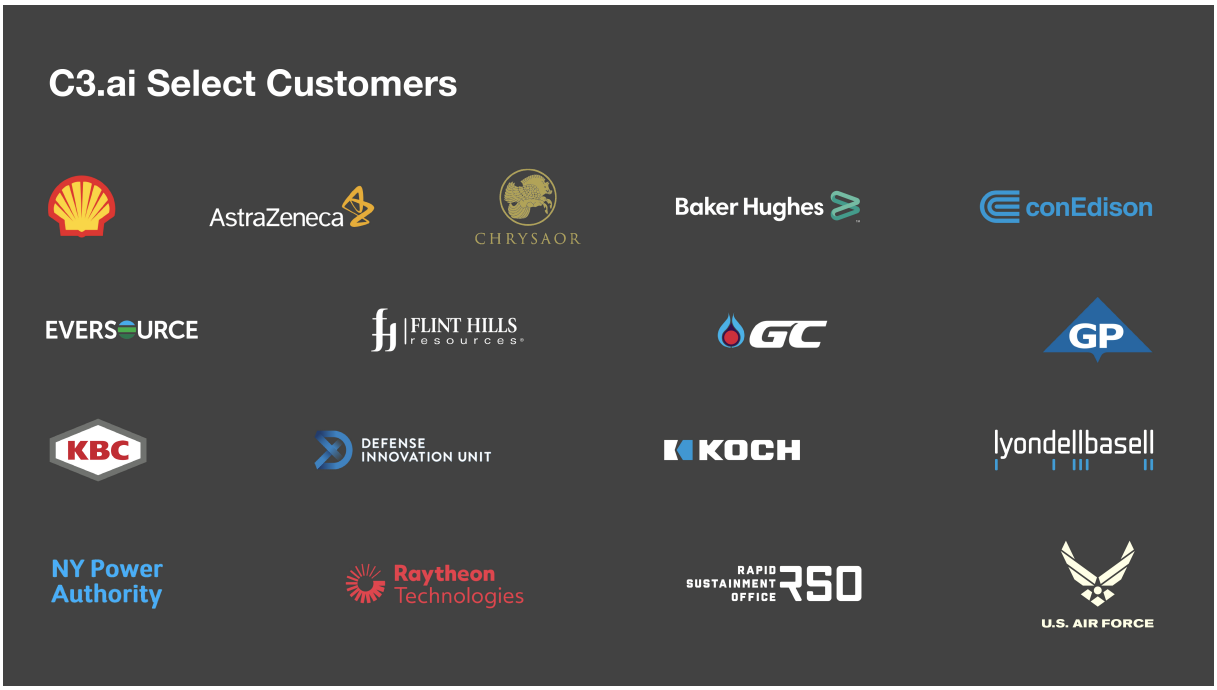
Rapid Revenue Growth

We are growing rapidly, with total revenue of $156.7 million in the fiscal year ended April 30, 2020 compared to $91.6 million in the fiscal year ended April 30, 2019, representing year-over-year growth of 71%. Over the same period, our subscription revenue grew to $135.4 million from $77.5 million, a 75% increase. The bulk of our revenue accrues from subscription software, accounting for roughly 86% of our total revenue. We incurred net losses of $69.4 million and $33.3 million in the fiscal years ended April 30, 2020 and 2019, respectively.



Lighthouse Customers

Our market-entry strategy has been to establish high-value customer engagements with large global early adopters, or lighthouse customers, in Europe, Asia, and the United States across a range of industries. These lighthouse customers serve as proof points for other potential customers in their particular industries. We have established strategic relationships with our customers that include many of the world's iconic organizations, demonstrating the utility of our Enterprise AI software solutions across geographies, cultures, vertical markets, and a wide range of use-cases at small, medium, and even the largest industrial scale. We work to replicate those deployments across similar companies within each vertical market.



High-Value Outcomes

We are enabling the digital transformation of many of the world's leading organizations and, in the process, helping them to attain short time-to-value and exceptionally high economic returns. At some companies, based on feedback from our customers, we estimate our solutions have resulted in hundreds of millions of dollars in annual economic benefit.[4] We estimate, based on our production C3.ai roadmaps, that we may enable billions of dollars in annual economic benefit for our customers.[5]

Rapid Time to Value

The key to our market success to date, and our primary competitive differentiator, is our ability to leverage the C3 AI Suite and C3 AI Applications to bring high-value Enterprise AI applications into production use rapidly. We have deployed Enterprise AI applications into production use in as little as four weeks.

Outsized Average Total Contract Value

As a result of the high-value outcomes that we enable, we enjoy uncommonly high total contract values for software subscriptions. Our average total contract value for contracts entered into in fiscal years 2016, 2017, 2018, 2019, and 2020 was $1.2 million, $11.7 million, $10.8 million, $16.2 million, and $12.1 million, respectively. We believe this is a high-water mark for the applications software industry.[6] We are able to drive these extraordinary contract values because of the high-value outcomes we provide to our customers—we enable some of the largest companies in the world to succeed in their most

[4] Management estimates based on results from trials or deployments using customer data from more than 20 projects across 15 customers. Data and feedback were collected from 2016 to 2020. See the section titled "Market, Industry, and Other Data" for additional information.

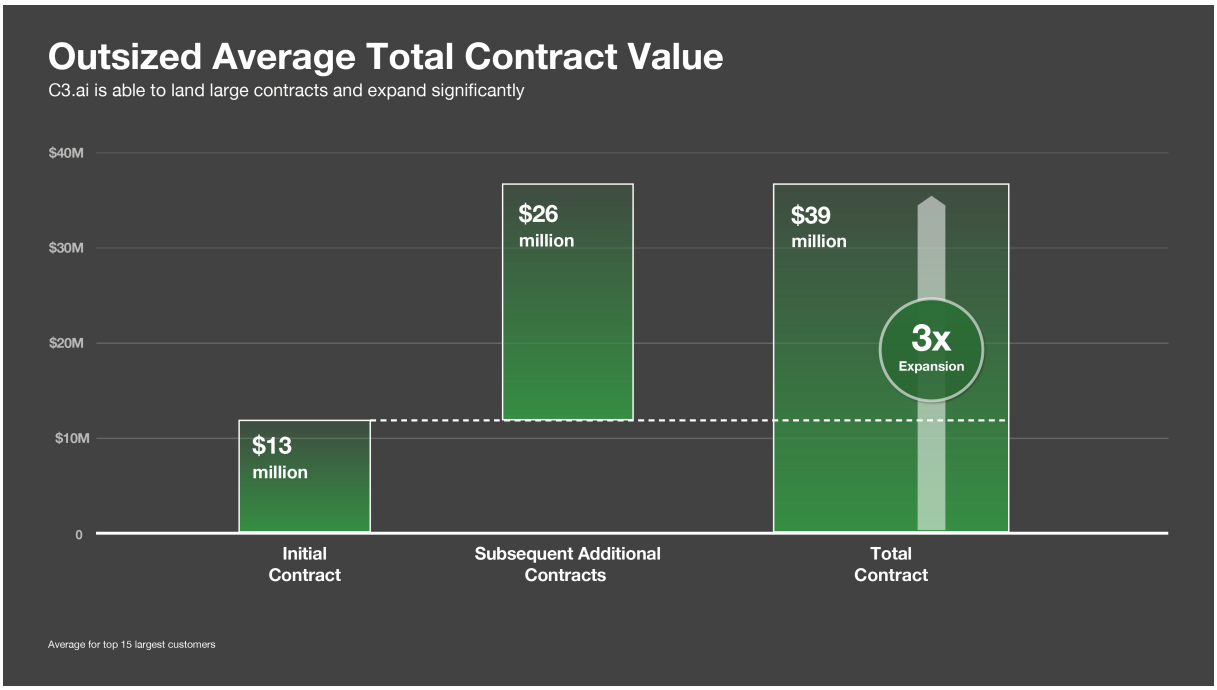
[5] Based on actual results achieved in trials or deployments using actual customer data and business processes as provided by our customers. These estimates are limited by the scaling factors of extrapolating these results from the specific project scope of each trial or deployment across the customer's entire business. These estimates are based on more than 20 projects across 15 customers, and the data and feedback were collected from customer engagements occurring in the years 2016 to 2020.

[6] Based on our review of the estimated contract values of approximately 100 representative applications software companies from publicly available sources. See the section titled "Market, Industry, and Other Data" for additional information.

mission-critical digital transformation projects. We expect the average total contract value to decrease as we expand our customer base beyond a small number of large lighthouse customers to a larger number of smaller customers.

Land and Expand

After their initial contract with us, our customers tend to expand the use of our products and, as a result, may purchase additional applications, additional developer seats, additional software products, additional runtime usage, and additional services. We define a Customer as a separate buying entity that has an active contract to deploy the C3 AI Suite or one or more C3 AI Applications. We often provide our software to a distinct department, business unit, or group within such single buying entity and define a customer as each distinct department, unit, or group within a Customer. The average initial contract value with our largest 15 customers was $12.8 million. On average, each of these customers has purchased an additional $26.1 million in product subscriptions and services from us to date as they expanded existing use cases and added additional use cases to their roadmaps.



Extensive Partner Ecosystem

We have established strategic relationships with technology leaders including AWS, Baker Hughes, Fidelity National Information Services, or FIS, Google, IBM, Microsoft, and Raytheon, marshalling tens of thousands of talented resources from the world's leading technology companies to establish and serve C3.ai customer relationships at global scale.

Leveraged Go-to-Market Model

Our market entry growth strategy has been to employ a direct sales organization organized in a traditional geographic/industry market matrix, partnered with C3.ai technical experts in our forward deployed engineering organization, to establish and expand customer relationships with large lighthouse customers with a diversity of AI use cases across a range of industry segments. Our sales and engagement efforts are frequently closely coordinated with our marketing partners including AWS, Baker Hughes, FIS, Google, IBM, and Microsoft.

Having established the scalability of our product offerings and their utility across a wide range of AI use cases at large-enterprise scale, we will now (1) expand those same use cases across similar companies, (2) establish middle market sales organizations, including telesales and online sales, and (3) leverage our marketing partners as enterprise and mid-market distribution channels.

Revenue Model

The bulk of our revenue is generated from subscriptions to our software, accounting for roughly 86% of our total revenue. We currently have four primary revenue sources:

- Term subscriptions of the C3 AI Suite, usually three years in duration.
- Term subscriptions of C3 AI Applications, usually three years in duration.
- Monthly runtime fees of the C3 AI Applications and customer-developed applications built using the C3 AI Suite, usage-based upon CPU-hour consumption.
- Professional services fees associated with training and assisting our customers.

Recognized AI-Industry Leadership

We have won many industry recognitions, including CNBC Disruptor 50 (2020, 2019, 2018), BloombergNEF Pioneer (2020), Forbes Cloud 100 (2020, 2019, 2018, 2017), Deloitte Technology Fast 500 (2019), and EY Entrepreneur of the Year (2018, 2017), and have been named a leader by Forrester Wave: Industrial IoT Software Platforms (2019, 2018).

Our Secret Sauce: C3.ai Model-Driven Architecture

The C3 AI Suite, with its proprietary model-driven architecture, addresses the requirements for the digital transformation software stack, providing a low-code/no-code AI and Internet of Things, or IoT, platform that accelerates software development, reduces cost and risk, and delivers applications that are flexible enough to meet evolving needs.

We believe Enterprise AI applications require a new digital transformation software stack. The traditional approach to developing AI and IoT enterprise software—i.e., using structured programming to build applications by assembling and integrating various open source components and cloud services—can be slow, costly, and ineffective. Due to daunting technical requirements, among other reasons, a recent study has shown that 84% of Enterprise AI deployments have not scaled.

Enabled by our proprietary model-driven architecture, the C3 AI Suite and C3 AI Applications allow organizations to dramatically simplify and accelerate Enterprise AI adoption. Compared to the structured programming approach that most organizations typically attempt, we estimate that our model-driven architecture speeds development by a factor of 26, while reducing the amount of code that must be written by up to 99%.

We enjoy a rich patent portfolio that presents a substantial competitive advantage in the Enterprise AI market—most notably, our recently issued U.S. patents (No. 10,817,530 and No. 10,824,634) which were granted for systems, methods, and devices for an enterprise AI and internet-of-things platform.

The C3 AI Suite enables us to rapidly and successfully deploy functionally rich, high-value Enterprise AI applications even at the largest enterprise scale.

Competition

Our primary competition is largely do-it-yourself, custom-developed, company-specific AI platforms and applications. These tend to be very costly complex software engineering projects, often fail, and, if successful, usually require many years to realize economic return.

We are unaware of any end-to-end Enterprise AI development platforms that are directly competitive with the C3 AI Suite.

Sales Alliances

Strategic partnerships are core to our growth strategy with market-leading companies offering highly leveraged distribution channels to various markets.

To date, we have established such a partnership with Baker Hughes to address the needs of the global oil and gas market, with FIS to address needs in the financial services market, with Raytheon to serve the U.S. defense and intelligence communities, and with Microsoft and Adobe to address the next generation of CRM.

In addition, we have announced global alliances with AWS, IBM, Intel, and Microsoft to jointly market, sell, and service our combined solutions across industry verticals.

In the majority of our sales opportunities we are aligned with one or more of these partners.

Thought Leadership

Our Chief Executive Officer, Tom Siebel, and our Chief Technology Officer, Ed Abbo, are recognized leaders in information technology, facilitating broad market validation by media, analysts, and industry groups. Their decades of technology leadership in enterprise software position them well to engage strategically with the executive leadership of leading corporations and government entities.

University Relations: C3.ai Digital Transformation Institute

Established in February 2020, the C3.ai Digital Transformation Institute, or C3.ai DTI, is a research consortium dedicated to accelerating the benefits of artificial intelligence for business, government, and society. C3.ai DTI engages the world's leading scientists to conduct research and train practitioners in the new Science of Digital Transformation, which operates at the intersection of artificial intelligence, machine learning, cloud computing, internet of things, big data analytics, organizational behavior, public policy, and ethics.

C3.ai DTI is a coalition of some of the world's leading research institutions including Princeton, Carnegie Mellon, MIT, University of Illinois at Urbana-Champaign, University of Chicago, UC Berkeley, Stanford, the National Center for Supercomputing Applications, and Lawrence Berkeley Labs, in partnership with Microsoft and C3.ai.

C3.ai DTI provides organization and funding for wide-ranging fundamental research to develop advanced AI techniques, methods, and processes to accelerate the Science of Digital Transformation. Funding, computing resources, Azure resources, and unlimited use of the C3 AI Suite are being provided to these researchers and institutions as the AI research platform. C3.ai DTI has initially funded 26 research projects to develop new AI techniques to address the challenges of the COVID-19 pandemic.

In addition to contributing to the public good, C3.ai DTI exposes the capabilities of our AI Suite and AI Applications to potentially thousands of researchers, undergraduates, and graduate students at these world-renowned institutions. This helps to further build the community of C3.ai users and to establish C3.ai as the standard for developing and deploying large-scale Enterprise AI applications to solve the world's hardest problems.

Growth Strategy

We are substantially investing in the expansion of our direct enterprise sales and service organization both geographically and across vertical markets to expand the use of C3.ai solutions within existing customers and establish new customer relationships.

We will continue to focus on the success of our customers to increase penetration of our existing customer base.

We will continue to expand our major account sales organization to focus on large enterprise software agreements.

We will continue to expand our enterprise sales organization globally, focused on divisions of Fortune 500 companies as well as with smaller and medium-sized businesses.

We will expand our leveraged distribution channel with additional strategic partners like Baker Hughes, FIS, Microsoft, and Raytheon.

We will continue to develop high volume distribution channels including digital marketing, telesales, and strategic distributors, particularly to address the needs of small and medium businesses.

We are bringing new product families to market that we believe will develop into substantial recurring revenue streams for C3.ai.

We expect to enter into additional strategic development and distribution agreements, like those we have in place with Baker Hughes, FIS, Microsoft, and Raytheon, that we expect will provide us highly leveraged access to other vertical and horizontal markets.

Rich Human Capital

Our strongest asset is unquestionably the human capital we have been able to attract, retain, and motivate. We have won the Glassdoor Best Place to Work award, were named a WayUp Top 100 Internship Program, and are consistently ranked amongst the best places to work. We attract exceptionally talented, highly educated, experienced, motivated employees. We hired 214 new employees in the past year. We received approximately 52,000 applications for those positions. Approximately 10,000 of those were engaged in rigorous skill evaluation and interview cycles for a final selection of 214. Fifty-seven percent of our employees have advanced degrees, many from the world's most prestigious institutions.

Veteran Disciplined Management

Our executive leadership team, led by our CEO, Tom Siebel, has individually and collectively managed some of the world's most successful and rapidly growing software companies, including Oracle and Siebel Systems. This is a team that has created markets and has a demonstrated history of responsible management and commitment to employees, customers, and investors. We enjoy exceptional levels of experience, discipline and rigor in our management practices that transcend market cycles and market bubbles. We are focused on building a rapidly growing, professional, structurally cash-positive, and structurally profitable company in the long term with the singular focus of establishing a global leadership position in Enterprise AI with a long trail of satisfied customers.

Our CEO, Tom Siebel, is a seasoned software innovator who has and continues to receive broad industry recognition for his leadership. A sample of his honors and awards include:

- Entrepreneur of the Year – EY, 2018
- Glassdoor Top CEO – 2018
- Honorary Ph.D. – Politecnico di Torino, 2018
- Entrepreneur of the Year – EY, 2017
- Best Places to Work, 100% CEO approval rating – Glassdoor, 2017
- Most Admired CEO Lifetime Achievement Award – San Francisco Business Times, 2016
- Academy of Arts and Sciences, Elected Member – April 2013
- #3 of the World's Top 25 Philanthropists – Barron's, November 2010
- Woodrow Wilson Award for Corporate Citizenship
- Engineering at Illinois Hall of Fame – University of Illinois at Urbana-Champaign, 2010
- #5 of the World's Top 25 Philanthropists – Barron's, 2009
- Top 50 Philanthropists – BusinessWeek 2007, 2008
- Honorary Ph.D. Engineering – University of Illinois at Urbana-Champaign, 2006
- Thomas M. Siebel, Master Entrepreneur of the Year – Ernst & Young, 2003
- Entrepreneurial Company of the Year – Harvard Business School, 2003
- Hall of Fame – CRM Magazine, 2003
- CEO of the Year – Industry Week, 2002
- Top 25 Managers in Global Business – BusinessWeek, 1999 to 2002
- Top 10 CEOs of 2000 – Investor's Business Daily, 2000
- The World's Most Influential Software Company – BusinessWeek, 2000
- The Most Influential Company in IT – Intelligent Enterprise, 2000

- Fastest Growing Technology Company – Deloitte & Touche, 1999
- Fastest Growing Company in America – Fortune, 1999

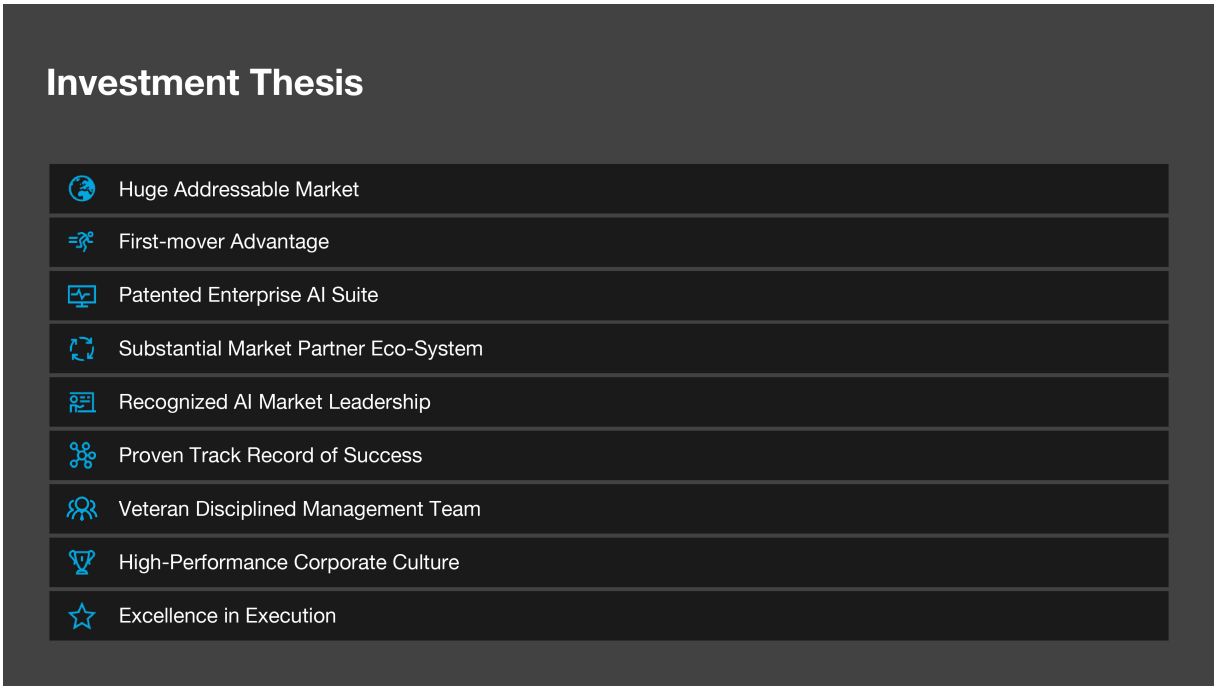
C3.ai Investment Thesis

Enterprise AI is a huge addressable market.

We have a highly experienced CEO and management team with an established track record of identifying large technology markets in their nascent stage, developing innovative, superior solutions to meet the needs of those markets, assembling and organizing high-performance organizations, and building rapidly growing, financially sound, cash-positive, profitable, professionally managed, market-leading companies that accrue substantial value to customers, employees, partners, and investors.

We have developed a patented Enterprise AI suite enabling the successful digital transformation of leading corporations and government entities. First-mover advantage. Technology leadership. Substantial market eco-system. Recognized Enterprise AI market leadership. A high-performance corporate culture. Focused on excellence in execution.

We are in this for the long run, with the singular focus of establishing and maintaining recognized technology innovation and global market leadership in the Enterprise AI application software market.



RISK FACTORS

Investing in our Class A common stock involves a high degree of risk because our business is subject to numerous risks and uncertainties, as fully described in the section titled "Risk Factors" immediately following this summary. These risks include, but are not limited to, the following:

- we have a limited operating history, which makes it difficult to evaluate our prospects and future results of operations;
- historically, a limited number of customers have accounted for a substantial portion of our revenue. If existing customers do not renew their contracts with us, or if our relationships with our largest customers are impaired or terminated, our revenue could decline, and our results of operations would be adversely impacted;
- our business depends on our ability to attract new customers and on our existing customers purchasing additional subscriptions from us and renewing their subscriptions;
- we have a history of operating losses and may not achieve or sustain profitability in the future;
- we face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations;
- our sales cycles can be long and unpredictable, particularly with respect to large subscriptions, and our sales efforts require considerable time and expense;
- if the market for our AI Suite and AI Applications fails to grow as we expect, or if businesses fail to adopt our AI Suite and AI Applications, our business, operating results, and financial condition could be adversely affected;
- if we fail to respond to rapid technological changes, extend our AI Suite and AI Applications or develop new features and functionality, our ability to remain competitive could be impaired;
- if we were to lose the services of our Chief Executive Officer or other members of our senior management team, we may not be able to execute our business strategy; and
- the COVID-19 pandemic could have an adverse impact on our business, operations, and the markets and communities in which we, our partners, and customers operate.

Corporate Information

We were initially formed in 2009 as C3, LLC, a Delaware limited liability company. In June 2012, we incorporated under the laws of the state of Delaware under the name C3, Inc. In July 2016, we changed our name to C3 IoT, Inc., and, in June 2019, we changed our name to C3.ai, Inc. Our principal executive offices are located at 1300 Seaport Blvd, Suite 500, Redwood City, California 94063. Our telephone number is (650) 503-2200. Our website address is C3.ai. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

The C3.ai design logo, "C3.ai," and our other registered or common law trademarks, service marks or trade names appearing in this prospectus are the property of C3.ai, Inc. Other trade names, trademarks, and service marks used in this prospectus are the property of their respective owners.

We believe we are eligible for but do not intend to take advantage of the "controlled company" exemption to the corporate governance rules for New York Stock Exchange-listed companies.

Implications of Being an Emerging Growth Company

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, enacted in April 2012. An emerging growth company may take advantage of certain exemptions from various public company reporting requirements. These provisions include, but are not limited to:

- not being required to comply for a certain period of time with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act;

- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements, and registration statements; and
- exemptions from the requirements of holding a stockholder advisory vote on executive compensation and any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our Class A common stock in this offering. However, if certain events occur prior to the end of such five-year period, including if (1) we become a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; (2) our annual gross revenue exceeds $1.07 billion; or (3) we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

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

In addition, the JOBS Act provides that an "emerging growth company" can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act. Accordingly, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

THE OFFERING

Class A common stock offered by us	shares
Class A common stock to be outstanding after this offering	shares
Class B common stock to be outstanding after this offering	21,000,000 shares
Option to purchase additional shares of Class A common stock offered by us	shares
Total Class A and Class B common stock to be outstanding after this offering	shares (or approximately shares if the underwriters option to purchase additional shares of our Class A common stock is exercised in full).
Voting rights	We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. The holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to 50 votes per share on all matters that are subject to stockholder vote. Each share of Class B common stock may be converted into one share of Class A common stock at the option of the holder thereof, and will be converted into one share of Class A common stock upon transfer thereof, subject to certain exceptions. The holders of our outstanding Class B common stock will hold % of the voting power of our outstanding capital stock following this offering, with our directors, executive officers and 5% stockholders and their respective affiliates holding % in the aggregate. These holders will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change of control transaction. See the section titled “Description of Capital Stock” for additional information.
Use of proceeds	We estimate that our net proceeds from the sale of our Class A common stock that we are offering will be approximately $ million (or approximately $ million if the underwriters option to purchase additional shares of our Class A common stock is exercised in full), assuming an initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses. The principal purposes of this offering are to increase our capitalization and financial flexibility, and create a public market for our Class A common stock. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time. See the section titled “Use of Proceeds” for additional information.

Proposed trading symbol	We have applied to list our Class A common stock on the New York Stock Exchange under the symbol "AI."
Risk factors	See the section titled "Risk Factors" and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

The number of shares of our common stock that will be outstanding after this offering is based on shares of our Class A common stock (including preferred stock, other than the Series A* Preferred Stock, on an as-converted basis) and 21,000,000 shares of our Class B common stock (including the Series A* Preferred Stock on an as-converted basis) outstanding as of July 31, 2020 and excludes:

- 193,621,256 shares of our Class A common stock issuable upon the exercise of options to purchase shares of our Class A common stock issued under our Amended and Restated 2012 Equity Incentive Plan, or the 2012 Plan, outstanding as of July 31, 2020, with a weighted-average exercise price of $0.5659 per share;
- shares of our Class A common stock issuable upon the exercise of options to purchase shares of our Class A common stock issued under our 2012 Plan after July 31, 2020, with a weighted-average exercise price of $ per share;
- 47,146,302 shares of our Class A common stock reserved for future issuance under our 2012 Plan, which shares will cease to be available for issuance at the time our 2020 Equity Incentive Plan, or the 2020 Plan, becomes effective;
- shares of our Class A common stock issuable upon the exercise of outstanding stock options granted after July 31, 2020 under our 2020 Plan, with a weighted-average exercise price of $ per share;
- shares of our Class A common stock reserved for future issuance under our 2020 Plan, which includes an annual evergreen increase and will become effective in connection with this offering; and
- shares of our Class A common stock reserved for future issuance under our 2020 Employee Stock Purchase Plan, or the ESPP, which includes an annual evergreen increase and will become effective in connection with this offering.

Upon the execution and delivery of the underwriting agreement related to this offering, any remaining shares available for issuance under our 2012 Plan will become reserved for future issuance as Class A common stock under our 2020 Plan, and we will cease granting awards under our 2012 Plan. See the section titled "Executive Compensation—Employee Benefit and Stock Plans" for additional information.

Unless otherwise indicated, the information in this prospectus assumes:

- a -for- stock split of our common stock to be effected prior to the completion of this offering;
- the filing and effectiveness of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the automatic conversion of all outstanding shares of our convertible preferred stock as of July 31, 2020, other than shares of our Series A* Preferred Stock, into shares of our Class A common stock, which will occur immediately prior to the completion of this offering;
- the conversion of all outstanding shares of our Series A* Preferred Stock as of July 31, 2020, into 21,000,000 shares of our Class B common stock, which will occur immediately prior to the completion of this offering;
- no exercise of the outstanding options described above; and
- no exercise of the underwriters' option to purchase up to an additional shares of Class A common stock in this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations data for the years ended April 30, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for the three months ended July 31, 2019 and 2020 and the consolidated balance sheet data as of July 31, 2020 are derived from our unaudited interim consolidated financial statements that are included elsewhere in this prospectus. We have prepared the unaudited interim consolidated financial statements on the same basis as the audited consolidated financial statements. We have included, in our opinion, all adjustments necessary to state fairly our financial position as of July 31, 2020 and the results of operations for the three months ended July 31, 2019 and 2020. Our historical results are not necessarily indicative of the results to be expected for any other period in the future and the results of operations for the three months ended July 31, 2020 are not necessarily indicative of the results to be expected for any other period in the future. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes, the information in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other financial information contained elsewhere in this prospectus.

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands, except per share data)			
Consolidated Statements of Operations Data:				
Revenue				
Subscription	$ 77,472	$ 135,394	$ 30,976	$ 35,695
Professional services	14,133	21,272	3,914	4,788
Total revenue	91,605	156,666	34,890	40,483
Cost of revenue				
Subscription(1)	24,560	31,479	6,643	$ 8,587
Professional services(1)	5,826	7,308	1,575	1,912
Total cost of revenue	30,386	38,787	8,218	10,499
Gross profit	61,219	117,879	26,672	29,984
Operating expenses				
Sales and marketing(1)	37,882	94,974	11,637	14,358
Research and development(1)	37,318	64,548	10,918	13,264
General and administrative(1)	22,061	29,854	5,080	5,687
Total operating expenses	97,261	189,376	27,635	33,309
Loss from operations	(36,042)	(71,497)	(963)	(3,325)
Interest income	3,508	4,251	979	580
Other (expense) income, net	(546)	(1,752)	(252)	3,018
Net income (loss) before provision for income taxes	(33,080)	(68,998)	(236)	273
Provision for income taxes	266	380	87	123
Net income (loss)	$ (33,346)	$ (69,378)	$ (323)	$ 150
Net income (loss) per share attributable to common stockholders, basic and diluted(2)	$ (0.22)	$ (0.32)	(0.00)	$ 0.00
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic and diluted(2)	151,973	214,799	194,613	223,746
Pro forma net income (loss) per share, basic and diluted(2)				
Weighted-average shares used in computing pro forma net income (loss) per share, basic and diluted(2)				

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

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands)			
Cost of subscription	$ 149	$ 370	$ 61	$ 184
Cost of professional services	69	122	33	48
Sales and marketing	1,739	3,074	580	855
Research and development	781	1,223	297	458
General and administrative	1,529	3,521	561	935
Total stock-based compensation expense	$ 4,267	$ 8,310	$ 1,532	$ 2,480

(2) See Note 10 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate our basic and diluted net loss per share attributable to common stockholders, basic and diluted pro forma net loss per share attributable to common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

	As of July 31, 2020		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 128,979	$ 154,984	$
Short-term investments	139,018	139,018	
Working capital(3)	208,836	234,842	
Total assets	355,769	381,774	
Deferred revenue, current and non-current	107,244	107,244	
Redeemable convertible preferred stock	375,207	—	
Redeemable convertible Class B-1 common stock	18,800	—	
Class A common stock	19		
Class B common stock	164	—	
Class C common stock	1	—	
Class B common stock(4)	—	21	
Additional paid-in capital	113,364		
Accumulated deficit	(293,486)	(293,486)	
Total stockholders' (deficit) equity	(179,681)	240,331	

(1) Reflects (a) the automatic conversion of all outstanding shares of our Class B common stock, Class C common stock, redeemable convertible preferred stock, other than shares of our Series A* Preferred Stock, and redeemable convertible Class B-1 common stock, as of July 31, 2020, into shares of our Class A common stock, (b) the conversion of all outstanding shares of our Series A* Preferred Stock, as of July 31, 2020, into 21,000,000 shares of our Class B common stock, which will occur immediately prior to the completion of this offering, (c) the repayment due from our Chief Executive Officer of the outstanding full recourse promissory note in connection with the Series F preferred stock financing, including accrued interest, in the amount of $26.0 million and (d) the filing of our amended and restated certificate of incorporation immediately prior to the completion of this offering.

(2) Reflects (a) the pro forma items described in the immediately preceding footnote and (b) our issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share of Class A common stock, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, marketable securities, working capital, total assets, and total stockholders' (deficit) equity by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price per share would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, marketable securities, working capital, total assets, and total stockholders' (deficit) equity by approximately $ million, assuming the assumed initial public offering price of $ per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions. The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

(3) Working capital is defined as current assets less current liabilities.

(4) Reflects the Class B common stock to be authorized in connection with the filing of our amended and restated certificate of incorporation immediately prior to the completion of this offering.

RISK FACTORS

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

Summary Risk Factor

Investing in our Class A common stock involves a high degree of risk because our business is subject to numerous risks and uncertainties, as fully described below. The principal factors and uncertainties that make investing in our Class A common stock risky include, among others:

- we have a limited operating history, which makes it difficult to evaluate our prospects and future results of operations;
- historically, a limited number of customers have accounted for a substantial portion of our revenue. If existing customers do not renew their contracts with us, or if our relationships with our largest customers are impaired or terminated, our revenue could decline, and our results of operations would be adversely impacted;
- our business depends on our ability to attract new customers and on our existing customers purchasing additional subscriptions from us and renewing their subscriptions;
- we have a history of operating losses and may not achieve or sustain profitability in the future;
- we face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations;
- our sales cycles can be long and unpredictable, particularly with respect to large subscriptions, and our sales efforts require considerable time and expense;
- if the market for our AI Suite and AI Applications fails to grow as we expect, or if businesses fail to adopt our AI Suite and AI Applications, our business, operating results, and financial condition could be adversely affected;
- we may not be able to respond to rapid technological changes, extend our AI Suite and AI Applications or develop new features and functionality;
- if we were to lose the services of our Chief Executive Officer or other members of our senior management team, we may not be able to execute our business strategy; and
- the COVID-19 pandemic could have an adverse impact on our business, operations, and the markets and communities in which we, our partners, and customers operate.

Risks Related to Our Business and Our Industry

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

We were founded in 2009. As a result of our limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance. Further, in future periods, we expect our revenue growth to slow. A number of factors could cause our growth rate to be adversely impacted, including any reduction in demand for our AI Suite and AI Applications, increased competition, contraction of our overall market, our inability to accurately forecast demand for our AI Suite and AI Applications, or our failure, for any reason, to capitalize on growth opportunities. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding

these risks and uncertainties, which we use to plan our business, are incorrect or change, or if we do not address these risks successfully, our business would be harmed.

Historically, a limited number of customers have accounted for a substantial portion of our revenue. If existing customers do not renew their contracts with us, or if our relationships with our largest customers are impaired or terminated, our revenue could decline, and our results of operations would be adversely impacted.

We derive a significant portion of our revenue from a limited number of existing customers. Our top three Customers together accounted for 34% and 44% of our revenue for the years ended April 30, 2019 and 2020, respectively. Our top three Customers by revenue for the year ended April 30, 2020, have been with us for an average of 3.3 years. Each of ENGIE Information et Technologie, or Engie, and Caterpillar, Inc. accounted for greater than 10% of our revenue for the year ended April 30, 2019, and each of Baker Hughes Company, or Baker Hughes, and Engie each accounted for greater than 10% of our revenue for the year ended April 30, 2020. In June 2016, we entered into a master license and services agreement with Engie whereby Engie partners with us to support their digital transformation with a non-exclusive, worldwide license to our AI Suite and certain AI Applications. This arrangement was revised in June 2019 to extend the term by an additional three years for a total of six years. Our master license and services agreement with Engie is terminable by either party upon 30 days' written notice if the other party materially breaches the agreement or applicable order form and does not cure such breach prior to the end of that 30 day period, and under certain circumstances in connection with a change of control of either party. In April 2019, we entered into a professional services agreement with Engie pursuant to which we develop a customized application for Engie on our AI Suite. This arrangement has a three year term and permits Engie to terminate the contract at the start of the third year subject to a wind down fee of approximately €2.5 million payable by Engie. Certain of our customers, including customers that, at the time, represented a significant portion of our business, have in the past reduced their spend with us or decided to not renew their subscriptions with us, which has reduced our anticipated future payments or revenue from these customers. It is not possible for us to predict the future level of demand from our larger customers for our AI Suite and AI Applications.

Our commercial customers typically purchase three-year subscriptions which generally do not provide for a right to terminate the subscription for convenience. Our customers generally have no obligation to renew, upgrade, or expand their subscriptions with us after the terms of their existing subscriptions expire. In addition, our customers may opt to decrease their usage of our AI Suite and AI Applications. As a result, we cannot provide assurance that our customers will renew, upgrade, or expand their subscriptions with us, if they renew at all. If one or more of our customers elect not to renew their subscriptions with us, or if our customers renew their subscriptions with us for shorter time periods, or if our customers decrease their usage of our AI Suite and AI Applications, or if our customers otherwise seek to renegotiate terms of their existing agreements on terms less favorable to us, our business and results of operations would be adversely affected. This adverse impact would be even more pronounced for customers that represent a material portion of our revenue or business operations.

Our business depends on our ability to attract new customers and on our existing customers purchasing additional subscriptions from us and renewing their subscriptions.

To increase our revenue, we must continue to attract new customers. Our success will depend to a substantial extent on the widespread adoption of our AI Suite and AI Applications. Although demand for data management, machine learning, analytics, and artificial intelligence platforms and applications has grown in recent years, the market for these platforms and applications continues to evolve. Numerous factors may impede our ability to add new customers, including but not limited to, our failure to compete effectively against alternative products or services, failure to attract and effectively train new sales and marketing personnel, failure to develop or expand relationships with partners and resellers, failure to successfully innovate and deploy new applications and other solutions, failure to provide a quality customer experience and customer support, or failure to ensure the effectiveness of our marketing programs. If we are not able to attract new customers, it will have an adverse effect on our business, financial condition and results of operations.

In addition, our future success depends on our ability to sell additional subscriptions for our AI Suite and AI Applications to our existing customers, and our customers renewing their subscriptions when the contract term expires. Our customers typically purchase three-year subscriptions which generally do not provide for a right to terminate the subscription for convenience. Our customers generally have no contractual obligation to renew, upgrade, or expand their subscriptions after the terms of their existing subscriptions expire. In addition, our customers may opt to decrease their usage of our AI Suite and AI Applications. Given our limited operating history, we may not be able to accurately predict customer renewal rates. Our customers' renewal and/or expansion commitments may decline or fluctuate as a result of a number of factors, including, but not limited to, their satisfaction with our AI Suite, applications and our customer support, the frequency and

severity of software and implementation errors or other reliability issues, the pricing of our subscriptions or competing solutions, changes in their IT budget, the effects of global economic conditions, and our customers' financial circumstances, including their ability to maintain or expand their spending levels or continue their operations. In order for us to maintain or improve our results of operations, it is important that our customers renew or expand their subscriptions with us. If our customers do not purchase additional subscriptions or seats or increase their usage or our customers do not renew their subscriptions, our business, financial condition, and results of operations may be harmed.

We have limited historical experience with supporting or selling to smaller, non-enterprise customers. We intend to grow our customer base and further contribute to our overall growth by introducing product offerings with a lower entry price point. If we are able to broaden our customer base, if at all, to include smaller or mid-size customers, we will be faced with risks that may not be present or that are present to a lesser extent with respect to sales to large organizations. Because of our limited experience in supporting or selling to smaller, non-enterprise customers, we cannot assure you that we will be successful in our efforts to broaden our customer base or in getting future smaller customers to renew or expand their subscriptions to our offerings. If such customers do not renew their agreements or renew on less favorable terms or for less usage, our revenue may grow more slowly than expected or decline our business, financial condition, and results of operations may be harmed.

Achieving renewal or expansion of usage and subscriptions may require us to engage increasingly in sophisticated and costly sales and support efforts that may not result in additional sales. In addition, the rate at which our customers expand the deployment of our AI Suite and AI Applications depends on a number of factors. If our efforts to expand penetration within our customers are not successful, our business, financial condition, and results of operations may be harmed.

Because we derive substantially all of our revenue from our AI Suite and AI Applications, failure of Enterprise AI solutions in general and our AI Suite and AI Applications in particular to satisfy customer demands or to achieve increased market acceptance would adversely affect our business, results of operations, financial condition, and growth prospects.

We derive and expect to continue to derive substantially all of our revenue from our AI Suite and AI Applications. As such, the market acceptance of Enterprise AI solutions in general, and our AI Suite in particular, are critical to our continued success. Market acceptance of an Enterprise AI solution depends in part on market awareness of the benefits that Enterprise AI can provide over legacy products, emerging point products, and manual processes. In addition, in order for cloud-based Enterprise AI solutions to be widely accepted, organizations must overcome any concerns with placing sensitive information on a cloud-based platform. In addition, demand for our platform in particular is affected by a number of other factors, some of which are beyond our control. These factors include continued market acceptance of our AI Suite, the pace at which existing customers realize benefits from the use of our platform and decide to expand deployment of our platform across their business, the timing of development and release of new products by our competitors, technological change, reliability and security, the pace at which enterprises undergo digital transformation, and developments in data privacy regulations. In addition, we expect that the needs of our customers will continue to rapidly change and increase in complexity. We will need to improve the functionality and performance of our platform continually to meet those rapidly changing, complex demands. If we are unable to continue to meet customer demands or to achieve more widespread market acceptance of Enterprise AI solutions in general or our platform in particular, our business operations, financial results, and growth prospects will be materially and adversely affected.

We have a history of operating losses and may not achieve or sustain profitability in the future.

We incurred net losses in each period since our founding in 2009. We generated net losses of approximately $33.3 million and $69.4 million for the fiscal years ended April 30, 2019 and April 30, 2020, respectively, and expect to continue to incur net losses for the foreseeable future. As a result, we had an accumulated deficit of $293.6 million as of April 30, 2020. These losses and accumulated deficit reflect the substantial investments we made to acquire new customers, commercialize our AI Suite and AI Applications, and continue to develop our AI Suite and AI Applications. While we have experienced revenue growth in recent periods, we do not know whether or when we will generate sufficient revenue to sustain or increase our growth or achieve or maintain profitability in the future. We also expect our costs and expenses to increase in future periods, which could negatively affect our future results of operations if our revenue does not increase. In particular, we intend to continue to expend significant funds to further develop our AI Suite and AI Applications and business, including:

- investments in our research and development team and in the development of new features and enhancements of our AI Suite and AI Applications, including the hiring of additional development staff, and fees paid to third parties for related enhancements;

- investments in sales, marketing, and services, including expanding our sales force and our customer service team, increasing our customer base, increasing market awareness of our AI Suite and AI Applications, and development of new technologies;
- expanding our operations and infrastructure; and
- hiring additional employees.

We will also face increased compliance costs associated with growth, the expansion of our customer base, and being a public company. Our efforts to grow our business may be costlier than we expect, our revenue growth may be slower than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications or delays, and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and Class A common stock may significantly decrease.

We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.

The market for our products is intensely competitive and characterized by rapid changes in technology, customer requirements, industry standards, and frequent new platform and application introductions and improvements. We anticipate continued competitive challenges from current competitors who address different aspects of our offerings, and in many cases, these competitors are more established and enjoy greater resources than we do. We also expect competitive challenges from new entrants into the industry. If we are unable to anticipate or effectively react to these competitive challenges, our competitive position could weaken, and we could experience a decline in our growth rate and revenue that could adversely affect our business and results of operations.

Our main sources of current and potential competition fall into several categories:

- internal IT organizations that develop internal solutions and provide self-support for their enterprises;
- commercial enterprise and point solution software providers;
- open source software providers with data management, machine learning, and analytics offerings;
- public cloud providers offering discrete tools and micro-services with data management, machine learning, and analytics functionality;
- system integrators that develop and provide custom software solutions;
- legacy data management product providers; and
- strategic and technology partners who may also offer our competitors' technology or otherwise partner with them, including our strategic partners who may offer a substantially similar solution based on a competitor's technology or internally developed technology that is competitive with ours.

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, and larger customer bases;
- larger sales and marketing budgets and resources and the capacity to leverage their sales efforts and marketing expenditures across a broader portfolio of products;
- broader, deeper, or otherwise more established relationships with technology, channel, and distribution partners and customers;
- wider geographic presence or greater access to larger customer bases;
- greater focus in specific geographies or industries;
- lower labor and research and development costs;

- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical, and other resources to provide support, to make acquisitions, hire talent, and to develop and introduce new products.

In addition, some of our larger competitors have substantially broader and more diverse platform and application offerings and may be able to leverage their relationships with distribution partners and customers based on other products or incorporate functionality into existing products to gain business in a manner that discourages potential customers from subscribing to our AI Suite and AI Applications, including by selling at zero or negative margins, bundling with other offerings, or offering closed technology platforms. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier regardless of platform or application performance or features. As a result, even if the features of our AI Suite and AI Applications are superior, potential customers may not purchase our offerings. These larger competitors often have broader product lines and market focus or greater resources and may therefore not be as susceptible to economic downturns or other significant reductions in capital spending by customers. If we are unable to sufficiently differentiate our solutions from the integrated or bundled products of our competitors, such as by offering enhanced functionality, performance or value, we may see a decrease in demand for our offerings, which could adversely affect our business, operating results, and financial condition.

Moreover, new innovative start-up companies, and larger companies that are making significant investments in research and development, may introduce products that have greater performance or functionality, are easier to implement or use, or incorporate technological advances that we have not yet developed or implemented, or may invent similar or superior technologies that compete with ours. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources.

Some of our competitors have made or could make acquisitions of businesses that allow them to offer more competitive and comprehensive solutions. As a result of such acquisitions, our current or potential competitors may be able to accelerate the adoption of new technologies that better address customer needs, devote greater resources to bring these platforms and applications to market, initiate or withstand substantial price competition, or develop and expand their product and service offerings more quickly than we can. These competitive pressures in our market or our failure to compete effectively may result in fewer orders, reduced revenue and gross margins, and loss of market share. In addition, it is possible that industry consolidation may impact customers' perceptions of the viability of smaller or even mid-size software firms and consequently customers' willingness to purchase from such firms.

We may not compete successfully against our current or potential competitors. 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. In addition, companies competing with us may have an entirely different pricing or distribution model. Increased competition could result in fewer customer orders, price reductions, reduced operating margins, and loss of market share. Further, we may be required to make substantial additional investments in research, development, marketing, and sales in order to respond to such competitive threats, and we cannot assure you that we will be able to compete successfully in the future.

Our sales cycles can be long and unpredictable, particularly with respect to large subscriptions, and our sales efforts require considerable time and expense.

Our results of operations may fluctuate, in part, because of the complexity of customer problems that our AI Suite and AI Applications address, the resource-intensive nature of our sales efforts, the length and variability of the sales cycle for our AI Suite and AI Applications, and the difficulty in making short-term adjustments to our operating expenses. The timing of our sales is difficult to predict. The length of our sales cycle, from initial evaluation to payment for our subscriptions is generally six to nine months but can vary substantially from customer to customer and can extend over a number of years for some customers. Our sales efforts involve educating our customers about the use, technical capabilities, and benefits of our AI Suite and AI Applications. Customers often undertake a prolonged evaluation process, which frequently involves not only our AI Suite and AI Applications but also those of other companies. In addition, the size of potential customers may lead to longer sales cycles. For instance, we invest resources into sales to large organizations and large organizations typically undertake a significant evaluation and negotiation process due to their leverage, size, organizational structure and approval requirements, all of which can lengthen our sales cycle. We may also face unexpected deployment challenges with large organizations or more complicated deployment of our AI Suite and AI Applications. Large organizations may demand additional features, support services, and pricing concessions or require additional security management or control features. Some organizations may also require an on-premise solution rather than a cloud solution, which potentially requires

additional implementation time and potentially a longer sales cycle. We may spend substantial time, effort and money on sales efforts to large organizations without any assurance that our efforts will produce any sales or that these customers will deploy our AI Suite and AI Applications widely enough across their organization to justify our substantial upfront investment. As a result, it is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers.

Individual sales tend to be large as a proportion of our overall sales, which impacts our ability to plan and manage cash flows and margins. These large individual sales have, in some cases, occurred in quarters subsequent to those we anticipated, or have not occurred at all. If our sales cycle lengthens or our substantial upfront investments do not result in sufficient revenue to justify our investments, our operating results could be adversely affected. In addition, within each quarter, it is difficult to project which month a deal will close. Therefore, it is difficult to determine whether we are achieving our quarterly expectations until near the end of the quarter, and whether we will achieve annual expectations. Most of our expenses are relatively fixed or require time to adjust. Therefore, if expectations for our business are not accurate, we may not be able to adjust our cost structure on a timely basis, and our margins and cash flows may differ from expectations.

Certain revenue metrics such as net dollar-based retention rate or annual recurring revenue may not be accurate indicators of our future financial results.

Other subscription-based software companies often report on metrics such as net dollar-based revenue retention rate, annual recurring revenue or other revenue metrics, and investors and analysts sometimes look to these metrics as indicators of business activity in a period for businesses such as ours. However, given our large average contract value and our dependence on a small number of high-value customer contracts, these metrics are not accurate indicators of future revenue for any given period of time because the gain or loss of even a single high-value customer contract could cause significant volatility in these metrics. If investors and analysts view our business through these metrics, the trading price of our Class A common stock may be adversely affected.

Changes in our subscription or pricing models could adversely affect our operating results.

As the markets for our subscriptions grow, as new competitors introduce new products or services that compete with ours or as we enter into new international markets, we may be unable to attract new customers at the same price or based on the same pricing model as we have historically used. Regardless of pricing model used, large customers may demand higher price discounts than in the past. As a result, we may be required to reduce our prices, offer shorter contract durations or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position, and cash flow.

We have limited experience with respect to determining the optimal prices for subscriptions for our AI Suite and AI Applications. In the past, we have been able to increase our prices for our AI Suite and AI Applications but we may choose not to introduce or be unsuccessful in implementing future price increases. Our competitors may introduce new products that compete with ours or reduce their prices, or we may be unable to attract new customers or retain existing customers based on our historical subscription and pricing models. Given our limited operating history and limited experience with our historical subscription and pricing models, we may not be able to accurately predict customer renewal or retention rates. As a result, we may be required or choose to reduce our prices or change our pricing model, which could harm our business, results of operations, and financial condition.

Our revenue growth depends in part on the success of our strategic relationships with third parties, including channel partners, and if we are unable to establish and maintain successful relationships with them, our business, operating results, and financial condition could be adversely affected.

We seek to grow our partner ecosystem as a way to grow our business. We anticipate that we will continue to establish and maintain relationships with third parties, such as channel partners, resellers, OEMs, system integrators, independent software and hardware vendors, and platform and cloud service providers. For example, in June 2019, we entered into a strategic collaboration with Baker Hughes whereby Baker Hughes operates as the exclusive channel partner and reseller of our AI Suite and AI Applications in the oil and gas industry and a non-exclusive reseller in other industries. This arrangement was revised in June 2020 to extend the term by an additional two years for a total of five years, with an expiration date in the fiscal year ending April 30, 2024. We also have strategic relationships with Fidelity National Information Services, or FIS, IBM, Microsoft, and Raytheon.

We plan to continue to establish and maintain similar strategic relationships in certain industry verticals and otherwise, and we expect our channel partners to become an increasingly important aspect of our business. However, these strategic

relationships could limit our ability in the future to compete in certain industry verticals and, depending on the success of our third-party partners and the industries that those partners operate in generally, may negatively impact our business because of the nature of strategic alliances, exclusivity provisions, or otherwise. We work closely with select vendors to design solutions to specifically address the needs of certain industry verticals or use cases within those verticals. As our agreements with strategic partners terminate or expire, we may be unable to renew or replace these agreements on comparable terms, or at all. For instance, our AI Suite and AI Applications are marketed in the oil and gas industry on a co-branded basis with Baker Hughes. In the event of any termination, expiration, or renegotiation of the arrangement with Baker Hughes, we may lose the right to continue to co-brand our products in this industry, and it may be difficult for us to arrange for another channel partner to sell our AI Suite and AI Applications in the oil and gas industry in a timely manner, and we could lose brand awareness and sales opportunities during the transition.

Our future growth in revenue and ability to achieve and sustain profitability depends in part on our ability to identify, establish, and retain successful strategic partner relationships in the United States and internationally, which will take significant time and resources and involve significant risk. To the extent we do identify such partners, we will need to negotiate the terms of a commercial agreement with them under which the partner would distribute our AI Suite and AI Applications. We cannot be certain that we will be able to negotiate commercially attractive terms with any strategic partner, if at all. In addition, all channel partners must be trained to distribute our AI Suite and AI Applications. In order to develop and expand our distribution channel, we must develop and improve our processes for channel partner introduction and training. If we do not succeed in identifying suitable strategic partners or maintain our relationships with such partners, our business, operating results, and financial condition may be adversely affected.

Moreover, we cannot guarantee that the partners with whom we have strategic relationships will continue to devote the resources necessary to expand our reach and increase our distribution. In addition, customer satisfaction with services and other support from our strategic partners may be less than anticipated, negatively impacting anticipated revenue growth and results of operations. We cannot be certain that these partners will prioritize or provide adequate resources to selling our AI Suite and AI Applications. Further, some of our strategic partners offer competing platforms and applications or also work with our competitors. As a result of these factors, many of the companies with whom we have strategic alliances may choose to pursue alternative technologies and develop alternative platforms and applications in addition to or in lieu of our AI Suite and AI Applications, either on their own or in collaboration with others, including our competitors. We cannot assure you that our strategic partners will continue to cooperate with us. In addition, actions taken or omitted to be taken by such parties may adversely affect us. Moreover, we rely on our channel partners to operate in accordance with the terms of their contractual agreements with us. For example, our agreements with our channel partners limit the terms and conditions pursuant to which they are authorized to resell or distribute our AI Suite and AI Applications and offer technical support and related services. If we are unsuccessful in establishing or maintaining our relationships with third parties, or if our strategic partners do not comply with their contractual obligations to us, our business, operating results, and financial condition may be adversely affected. Even if we are successful in establishing and maintaining these relationships with third parties, we cannot assure you that these relationships will result in increased customer usage of our AI Suite and AI Applications or increased revenue to us.

In addition, some of our sales to government entities have been made, and in the future may be made, indirectly through our channel partners. Government entities may have statutory, contractual, or other legal rights to terminate contracts with our channel partners for convenience or due to a default, and, in the future, if the portion of government contracts that are subject to renegotiation or termination at the election of the government entity are material, any such termination or renegotiation may adversely impact our future operating results. In the event of such termination, it may be difficult for us to arrange for another channel partner to sell our AI Suite and AI Applications to these government entities in a timely manner, and we could lose sales opportunities during the transition. Government entities routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government entity refusing to renew its subscription to our AI Suite and AI Applications, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities.

If the market for our AI Suite and AI Applications fails to grow as we expect, or if businesses fail to adopt our AI Suite and AI Applications, our business, operating results, and financial condition could be adversely affected.

It is difficult to predict customer adoption rates and demand for our AI Suite and AI Applications, the entry of competitive platforms, or the future growth rate and size of the cloud-based software and software-as-a-service, or SaaS, business software markets. A substantial majority of our revenue has come from sales of our subscription-based software products, which we expect to continue for the foreseeable future. Although demand for data management, machine learning, and analytics platforms and applications has grown in recent years, the market for these platforms and applications continues

to evolve. We cannot be sure that this market will continue to grow or, even if it does grow, that businesses will adopt our AI Suite and AI Applications. Our future success will depend in large part on our ability to further penetrate the existing market for Enterprise AI software, as well as the continued growth and expansion of what we believe to be an emerging market for Enterprise AI platforms and applications that are faster, easier to adopt, and easier to use. Our ability to further penetrate the Enterprise AI market depends on a number of factors, including the cost, performance, and perceived value associated with our AI Suite and AI Applications, as well as customers' willingness to adopt a different approach to data analysis. We have spent, and intend to keep spending, considerable resources to educate potential customers about digital transformation, artificial intelligence, and machine learning in general and our AI Suite and AI Applications in particular. However, we cannot be sure that these expenditures will help our AI Suite and AI Applications achieve any additional market acceptance. Furthermore, potential customers may have made significant investments in legacy analytics software systems and may be unwilling to invest in new platforms and applications. If the market fails to grow or grows more slowly than we currently expect or businesses fail to adopt our AI Suite and AI Applications, our business, operating results, and financial condition could be adversely affected.

If we fail to respond to rapid technological changes, extend our AI Suite and AI Applications or develop new features and functionality, our ability to remain competitive could be impaired.

The market for our AI Suite and AI Applications is characterized by rapid technological change and frequent new platform and application introductions and enhancements, changing customer demands, and evolving industry standards. The introduction of platforms and applications embodying new technologies can quickly make existing platforms and applications obsolete and unmarketable. Data management, machine learning, and analytics platforms and applications are inherently complex, and it can take a long time and require significant research and development expenditures to develop and test new or enhanced platforms and applications. The success of any enhancements or improvements to our existing AI Suite and AI Applications or any new applications depends on several factors, including timely completion, competitive pricing, adequate quality testing, integration with existing technologies, and overall market acceptance.

Our ability to grow our customer base and generate revenue from customers will depend heavily on our ability to enhance and improve our AI Suite and AI Applications, to develop additional functionality and use cases, introduce new features and applications and interoperate across an increasing range of devices, operating systems, and third-party applications. Our customers may require features and capabilities that our current AI Suite and AI Applications do not have or may face use cases that our current AI Suite and AI Applications do not address. We invest significantly in research and development, and our goal is to focus our spending on measures that improve quality and ease of adoption and create organic customer demand for our AI Suite and AI Applications. When we develop a new enhancement or improvement to our AI suite or applications, we typically incur expenses and expend resources upfront to develop, market and promote the new enhancement and improvement. Therefore, when we develop and introduce new enhancements and improvements to our AI Suite and AI Applications, they must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market. There is no assurance that our enhancements to our AI Suite and AI Applications or our new application experiences, functionality, use cases, features, or capabilities will be compelling to our customers or gain market acceptance. If our research and development investments do not accurately anticipate customer demand, or if we fail to develop our AI Suite and AI Applications in a manner that satisfies customer preferences in a secure, timely and cost-effective manner, we may fail to retain our existing customers or increase demand for our AI Suite and AI Applications.

Moreover, even if we introduce new C3 AI Suite capabilities and C3 AI Applications, we may experience a decline in revenue from sales of our existing AI Suite and AI Applications that is not offset by revenue from the new C3 AI Suite capabilities or applications. For example, customers may delay ordering subscriptions of new AI Suite capabilities or applications to permit them to make a more thorough evaluation of the C3 AI Suite and AI Applications or until industry and marketplace reviews become widely available. Some customers may hesitate to migrate to new C3 AI Suite and AI Applications due to concerns regarding the complexity of migration and suite or application infancy issues on performance. In addition, we may lose existing customers who choose a competitor's AI platforms and applications rather than migrate to our new AI Suite capabilities and applications. This could result in a temporary or permanent revenue shortfall and adversely affect our business.

Any failure of our AI Suite and AI Applications to operate effectively with future infrastructure platforms and technologies could reduce the demand for our AI Suite and AI Applications. If we are unable to respond to these changes in a timely and cost-effective manner, our AI Suite and AI Applications may become less marketable, less competitive, or obsolete, and our operating results may be adversely affected.

The introduction of new AI platforms and applications by competitors or the development of entirely new technologies to replace existing offerings could make our AI Suite and AI Applications obsolete or adversely affect our business, results of operations, and financial condition. We may experience difficulties with software development, design, or marketing that could delay or prevent our development, introduction, or implementation of new C3 AI Suite or application experiences, features, or capabilities. We have in the past experienced delays in our internally planned release dates of new features and capabilities, and there can be no assurance that new C3 AI Suite or application features or capabilities will be released according to schedule. Any delays could result in adverse publicity, loss of revenue or market acceptance, or claims by customers brought against us, all of which could harm our business. Moreover, new productivity features for our AI Suite and AI Applications may require substantial investment, and we have no assurance that such investments will be successful. If customers do not widely adopt our new AI Suite and AI Application features and capabilities, we may not be able to realize a return on our investment. If we are unable to develop, license, or acquire new features and capabilities to our AI Suite and AI Applications on a timely and cost-effective basis, or if such enhancements do not achieve market acceptance, our business could be harmed.

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

Our success depends in a large part upon the continued service of key members of our senior management team. In particular, our founder and CEO, Thomas M. Siebel, is critical to our overall management, as well as the continued development of our AI Suite and AI Applications, our sales strategy, our culture, our strategic direction, engineering, and operations. All of our executive officers are at-will employees, and we do not maintain any key person life insurance policies. The loss of any member of our senior management team could make it more difficult to execute our business strategy and, therefore, harm our business.

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

Our ability to expand our customer base and achieve broader market acceptance of our AI Suite and AI Applications depends to a significant extent on our ability to continue to expand our marketing and sales operations and the ultimate effectiveness of those operations. We plan to continue expanding our sales force and strategic partners, both domestically and internationally.

Identifying and recruiting qualified sales representatives and training them is time consuming and resource intensive, and they may not be fully trained and productive for a significant amount of time. Our AI Suite and AI Applications are complicated and, as such, our sales force and operations require significant time and investment for proper recruitment, onboarding, and training in order for our sales operations to be productive. In addition, as we enter into new markets, expand the capabilities of our AI Suite and offer new applications, we may need to identify and recruit additional sales and marketing efforts specific to such strategic expansion. Our efforts to do so may be increasingly resource intensive, time consuming, and ultimately unsuccessful. We also dedicate significant resources to sales and marketing programs, including internet and other online advertising. All of these efforts require us to invest significant financial and other resources. In addition, the cost to acquire customers is high due to these marketing and sales efforts. Our business will be harmed if our efforts do not generate a correspondingly significant increase in revenue. We will not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop, and retain talented sales personnel, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs are not effective.

In addition, our business would be adversely affected if our marketing and sales efforts are not successful and generate increases in revenue that are smaller than anticipated. If our marketing and sales efforts are not effective, our sales and revenue may grow more slowly than expected or materially decline, and our business may be significantly harmed.

If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.

We believe that developing, maintaining, and enhancing awareness and integrity of our brand and reputation in a cost-effective manner are important to achieving widespread acceptance of our AI Suite and AI Applications and are important elements in attracting new customers and maintaining existing customers. We believe that the importance of our brand and reputation will increase as competition in our market further intensifies. Successful promotion of our brand depends on the effectiveness of our marketing efforts, our ability to provide a reliable and useful AI Suite and AI Applications at competitive prices, the perceived value of our AI Suite and AI Applications, our ability to maintain our customers' trust, our ability to continue to develop additional functionality and use cases and our ability to differentiate our AI Suite and AI Applications

and capabilities from competitive offerings. Brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. We also rely on our customer base in a variety of ways, including to give us feedback on our AI Suite and AI Applications. If we fail to promote and maintain our brand successfully or to maintain loyalty among our customers, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract new customers and partners or retain our existing customers and partners and our business and financial condition may be adversely affected. Any negative publicity relating to our employees, partners, or others associated with these parties, may also tarnish our own reputation simply by association and may reduce the value of our brand. Damage to our brand and reputation may result in reduced demand for our AI Suite and AI Applications and increased risk of losing market share to our competitors. Any efforts to restore the value of our brand and rebuild our reputation may be costly and may not be successful.

We also enter into strategic relationships in which we co-brand our products. If these relationships terminate, it may have an adverse effect on our brand. For example, our AI Suite and AI Applications are marketed in the oil and gas industry on a co-branded basis with Baker Hughes. In the event of any termination or expiration of the arrangement with Baker Hughes, we may lose the right to continue using the co-brand to market and sell our AI Suite and AI Applications in the oil and gas industry, and it may be difficult for us to arrange for another channel partner to sell our AI Suite and AI Applications in the oil and gas industry in a timely manner, and we could lose brand awareness and sales opportunities during the transition, which could potentially harm our business.

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

Since our founding in 2009, we have experienced rapid growth. For example, our headcount has grown to 482 full-time employees as of October 31, 2020, with employees located both in the United States and internationally. The growth and expansion of our business places a continuous and significant strain on our management, operational, and financial resources. Further growth of our operations to support our customer base, our expanding third-party relationships, our information technology systems, and our internal controls and procedures may not be adequate to support our operations. Managing our growth will also require significant expenditures and allocation of valuable management resource, including the challenges of integrating, developing, and motivating a rapidly growing employee base in various countries around the world. Certain members of our management have not previously worked together for an extended period of time, and some do not have experience managing a public company, which may affect how they manage our growth.

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

If we are unable to ensure that our AI Suite and AI Applications interoperate with a variety of software applications that are developed by others, including our partners, we may become less competitive and our results of operations may be harmed.

Our AI Suite and AI Applications must integrate with a variety of hardware and software platforms, and we need to continuously modify and enhance our AI Suite and AI Applications to adapt to changes in hardware and software technologies. In particular, we have developed our AI Suite and AI Applications to be able to easily integrate with key third-party applications, including the applications of software providers that compete with us as well as our partners. We are typically subject to standard terms and conditions of such providers, which govern the distribution, operation, and fees of such software systems, and which are subject to change by such providers from time to time. Our business will be harmed if any provider of such software systems:

- discontinues or limits our access to its software;
- modifies its terms of service or other policies, including fees charged to, or other restrictions on us, or other platform and application developers;
- changes how information is accessed by us or our customers;
- establishes more favorable relationships with one or more of our competitors; or
- develops or otherwise favors its own competitive offerings over our AI Suite and AI Applications.

Third-party services and products are constantly evolving, and we may not be able to modify our AI Suite and AI Applications to assure their compatibility with that of other third parties as they continue to develop or emerge in the future or we may not be able to make such modifications in a timely and cost-effective manner. In addition, some of our competitors may be able to disrupt the operations or compatibility of our AI Suite and AI Applications with their products or services, or exert strong business influence on our ability to, and terms on which we, operate our AI Suite. Should any of our competitors modify their products or standards in a manner that degrades the functionality of our AI Suite and AI Applications or gives preferential treatment to our competitors or competitive products, whether to enhance their competitive position or for any other reason, the interoperability of our AI Suite and AI Applications with these products could decrease and our business, results of operations, and financial condition would be harmed. If we are not permitted or able to integrate with these and other third-party applications in the future, our business, results of operations, and financial condition would be harmed.

Our ability to sell subscriptions to our AI Suite and AI Applications could be harmed by real or perceived material defects or errors in our AI Suite and AI Applications.

The software technology underlying our AI Suite and AI Applications is inherently complex and may contain material defects or errors, particularly when new applications are first introduced, when new features or capabilities are released, or when integrated with new or updated third-party hardware or software. There can be no assurance that our existing AI Suite and AI Applications and new applications will not contain defects or errors. Any real or perceived errors, failures, vulnerabilities, or bugs in our AI Suite and AI Applications could result in negative publicity or lead to data security, access, retention, or other performance issues, all of which could harm our business. Correcting such defects or errors may be costly and time-consuming and could harm our business. Moreover, the harm to our reputation and legal liability related to such defects or errors may be substantial and would harm our business.

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

To execute our business strategy, we must attract and retain highly qualified personnel. Competition for executives, data scientists, engineers, software developers, sales personnel, and other key employees in our industry is intense. In particular, we compete with many other companies for employees with high levels of expertise in designing, developing and managing platforms and applications for data management, machine learning, and analytics technologies, as well as for skilled data scientists, sales, and operations professionals. In addition, we are extremely selective in our hiring process which requires significant investment of time and resources from internal stakeholders and management. At times, we have experienced, and we may continue to experience, difficulty in hiring personnel who meet the demands of our selection process and with appropriate qualifications, experience, or expertise, and we may not be able to fill positions as quickly as desired.

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

We believe that a critical component to our success and our ability to retain our best people is our culture. As we continue to grow and develop a public company infrastructure, we may find it difficult to maintain our company culture.

In addition, many of our employees may be able to receive significant proceeds from sales of our equity in the public markets after our initial public offering, which may reduce their motivation to continue to work for us. Moreover, this offering could create disparities in wealth among our employees, which may harm our culture and relations among employees and our business.

If we fail to attract new personnel or to retain our current personnel, our business would be harmed.

Our quarterly results and key metrics are likely to fluctuate significantly and may not fully reflect the underlying performance of our business.

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

- our ability to generate significant revenue from new offerings;
- our ability to expand our number of partners and distribution of our AI Suite and AI Applications;
- our ability to hire and retain employees, in particular those responsible for the selling or marketing of our AI Suite and AI Applications;
- our ability to develop and retain talented sales personnel who are able to achieve desired productivity levels in a reasonable period of time and provide sales leadership in areas in which we are expanding our sales and marketing efforts;
- changes in the way we organize and compensate our sales teams;
- the timing of expenses and recognition of revenue;
- increased sales to large organizations;
- the length of sales cycles and seasonal purchasing patterns of our customers;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations, and infrastructure, as well as international expansion and entry into operating leases;
- timing and effectiveness of new sales and marketing initiatives;
- changes in our pricing policies or those of our competitors;
- the timing and success of new platforms, applications, features, and functionality by us or our competitors;
- failures or breaches of security or privacy, and the costs associated with remediating any such failures or breaches;
- changes in the competitive dynamics of our industry, including consolidation among competitors;
- changes in laws and regulations that impact our business;
- any large indemnification payments to our users or other third parties;
- the timing of expenses related to any future acquisitions;
- health epidemics or pandemics, such as the coronavirus, or COVID-19, pandemic;
- civil unrest and geopolitical instability; and
- general political, economic, and market conditions.

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

We recognize revenue from subscriptions to our AI Suite and AI Applications over the terms of these subscriptions, which is typically three years. As a result, a portion of the revenue we report in each quarter is derived from the recognition

of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter may only have a small impact on the revenue that we recognize for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and potential changes in our pricing policies or rate of customer expansion or retention may not be fully reflected in our results of operations until future periods. In addition, a significant portion of our costs are expensed as incurred. As a result, growth in the number of new customers could continue to result in our recognition of higher costs and lower revenue in the earlier periods of our subscriptions. Finally, our subscription-based revenue model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers or from existing customers that increase their use of our AI Suite and AI Applications must be recognized over the applicable subscription term. These risks are further exacerbated by our dependence on high-value customer contracts.

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

Once our AI Suite and AI Applications are deployed, our customers depend on our maintenance and support teams to resolve technical and operational issues relating to our AI Suite and AI Applications. Our ability to provide effective customer maintenance and support is largely dependent on our ability to attract, train, and retain qualified personnel with experience in supporting customers with our AI Suite and AI applications such as ours and maintaining the same. The number of our customers has grown significantly and that has and will continue to put additional pressure on our customer maintenance and support teams. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support or maintenance assistance. We also may be unable to modify the future, scope, and delivery of our maintenance services and technical support to compete with changes in the technical services provided by our competitors. Increased customer demand for maintenance and support services, without corresponding revenue, could increase costs and negatively affect our operating results. In addition, if we experience increased customer demand for support and maintenance, we may face increased costs that may harm our results of operations. Further, as we continue to grow our operations and support our global customer base, we need to be able to continue to provide efficient support and effective maintenance that meets our customers' needs globally at scale. Customers receive additional maintenance and support features, and the number of our customers has grown significantly, which will put additional pressure on our organization. If we are unable to provide efficient customer maintenance and support globally at scale or if we need to hire additional maintenance and support personnel, our business may be harmed. Our ability to attract new customers is highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality maintenance and support services, a failure of channel parties to maintain high-quality maintenance and support services or a market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business.

The COVID-19 pandemic could have an adverse impact on our business, operations, and the markets and communities in which we, our partners, and customers operate.

The COVID-19 pandemic has caused general business disruption worldwide beginning in January 2020. The potential impact and duration of the COVID-19 pandemic on the global economy and our business are difficult to assess or predict. Potential impacts include:

- our customer prospects and our existing customers may experience slowdowns in their businesses, which in turn may result in reduced demand for our AI Suite and AI Applications, lengthening of sales cycles, loss of customers, and difficulties in collections;
- our employees are working from home significantly more frequently than they have historically, which may result in decreased employee productivity and morale, with increased unwanted employee attrition in addition to the increased risk of a cyberattack;
- we continue to incur fixed costs, particularly for real estate, and are deriving reduced or no benefit from those costs;
- we may continue to experience disruptions to our growth planning, such as for facilities and international expansion;
- we anticipate incurring costs in returning to work from our facilities around the world, including changes to the workplace, such as space planning, food service, and amenities;
- we may be subject to legal liability for safe workplace claims;

- our critical vendors or third-party partners could go out of business;
- in-person marketing events, including industry conferences, have been canceled and we may continue to experience prolonged delays in our ability to reschedule or conduct in-person marketing events and other sales and marketing activities; and
- our marketing, sales, professional services, and support organizations are accustomed to extensive face-to-face customer and partner interactions, and conducting business virtually is unproven.

The impact of any of the foregoing, individually or collectively, could adversely affect our business, financial condition, and results of operations.

As a result of the COVID-19 pandemic, we temporarily closed our headquarters and other offices, required our employees and contractors to work remotely, and implemented travel restrictions, all of which represented a significant change in how we operate our business. The operations of our partners and customers have likewise been altered. While the duration and extent of the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the extent and effectiveness of containment actions, it has already had an adverse effect on the global economy and the ultimate societal and economic impact of the COVID-19 pandemic remains unknown. In particular, the conditions caused by this pandemic are likely to affect the rate of global IT spending and, despite the measures we have taken to limit or mitigate the impact, it could have an adverse effect on the demand for our AI Suite and AI Applications, lengthen our sales cycles, reduce the value or duration of subscriptions, reduce the level of subscription renewals, negatively impact collections of accounts receivable, reduce expected spending from new customers, cause some of our paying customers to go out of business, limit the ability of our direct sales force to travel to customers and potential customers, and affect contraction or attrition rates of our paying customers, all of which could adversely affect our business, results of operations, and financial condition during fiscal 2021 and future periods.

Moreover, to the extent the COVID-19 pandemic adversely affects our business, financial condition, and results of operations, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section, including but not limited to, those related to our ability to increase sales to existing and new customers, develop and deploy new offerings and applications and maintain effective marketing and sales capabilities.

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

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

We also expect that there will continue to be new laws, regulations, and industry standards concerning privacy, data protection, and information security proposed and enacted in various jurisdictions. For example, in May 2018, the General Data Protection Regulation, or GDPR, went into effect in the European Union, or EU. The GDPR imposed more stringent data protection requirements and provides greater penalties for noncompliance than previous data protection laws, including potential penalties of up to €20 million or 4% of annual global revenues.

Although there are legal mechanisms to allow for the transfer of personal data from the United Kingdom, the European Economic Area, or EEA, and Switzerland to the United States, uncertainty about compliance with such data protection laws remains and such mechanisms may not be available or applicable with respect to the personal data processing activities necessary to research, develop and market our AI Suite and AI Applications. For example, legal challenges in Europe to the mechanisms allowing companies to transfer personal data from the EEA to the United States could result in further limitations on the ability to transfer personal data across borders, particularly if governments are unable or unwilling to reach agreement on or maintain existing mechanisms designed to support cross-border data transfers, such as the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks, or the Privacy Shield Frameworks. Specifically, on July 16, 2020, the Court of Justice of the European Union invalidated Decision 2016/1250 which had deemed the protection provided by the EU-U.S.

Privacy Shield Framework adequate under EU privacy law, specifically under the GDPR. To the extent that we or any of our vendors, contractors, or consultants have been relying on the EU-U.S. Privacy Shield Framework, we will not be able to do so in the future, which could increase our costs and may limit our ability to process personal data from the EU. The same decision also cast doubt on the ability to use one of the primary alternatives to the Privacy Shield Frameworks, namely, the European Commission's Standard Contractual Clauses, to lawfully transfer personal data from Europe to the United States and most other countries. At present, there are few if any viable alternatives to the Privacy Shield Frameworks and the Standard Contractual Clauses for the foregoing purposes. On September 8, 2020, Switzerland's Federal Data Protection and Information Commissioner similarly invalidated the use of the Privacy Shield as a vehicle for lawful data transfers from those countries to the United States and authorities in the United Kingdom may likewise invalidate use of the Privacy Shield as a mechanism for lawful data transfers to the United States. As such, our processing of personal data from Europe may not comply with European data protection law, may increase our exposure to the GDPR's heightened sanctions for violations of its cross-border data transfer restrictions and may reduce demand for our services from companies subject to European data protection laws. Loss of our ability to import personal data from Europe may also require us to increase our data processing capabilities in Europe at significant expense. Additionally, other countries outside of Europe have enacted or are considering enacting similar cross-border data transfer restrictions and laws requiring local data residency, which could increase the cost and complexity of delivering our services and operating our business.

Further, following a referendum in June 2016 in which voters in the United Kingdom approved an exit from the EU, the United Kingdom government has initiated a process to leave the EU, known as Brexit. Brexit has created uncertainty with regard to the regulation of data protection in the United Kingdom. In particular, while the Data Protection Act of 2018, which implements and complements the GDPR achieved Royal Assent on May 23, 2018 and is now effective in the United Kingdom, it is still unclear whether transfer of data from the EEA to the United Kingdom will remain lawful under the GDPR. During the period of "transition" (i.e., until December 31, 2020), EU law will continue to apply in the United Kingdom, including the GDPR, after which the Data Protection Act will substantially convert the requirements of the GDPR into United Kingdom law. However, we cannot fully predict how the Data Protection Act and other United Kingdom data protection laws or regulations may develop in the medium to longer term, affecting how data transfers to and from the United Kingdom will be regulated. We continue to monitor and review the impact of any resulting changes to EU or United Kingdom law that could affect our operations. Beginning in 2021, the United Kingdom will be a "third country" under the GDPR. We may, however, incur liabilities, expenses, costs, and other operational losses under the GDPR and privacy laws of the applicable EU Member States and the United Kingdom in connection with any measures we take to comply with them.

California also recently enacted legislation, the California Consumer Privacy Act of 2018, or CCPA, which affords consumers expanded privacy protections as of January 1, 2020. The potential effects of this legislation are far reaching and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. For example, the CCPA gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. In addition, the CCPA has prompted a number of proposals for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs and adversely affect our business. Additionally, a new privacy law, the California Privacy Rights Act, or CPRA, was passed by voters in California as part of the November 3, 2020 election. The CPRA is expected to significantly modify the CCPA, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. The enactment of the CCPA is prompting a wave of similar legislative developments in other states in the United States, which could create the potential for a patchwork of overlapping but different state laws. Some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of operating our AI Suite and AI Applications and other aspects of our business.

With laws and regulations such as the GDPR in the EU and the CCPA in the United States imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other laws and regulations, there is a risk that the requirements of these laws and regulations, or of contractual or other obligations relating to privacy, data protection, or information security, are interpreted or applied in a manner that is, or is alleged to be, inconsistent with our management and processing practices, our policies or procedures, or the features of our AI Suite and AI Applications. We may face challenges in addressing their requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. Although we endeavor to comply with our published policies, certifications, and documentation, we may at times fail to do so or may be perceived to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance if our employees or vendors to comply with our published policies and documentation. Any failure or perceived failure by us to comply with our privacy policies,

our privacy-, data protection-, or information security-related obligations to customers or other third parties or any of our other legal obligations relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others, and could result in significant liability or cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our customers may limit the adoption and use of, and reduce the overall demand for, our AI Suite and AI Applications.

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

Our application for a PPP Loan could in the future be determined to have been impermissible which could result in damage to our reputation or adversely impact our business.

In May 2020, given the uncertainty caused by COVID-19 and related events we applied for and received proceeds of approximately $6.3 million from a loan under the Paycheck Protection Program, or the PPP Loan, of the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act. The PPP Loan had a term of two years, was unsecured, and was guaranteed by the U. S. Small Business Administration, or the SBA. The PPP Loan carried a fixed interest rate of 1.00% per annum, with the first six months of interest deferred. Under the CARES Act, we may have been eligible to apply for forgiveness of all loan proceeds used to pay payroll costs, rent, utilities, and other qualifying expenses, provided that we retained a certain number of employees and maintain compensation within certain regulatory parameters of the Paycheck Protection Program. However, we repaid the entire balance of the PPP Loan in August 2020.

In applying for the PPP Loan, we were required to certify, among other things, that the then-current economic uncertainty made the PPP Loan necessary to support our ongoing operations and that we did not, together with our affiliates, then employ more than 500 employees. We made these certifications in good faith after analyzing, among other things, economic uncertainties created by the COVID-19 pandemic, including its impact on our customers and prospects and the global economic at large, and the potential impact on our business activity. We repaid the entire balance of the PPP Loan in August 2020.

We believe that we satisfied all eligibility criteria for the PPP Loan, and that our receipt of the PPP Loan was consistent with the objectives of the PPP of the CARES Act. The certification regarding necessity described above did not at the time contain any objective criteria and continues to be subject to interpretation. If, despite our good-faith belief that we satisfied all eligibility requirements for the PPP Loan, we are later determined to have violated any of the laws or governmental regulations that apply to us in connection with the PPP Loan, such as the False Claims Act, or it is otherwise determined that we were ineligible to receive the PPP Loan, we may be subject to civil, criminal, and administrative penalties, despite the fact that we elected not to use any of the PPP Loan proceeds and repaid the entire balance of the PPP Loan in August 2020. Any violations or alleged violations may result in adverse publicity and damage to our reputation, a review or audit by the SBA or other government entity, or claims under the False Claims Act. These events could consume significant financial and management resources and could have a material adverse effect on our business, results of operations, and financial condition.

We rely on third-party service providers to host and deliver our AI Suite and AI Applications, and any interruptions or delays in these services could impair our AI Suite and AI Applications and harm our business.

We currently serve our customers from third-party data center hosting facilities located in the United States, Asia, and Europe. Our operations depend, in part, on our third-party facility providers' ability to protect these facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts, and similar events. In the event that our data center arrangements are terminated, or if there are any lapses of service or damage to a center, we could experience lengthy interruptions in our AI Suite and AI Applications as well as delays and additional expenses in making new arrangements.

We designed our system infrastructure and procure and own or lease the computer hardware used for our AI Suite and AI Applications. Design and mechanical errors, spikes in usage volume, and failure to follow system protocols and procedures

could cause our systems to fail, resulting in interruptions in our AI Suite and AI Applications. Any interruptions or delays in our service, whether as a result of third-party error, our own error, natural disasters, or security breaches, whether accidental or willful, could harm our relationships with our customers and cause our revenue to decrease and/or our expenses to increase. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue, subject us to liability and cause us to issue credits or cause customers to fail to renew their subscriptions, any of which could materially adversely affect our business.

We may face exposure to foreign currency exchange rate fluctuations.

We sell to customers globally and have international operations primarily in Europe. As we continue to expand our international operations, we will become more exposed to the effects of fluctuations in currency exchange rates. Although the majority of our cash generated from revenue is denominated in U.S. dollars, a small amount is denominated in foreign currencies, and our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations. For the fiscal year ended April 30, 2020, 20% of our revenue and 9% of our expenses were denominated in currencies other than U.S. dollars. Because we conduct business in currencies other than U.S. dollars but report our results of operations in U.S. dollars, we also face remeasurement exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and could materially impact our results of operations. Therefore, increases in the value of the U.S. dollar and decreases in the value of foreign currencies could result in the dollar equivalent of our revenues being lower. We do not currently maintain a program to hedge exposures to non-U.S. dollar currencies.

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

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

In addition, our current AI Suite and AI Applications, as well as applications, features, and functionality that we may introduce in the future, may require us to compensate or reimburse third parties. In addition, new applications that we introduce in the future may similarly require us to compensate or reimburse third parties, all of which would lower our profit margins for any such new applications. If this trend continues with our new and existing AI Suite and AI Applications, it could harm our business.

Sales to government entities and highly regulated organizations are subject to a number of challenges and risks.

We have sold and may sell to U.S. federal, state, and local, as well as foreign, governmental agency customers, as well as to customers in highly regulated industries such as financial services, telecommunications, and healthcare. Sales to such entities are subject to a number of challenges and risks. Selling to such entities can be highly competitive, expensive, and time consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government contracting requirements may change and in doing so restrict our ability to sell into the government sector. Government demand and payment for our AI Suite and AI Applications are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our AI Suite and AI Applications.

Further, governmental and highly regulated entities may demand contract terms that differ from our standard arrangements and may be less favorable than terms agreed with private sector customers. In our experience, government entities often require shorter term subscriptions than our private sector customers due to budget cycles, making one-year subscriptions not uncommon. Government entities and highly regulated organizations typically have longer implementation cycles, sometimes require acceptance provisions that can lead to a delay in revenue recognition, can have more complex IT and data environments, and may expect greater payment flexibility from vendors.

Contracts with governmental entities may also include preferential pricing terms, including, but not limited to, “most favored customer” pricing. In the event that we are successful in being awarded a government contract, such award may be subject to appeals, disputes, or litigation, including but not limited to bid protests by unsuccessful bidders.

As a government contractor or subcontractor, we must comply with laws, regulations, and contractual provisions relating to the formation, administration, and performance of government contracts and inclusion on government contract vehicles, which affect how we and our partners do business with government agencies. As a result of actual or perceived noncompliance with government contracting laws, regulations, or contractual provisions, we may be subject to non-ordinary course audits and internal investigations which may prove costly to our business financially, divert management time, or limit our ability to continue selling our products and services to our government customers. These laws and regulations may impose other added costs on our business, and failure to comply with these or other applicable regulations and requirements, including non-compliance in the past, could lead to claims for damages from our channel partners, downward contract price adjustments or refund obligations, civil or criminal penalties, and termination of contracts and suspension or debarment from government contracting for a period of time with government agencies. Any such damages, penalties, disruption, or limitation in our ability to do business with a government would adversely impact, and could have a material adverse effect on, our business, results of operations, financial condition, public perception and growth prospects.

Governmental and highly regulated entities may have statutory, contractual, or other legal rights to terminate contracts with us or our partners for convenience or for other reasons. Any such termination may adversely affect our ability to contract with other government customers as well as our reputation, business, financial condition, and results of operations. All these factors can add further risk to business conducted with these customers. If sales expected from a government entity or highly regulated organization for a particular quarter are not realized in that quarter or at all, our business, financial condition, results of operations, and growth prospects could be materially and adversely affected.

Our business could be adversely affected if our employees cannot obtain and maintain required security clearances, we cannot obtain and maintain a required facility security clearance, or we do not comply with legal and regulatory obligations regarding the safeguarding of classified information.

One of our U.S. government contracts requires our employees to maintain security clearances, and also requires us to comply with U.S. Department of Defense, or DoD, security rules and regulations. The DoD has strict security clearance requirements for personnel who perform work in support of classified programs. In general, access to classified information, technology, facilities, or programs are subject to additional contract oversight and potential liability. In the event of a security incident involving classified information, technology, facilities, or programs, or personnel holding clearances, we may be subject to legal, financial, operational and reputational harm. Obtaining and maintaining security clearances for employees involves a lengthy process, and it is difficult to identify, recruit, and retain employees who already hold security clearances. If our employees are unable to obtain security clearances in a timely manner, or at all, or if our employees who hold security clearances are unable to maintain their clearances or terminate employment with us, then a customer requiring classified work could terminate an existing contract or decide not to renew the contract upon its expiration. To the extent we are not able to obtain or maintain a facility security clearance, we may not be able to bid on or win new classified contracts, and our existing contract (and any future contracts we may subsequently obtain) requiring a facility security clearance could be terminated.

If we are unable to achieve and sustain a level of liquidity sufficient to support our operations and fulfill our obligations, our business, operating results and financial position could be adversely affected.

We actively monitor and manage our cash and cash equivalents so that sufficient liquidity is available to fund our operations and other corporate purposes. In the future, increased levels of liquidity may be required to adequately support our operations and initiatives and to mitigate the effects of business challenges or unforeseen circumstances. If we are unable to achieve and sustain such increased levels of liquidity, we may suffer adverse consequences including reduced investment in our AI Suite and AI Applications, difficulties in executing our business plan and fulfilling our obligations, and other operational challenges. Any of these developments could adversely affect our business, operating results and financial position.

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

Historically, we have funded our operations and capital expenditures primarily through equity issuances and cash generated from our operations. Although we currently anticipate that our existing cash and cash equivalents and cash flow from operations will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing. We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on

our development efforts, business plans, operating performance, and condition of the capital markets at the time we seek financing. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities, and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences, and privileges senior to those of holders of our Class A common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, development efforts and to respond to business challenges could be significantly impaired, and our business, operating results and financial condition may be adversely affected.

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

We have in the past made, and may in the future make, acquisitions of other companies, products, and technologies. We have limited experience in acquisitions. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by customers, developers, or investors. In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company following an acquisition. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management and disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could harm our business. In addition, we may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges.

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

We have business and customer relationships with certain entities who are stockholders or are affiliated with our directors, or both, and conflicts of interest may arise because of such relationships.

Some of our customers and other business partners are affiliated with certain of our directors or hold shares of our capital stock, or both. For example, in June 2019, we entered into a strategic collaboration agreement with Baker Hughes whereby Baker Hughes had a right to appoint a director. Our director, Lorenzo Simonelli, is an employee of Baker Hughes, and Baker Hughes is a stockholder. We believe that the transactions and agreements that we have entered into with related parties are on terms that are at least as favorable as could reasonably have been obtained at such time from third parties. However, these relationships could create, or appear to create, potential conflicts of interest when our board of directors is faced with decisions that could have different implications for us and these other parties or their affiliates. In addition, conflicts of interest may arise between us and these other parties and their affiliates. The appearance of conflicts, even if such conflicts do not materialize, might adversely affect the public's perception of us, as well as our relationship with other companies and our ability to enter into new relationships in the future, including with competitors of such related parties, which could harm our business and results of operations.

If we or our third-party service providers experience a security breach or unauthorized parties otherwise obtain access to our customers' data, our data, or our AI Suite, our AI Suite may be perceived as not being secure, our reputation may be harmed, demand for our platform may be reduced, and we may incur significant liabilities.

Our AI Suite and AI Applications process, store, and transmit our customers' proprietary and sensitive data, potentially including personal information, protected health information, and financial data. Our AI Suite and AI Applications are built to be available on the infrastructure of third-party public cloud providers such as Amazon Web Services, or AWS, Azure, and Google Cloud Platform. We also use third-party service providers to help us deliver services to our customers. These vendors may store or process personal information, protected health information, or other confidential information of our employees, our partners or our customers. We collect such information from individuals located both in the United States and abroad and

may store or process such information outside the country in which it was collected. While we and our third-party service providers have implemented security measures designed to protect against security breaches, these measures could fail or may be insufficient, resulting in the unauthorized disclosure, modification, misuse, unavailability, destruction, or loss of our or our customers' data or other sensitive information. Any security breach of our AI Suite, our applications, our operational systems, physical facilities, or the systems of our third-party partners, or the perception that one has occurred, could result in litigation, indemnity obligations, regulatory enforcement actions, investigations, fines, penalties, mitigation and remediation costs, disputes, reputational harm, diversion of management's attention, and other liabilities and damage to our business. Even though we do not control the security measures of third parties, we may be responsible for any breach of such measures or suffer reputational harm even where we do not have recourse to the third party that caused the breach. In addition, any failure by our partners to comply with applicable law or regulations could result in proceedings against us by governmental entities or others.

Cyberattacks, denial-of-service attacks, ransomware attacks, business email compromises, computer malware, viruses, social engineering (including phishing) and other malicious internet-based activity are prevalent in our industry and our customers' industries and continue to increase. In addition, we may experience attacks, unavailable systems, unauthorized access or disclosure due to employee or other theft or misuse, denial-of-service attacks, sophisticated attacks by nation-state and nation-state supported actors, and advanced persistent threat intrusions. We cannot guarantee that our security measures will be sufficient to protect against unauthorized access to or other compromise of the personal information and/or other confidential information of our partners, our customers and our customers' end-users. The techniques used to sabotage, disrupt or to obtain unauthorized access to our AI Suite, applications, systems, networks, or physical facilities in which data is stored or through which data is transmitted change frequently, and we may be unable to implement adequate preventative measures or stop security breaches while they are occurring. The recovery systems, security protocols, network protection mechanisms and other security measures that we have integrated into our AI Suite, applications, systems, networks and physical facilities, which are designed to protect against, detect and minimize security breaches, may not be adequate to prevent or detect service interruption, system failure or data loss. Our AI Suite, applications, systems, networks, and physical facilities could be breached or personal information could be otherwise compromised due to employee error or malfeasance, if, for example, third parties attempt to fraudulently induce our employees or our customers to disclose information or user names and/or passwords, or otherwise compromise the security of our AI Suite, networks, systems and/or physical facilities. Third parties may also exploit vulnerabilities in, or obtain unauthorized access to, platforms, applications, systems, networks and/or physical facilities utilized by our vendors. We have previously been, and may in the future become, the target of cyber-attacks by third parties seeking unauthorized access to our or our customers' data or to disrupt our operations or ability to provide our services. While we have been successful in preventing such unauthorized access and disruption in the past, we may not continue to be successful against these or other attacks in the future.

We have contractual and legal obligations to notify relevant stakeholders of security breaches. Most jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities, and others of security breaches involving certain types of data. In addition, our agreements with certain customers and partners may require us to notify them in the event of a security breach involving customer or partner data on our systems or those of subcontractors processing customer or partner data on our behalf. Such mandatory disclosures are costly, could lead to negative publicity, may cause our customers to lose confidence in the effectiveness of our security measures, and require us to expend significant capital and other resources to respond to or alleviate problems caused by the actual or perceived security breach may cause us to breach customer contracts. Depending on the facts and circumstances of such an incident, these damages, penalties and costs could be significant and may not be covered by insurance or could exceed our applicable insurance coverage limits. Such an event also could harm our reputation and result in litigation against us. Any of these results could materially adversely affect our financial performance. Our agreements with certain customers may require us to use industry-standard, reasonable, or other specified measures to safeguard sensitive personal information or confidential information, and any actual or perceived breach of such measures may increase the likelihood and frequency of customer audits under our agreements, which is likely to increase the costs of doing business. An actual or perceived security breach could lead to claims by our customers, or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal action or our customers could end their relationships with us. There can be no assurance that any limitations of liability in our contracts, which we have in certain agreements, would be enforceable or adequate or would otherwise protect us from liabilities or damages.

Litigation resulting from security breaches may adversely affect our business. Unauthorized access to our AI Suite, applications, systems, networks, or physical facilities could result in litigation with our customers or other relevant stakeholders. These proceedings could force us to spend money in defense or settlement, divert management's time and attention, increase our costs of doing business, or adversely affect our reputation. We could be required to fundamentally

change our business activities and practices or modify our AI Suite capabilities in response to such litigation, which could have an adverse effect on our business. If a security breach were to occur, and the confidentiality, integrity or availability of our data or the data of our partners or our customers was disrupted, we could incur significant liability, or our AI Suite, applications, systems, or networks may be perceived as less desirable, which could negatively affect our business and damage our reputation.

If we fail to detect or remediate a security breach in a timely manner, or a breach otherwise affects a large amount of data of one or more customers, or if we suffer a cyberattack that impacts our ability to operate our AI Suite and AI Applications, we may suffer material damage to our reputation, business, financial condition, and results of operations. Further, our insurance coverage may not be adequate for data security, indemnification obligations, or other liabilities. Depending on the facts and circumstances of such an incident, the damages, penalties and costs could be significant and may not be covered by insurance or could exceed our applicable insurance coverage limits. In addition, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim. Our risks are likely to increase as we continue to expand our AI Suite and AI Applications, grow our customer base, and process, store, and transmit increasingly large amounts of proprietary and sensitive data.

We could suffer disruptions, outages, defects, and other performance and quality problems with our AI Suite or with the public cloud and internet infrastructure on which it relies.

Our business depends on our AI Suite and AI Applications to be available without disruption. We have experienced, and may in the future experience, disruptions, outages, defects, and other performance and quality problems with our AI Suite and AI Applications. We have also experienced, and may in the future experience, disruptions, outages, defects, and other performance and quality problems with the public cloud and internet infrastructure on which our AI Suite and AI Applications rely. These problems can be caused by a variety of factors, including introductions of new functionality, vulnerabilities and defects in proprietary and open source software, human error or misconduct, capacity constraints, design limitations, as well as from internal and external security breaches, malware and viruses, ransomware, cyber events, denial or degradation of service attacks or other security-related incidents.

Further, if our contractual and other business relationships with our public cloud providers are terminated, suspended, or suffer a material change to which we are unable to adapt, such as the elimination of services or features on which we depend, we could be unable to provide our AI Suite and AI Applications and could experience significant delays and incur additional expense in transitioning customers to a different public cloud provider.

Any disruptions, outages, defects, and other security performance and quality problems with our AI Suite and AI Applications or with the public cloud and internet infrastructure on which it relies, or any material change in our contractual and other business relationships with our public cloud providers, could result in reduced use of our AI Suite and AI Applications, increased expenses, including significant, unplanned capital investments and/or service credit obligations, and harm to our brand and reputation, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Our International Operations

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

We have customers in over 10 countries, and 22% of our revenue in the fiscal year ended April 30, 2020 was generated from customers outside of North America. As of July 31, 2020, we had eight international sales locations, and we plan to add local sales support in further select international markets over time. We expect to continue to expand our international operations, which may include opening offices in new jurisdictions and providing our AI Suite and AI Applications in additional languages. Any new markets or countries into which we attempt to sell subscriptions to our AI Suite and AI Applications may not be receptive. For example, we may not be able to expand further in some markets if we are not able to satisfy certain government- and industry-specific requirements. In addition, our ability to manage our business and conduct our operations internationally in the future may require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems, and commercial markets. Future international expansion will

require investment of significant funds and other resources. Operating internationally subjects us to new risks and may increase risks that we currently face, including risks associated with:

- recruiting and retaining talented and capable employees outside the United States and maintaining our company culture across all of our offices;
- potentially different pricing environments, longer sales cycles, and longer accounts receivable payment cycles and collections issues;
- compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, data protection, and consumer protection, and the risk of penalties to us and individual members of management or employees if our practices are deemed to be out of compliance;
- management of an employee base in jurisdictions that may not give us the same employment and retention flexibility as does the United States;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as does the United States and the practical enforcement of such intellectual property rights outside of the United States;
- foreign government interference with our intellectual property that resides outside of the United States, such as the risk of changes in foreign laws that could restrict our ability to use our intellectual property;
- integration with partners outside of the United States;
- securing our locally operated systems and our data and the data of our customers and partners accessible from such jurisdictions;
- compliance by us and our business partners with anti-corruption laws, import and export control laws, tariffs, trade barriers, economic sanctions, anti-money laundering laws and other regulatory limitations on our ability to provide our AI Suite and AI Applications in certain international markets;
- foreign exchange controls that might require significant lead time in setting up operations in certain geographic territories and might prevent us from repatriating cash earned outside the United States;
- political and economic instability;
- COVID-19 or any other pandemics or epidemics that could result in decreased economic activity in certain markets, decreased use of our AI Suite and AI Applications, or in our decreased ability to import, export, or sell our AI Suite and AI Applications to existing or new customers in international markets;
- changes in diplomatic and trade relationships, including the imposition of new trade restrictions, trade protection measures, import or export requirements, trade embargoes, and other trade barriers;
- generally longer payment cycles and greater difficulty in collecting accounts receivable;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- higher costs of doing business internationally, including increased accounting, travel, infrastructure, and legal compliance costs.

Some of our business partners also have international operations and are subject to the risks described above. Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage these risks.

Compliance with laws and regulations applicable to our global operations substantially increases our cost of doing business in international jurisdictions. We may be unable to keep current with changes in laws and regulations as they occur. Although we have implemented policies and procedures designed to support compliance with these laws and regulations, there can be no assurance that we will always maintain compliance or that all of our employees, contractors, partners, and agents will comply. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages,

injunctions, or reputational harm. If we are unable to comply with these laws and regulations or manage the complexity of our global operations successfully, we may need to relocate or cease operations in certain foreign jurisdictions.

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

Our AI Suite and AI Applications are subject to various restrictions under U.S. export control and trade and economic sanctions laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations, or EAR, and various economic and trade sanctions regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC. U.S. export control and economic sanctions laws and regulations include restrictions or prohibitions on the sale or supply of certain AI platform and applications, services and technologies to U.S. embargoed or sanctioned countries, governments, persons, and entities. Further, U.S. export laws and regulations include broad licensing requirements, including requiring authorization for the export of certain items. In addition, various countries regulate the import of certain items, including through import permitting and licensing requirements and have enacted or could enact laws that could limit our ability to distribute our AI Suite and AI Applications or could limit our customers' ability to implement our AI Suite and AI Applications in those countries.

Changes in our AI Suite and AI Applications and, if required, obtaining the necessary export license or other authorization for a particular sale, or changes in export, sanctions, and import laws, may result in the delay or loss of sales opportunities, delay the introduction and sale of subscriptions to our AI Suite and AI Applications in international markets, prevent our customers with international operations from using our AI Suite and AI Applications or, in some cases, prevent the access or use of our AI Suite and AI Applications to and from certain countries, governments, persons, or entities altogether. Further, any change in export or import regulations, economic sanctions or related laws, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons, or technologies targeted by such regulations could result in decreased use of our AI Suite and AI Applications or in our decreased ability to export or sell our AI Suite and AI Applications to existing or potential customers with international operations. Any decreased use of our AI Suite and AI Applications or limitation on our ability to export or sell our AI Suite and AI Applications would likely harm our business.

In addition, if our channel partners fail to obtain appropriate import, export, or re-export licenses or permits, we may also be adversely affected through reputational harm, as well as other negative consequences, including government investigations and penalties.

Even though we take precautions to ensure that we and our channel partners comply with all relevant regulations, any failure by us or our channel partners to comply with U.S. export control and economic sanctions laws and regulations or other laws could have negative consequences, including reputational harm, government investigations and substantial civil and criminal penalties (e.g., fines, incarceration for responsible employees and managers, and the possible loss of export or import privileges).

We are subject to the U.S. Foreign Corruption Practices Act, or FCPA, and similar anti-corruption, anti-bribery, and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business, financial condition and results of operations.

We are subject to the FCPA, U.S. domestic bribery laws, the UK Bribery Act, and other anti-corruption and similar laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, and their third-party business partners or intermediaries, representatives, and agents from authorizing, offering, or providing, directly or indirectly, improper payments or other benefits, directly or indirectly, to government officials or others in the private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. As we increase our international sales and business, our risks under these laws may increase.

As we increase our international sales and business and sales to the public sector, we may engage with third-party business partners and intermediaries to market our AI Suite and AI Applications and to obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party business partners or intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of our third-party business partners or intermediaries, our employees, representatives, contractors, 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. While we have policies and procedures to address compliance with such laws, we cannot assure you that our third-party business partners or intermediaries, employees, representatives, contractors, and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Detecting, investigating, and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior management, as well as significant defense costs and other professional fees. In addition, noncompliance with anti-corruption, or anti-bribery could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions against us, our officers, or our employees, disgorgement of profits, suspension or debarment from contracting with the U.S. government or other persons, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our reputation, business, stock price, financial condition, prospects and results of operations could be harmed.

Risks Related to Taxes

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

We collect sales tax in a number of jurisdictions. One or more states or countries may seek to impose incremental or new sales, use, or other tax collection obligations on us. A successful assertion by a state, country, or other jurisdiction that we should have been or should be collecting additional sales, use, or other taxes could, among other things, result in substantial tax payments, create significant administrative burdens for us, discourage potential customers from subscribing to our AI Suite and AI Applications due to the incremental cost of any such sales or other related taxes, or otherwise harm our business.

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

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

Taxing authorities may challenge our position that we do not have sufficient nexus in a taxing jurisdiction or that our AI Suite and AI Applications use, telecommunications, VAT, GST, and other taxes, which could result in increased tax liabilities for us or our customers, which could harm our business.

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

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

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

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

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

Our ability to use our net operating losses and certain other tax attributes to offset future taxable income or taxes may be subject to certain limitations.

As of April 30, 2020, we had net operating loss carryforwards, or NOL, for U.S. federal, state, and foreign purposes of $168.6 million, $73.2 million and $0 million, respectively, which may be available to offset taxable income in the future, and portions of which expire in various years beginning in 2032. A lack of future taxable income would adversely affect our ability to utilize these NOLs before they expire. Under the Tax Cuts and Jobs Act of 2017, or the Tax Act, as modified by the CARES Act, federal NOLs incurred in tax years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of such federal NOLs in tax years beginning after December 31, 2020 is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the Tax Act or the CARES Act. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" (as defined under Sections 382 and 383 of the Code and applicable Treasury Regulations) is subject to limitations on its ability to utilize its pre-change NOLs and certain other tax attributes to offset post-change taxable income or taxes. We may experience a future ownership change (including, potentially, in connection with this offering) under Section 382 of the Code that could affect our ability to utilize our NOLs to offset our income. Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. 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. For example, on June 29, 2020, the Governor of California signed into law the 2020 Budget Act which temporarily suspends the utilization of NOLs and limits the utilization of research credits to $5.0 million annually for 2020, 2021, and 2022. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our operating results and financial condition.

Risks Related to Our Intellectual Property

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

We primarily rely and expect to continue to rely on a combination of patent, patent licenses, trade secret, domain name protection, trademark, and copyright laws, as well as confidentiality and license agreements with our employees, consultants, and third parties, to protect our intellectual property and proprietary rights. From time to time, are subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property or other rights. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims, and other assertions against us grows. We have in the past been, and may from time to time in the future become, a party to litigation and disputes related to our intellectual property, our business practices, and our AI Suite and AI Applications. While we intend to defend any lawsuit vigorously, litigation can be costly and time consuming, divert the attention of our management and key personnel from our business operations, and dissuade potential customers from

subscribing to our AI Suite and AI Applications, which would harm our business. Furthermore, with respect to lawsuits, there can be no assurances that favorable outcomes will be obtained. We may need to settle litigation and disputes on terms that are unfavorable to us, or we may be subject to an unfavorable judgment that may not be reversible upon appeal. The terms of any settlement or judgment may require us to cease some or all of our operations or pay substantial amounts to the other party. In addition, our agreements with customers or partners typically include certain provisions for indemnifying them against liabilities if our AI Suite and AI Applications infringe a third party's intellectual property rights, including in the third-party open source software components included in our AI Suite and AI Applications, which indemnification obligations could require us to make payments to our customers. During the course of any litigation or dispute, we may make announcements regarding the results of hearings and motions and other interim developments. If securities analysts and investors regard these announcements as negative, the market price of our Class A common stock may decline. With respect to any intellectual property rights claim, we may have to seek a license to continue practices found to be in violation of third-party rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such practices may not be available to us at all, and we may be required to develop alternative non-infringing technology or practices or discontinue the practices. The development of alternative, non-infringing technology or practices could require significant effort and expense. Our business could be harmed as a result.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with customers and other third parties generally include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, or other liabilities relating to or arising from our software, services, or other contractual obligations. Large indemnity payments could harm our business, results of operations, and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, generally, those limitations may not be fully enforceable in all situations, and we may still incur substantial liability under those agreements. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and results of operations.

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

As of November 9, 2020, we have six issued patents in the United States, five issued patents in a number of international jurisdictions, 11 patent applications (including one application that has been allowed and one provisional application) pending in the United States, and 26 patent applications pending internationally. Our issued patents expire between February 23, 2033 and April 17, 2037. Other than the one allowed application, which is in process of finalization and issuance, the pending patent applications are presently undergoing examination or expected to undergo examination in the near future. These patents and patent applications seek to protect our proprietary inventions relevant to our business, in addition to other proprietary technologies which are maintained as trade secrets. We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. We make business decisions about when to seek patent protection for a particular technology and when to rely upon copyright or trade secret protection, and the approach we select may ultimately prove to be inadequate. Even in cases where we seek patent protection, there is no assurance that the resulting patents will effectively protect every significant feature of our AI Suite and AI Applications. In addition, we believe that the protection of our trademark rights is an important factor in AI platform and application recognition, protecting our brand and maintaining goodwill. If we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. Third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge our proprietary rights, pending and future patent, trademark and copyright applications may not be approved, and we may not be able to prevent infringement without incurring substantial expense. We have also devoted substantial resources to the development of our proprietary technologies and related processes. In order to protect our proprietary technologies and processes, we rely in part on trade secret laws and confidentiality agreements with our employees, consultants, and third parties. These agreements may not effectively prevent unauthorized disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights or develop similar technologies and processes. Further, laws in certain jurisdictions may afford little or no trade secret protection, and any changes in, or unexpected interpretations of, the intellectual property laws in any country in which we operate may compromise our ability to enforce our intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. If the protection of our proprietary rights is inadequate to prevent use or appropriation by third parties, the value of our AI Suite and AI applications, brand, and other intangible assets may be

diminished, and competitors may be able to more effectively replicate our AI Suite and AI Applications. Any of these events would harm our business.

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

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

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

Because of the characteristics of open source software, there may be fewer technology barriers to entry by new competitors and it may be relatively easy for new and existing competitors with greater resources than we have to compete with us.

One of the characteristics of open source software is that the governing license terms generally allow liberal modifications of the code and distribution thereof to a wide group of companies and/or individuals. As a result, others could easily develop new platforms and applications based upon those open source programs that compete with existing open source software that we support and incorporate into our AI Suite and AI Applications. Such competition with use of the open source projects that we utilize can materialize without the same degree of overhead and lead time required by us, particularly if the customers do not value the differentiation of our proprietary components. It is possible for new and existing competitors with greater resources than ours to develop their own open source software or hybrid proprietary and open source software offerings, potentially reducing the demand for, and putting price pressure on, our AI Suite and AI Applications. In addition, some competitors make open source software available for free download and use or may position competing open source software as a loss leader. We cannot guarantee that we will be able to compete successfully against current and future competitors or that competitive pressure and/or the availability of open source software will not result in price reductions, reduced operating margins and loss of market share, any one of which could seriously harm our business.

If open source software programmers, many of whom we do not employ, or our own internal programmers do not continue to develop and enhance open source technologies, we may be unable to develop new technologies, adequately enhance our existing technologies or meet customer requirements for innovation, quality and price.

We rely to a significant degree on a number of open source software programmers, or committers and contributors, to develop and enhance components of our AI Suite and AI Applications. Additionally, members of the corresponding Apache Software Foundation Project Management Committees, or PMCs, many of whom are not employed by us, are primarily responsible for the oversight and evolution of the codebases of important components of the open source data management ecosystem. If the open source data management committees and contributors fail to adequately further develop and enhance open source technologies, or if the PMCs fail to oversee and guide the evolution of open source data management technologies in the manner that we believe is appropriate to maximize the market potential of our solutions, then we would have to rely on other parties, or we would need to expend additional resources, to develop and enhance our AI Suite and AI Applications. We also must devote adequate resources to our own internal programmers to support their continued development and enhancement of open source technologies, and if we do not do so, we may have to turn to third parties or experience delays in developing or enhancing open source technologies. We cannot predict whether further developments and enhancements to these technologies would be available from reliable alternative sources. In either event, we may incur additional development expenses and experience delays in technology release and upgrade. Delays in developing, completing, or delivering new or enhanced components to our AI Suite and AI Applications could cause our offerings to be less competitive, impair customer acceptance of our solutions, and result in delayed or reduced revenue for our solutions.

Our software development and licensing model could be negatively impacted if the Apache License, Version 2.0 is not enforceable or is modified so as to become incompatible with other open source licenses.

Components of our AI Suite and AI Applications have been provided under the Apache License 2.0. This license states that any work of authorship licensed under it, and any derivative work thereof, may be reproduced and distributed provided that certain conditions are met. It is possible that a court would hold this license to be unenforceable or that someone could assert a claim for proprietary rights in a program developed and distributed under it. Any ruling by a court that this license is not enforceable, or that we may not reproduce or distribute those open source software components as part of our AI Suite and AI Applications, may negatively impact our distribution or development of all or a portion of our solutions. In addition, at some time in the future it is possible that the license terms under which important components of the open source projects in our AI Suite and AI Applications are distributed may be modified, which could, among other consequences, negatively impact our continuing development or distribution of the software code subject to the new or modified license.

Further, full utilization of our AI Suite and AI Applications may depend on software, applications, hardware and services from various third parties, and these items may not be compatible with our AI Suite and AI Applications and their development or available to us or our customers on commercially reasonable terms, or at all, which could harm our business.

Risks Related to Ownership of Our Class A Common Stock

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

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

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

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

- price and volume fluctuations in the overall stock market from time to time;

- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- changes in our financial, operating or other metrics, regardless of whether we consider those metrics as reflective of the current state or long-term prospects of our business, and how those results compare to securities analyst expectations, including whether those results fail to meet, exceed, or significantly exceed securities analyst expectations;
- announcements by us or our competitors of new products, applications, features, or services;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- actual or perceived privacy or data security incidents;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, applications, products, services, or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any significant change in our management; and
- general political and economic conditions and slow or negative growth of our markets.

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

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

Our Class B common stock has 50 votes per share, and our Class A common stock, which is the stock we are offering in this initial public offering, has one vote per share. Mr. Siebel and related entities will control the voting power of all of the outstanding Class B common stock immediately following this offering and will hold approximately % of our outstanding capital stock but will control approximately % of the voting power of our outstanding capital stock following the completion of this offering. Therefore, Mr. Siebel will have control over our management and affairs and over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of us or our assets, for the foreseeable future. We believe we are eligible for but do not intend to take advantage of the "controlled company" exemption to the corporate governance rules for New York Stock Exchange-listed companies.

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

Each share of Class B common stock will be automatically converted into one share of Class A common stock upon the earliest of (1) , (2) , (3) , and (4) . Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, Mr. Siebel retains a significant portion of his holdings of Class B common stock for an extended period of time, he could, in the future, control a majority of the combined voting power of our Class A and Class B common stock. As a board member, Mr. Siebel owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, even a controlling stockholder, Mr. Siebel is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

FTSE Russell and Standard & Poor's does not allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not be investing in our stock. In addition, we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and would make our Class A common stock less attractive to other investors. As a result, the trading price and volume of our Class A common stock could be adversely affected.

We cannot predict the impact our dual class structure may have on the market price of our Class A common stock.

We cannot predict whether our dual class structure, combined with the concentrated control of our stockholders who held our capital stock prior to the completion of this offering, including our executive officers, employees, and directors and their affiliates, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, as mentioned above certain index providers have announced restrictions on including companies with multiple class share structures in certain of their indices. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in many indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected

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

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

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

Sales of a substantial number of shares of our Class A common stock and Class B common stock (after automatically converting to Class A common stock) in the public market following the completion of this offering, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise

capital through the sale of additional equity securities. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold based upon the price of this offering, and therefore they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares.

Based on shares outstanding as of , 2020, upon the completion of this offering, we will have outstanding a total of shares of Class A common stock and 21,000,000 shares of Class B common stock, assuming no exercise of the underwriters' option to purchase additional shares (shares assuming exercise of the underwriters' option to purchase additional shares in full) and no exercise of outstanding options, after giving effect to the conversion of all outstanding shares of our preferred stock into shares of Class B common stock immediately upon the completion of this offering. Of these shares, only the shares of Class A common stock sold in this offering will be freely tradable, without restriction, in the public market immediately after the offering. All of our executive officers and directors and the holders of substantially all the shares of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us or have entered or will enter into lock-up agreements with the underwriters that restrict their ability to transfer shares of our capital stock during the period ending on, and including, the 180th day after the date of this prospectus, subject to specified exceptions; provided that such restricted period will end with respect to 20% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have issued a quarterly earnings release announced by press release through a major news service, or on a report on Form 8-K and (2) the last reported closing price of our Class A common stock is at least 33% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days of a trading black-out period, the above referenced early expiration period will be the sixth trading day immediately preceding the commencement of the trading black-out period. In addition, with respect to shares not released as a result of such early release, if the 180th day after the date of this prospectus occurs within five trading days of a trading black-out period, the lock-up period will expire on the sixth trading day immediately preceding the commencement of the trading black-out period. Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC may permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements, subject to applicable notice requirements. If not earlier released, all of the shares of Class A common stock sold in this offering will become eligible for sale upon expiration of the 180-day lock-up period, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

In addition, as of July 31, 2020, there were 191,121,256 shares of Class A common stock subject to outstanding options under our Amended and Restated 2012 Equity Incentive Plan, or the 2012 Plan. We intend to register all of the shares of Class A common stock issuable upon conversion of the shares of Class B common stock issuable upon exercise of outstanding options and upon exercise or settlement of any options or other equity incentives we may grant in the future for public resale under the Securities Act. Accordingly, these shares will become eligible for sale in the public market to the extent such options are exercised, subject to the market standoff and lock-up agreements described above and compliance with applicable securities laws.

As of July 31, 2020, holders of 317,001,986 shares of our Class A common stock, including shares issuable upon the conversion of outstanding shares of preferred stock, have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file on our behalf or for other stockholders. See the sections titled "Shares Eligible for Future Sale" and "Underwriters."

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

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

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

- establishing a classified board of directors so that not all members of our board of directors are elected at one time;
- permitting the board of directors to establish the number of directors and fill any vacancies and newly created directorships;

- providing that directors may only be removed for cause;
- prohibiting cumulative voting for directors;
- requiring super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorizing the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminating the ability of stockholders to call special meetings of stockholders;
- prohibiting stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; and
- our dual class common stock structure as described above.

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

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

Our amended and restated certificate of incorporation which will become effective immediately prior to the completion of this offering will provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (3) any action arising pursuant to any provision of the Delaware General Corporation Law, or the certificate of incorporation or the amended and restated bylaws or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. In addition, to prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation will further provide that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act, and an investor cannot waive compliance with the federal securities laws and the rules and regulations thereunder, there is uncertainty as to whether a court would enforce such a provision. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

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

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

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

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

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

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

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, and for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of over $1.07 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock held by non-affiliates exceeds $700 million as of the prior October 31 and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on these exemptions. If some investors find our Class A common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our Class A common stock, and our stock price may be more volatile.

General Risks

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

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

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

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems, and controls to accommodate such changes. We have limited experience with implementing the systems and controls that will be necessary to operate as a public company, as well as adopting changes in accounting principles or interpretations mandated by the relevant regulatory bodies. Additionally, if these new systems, controls, or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

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

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

Any future litigation against us could be costly and time-consuming to defend.

We may become subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial or intellectual property disputes or employment claims made by our current or former employees. Litigation might result in substantial costs and may divert management’s attention and resources, which might seriously harm our business, financial condition, and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us (including premium increases or the imposition of large deductible or co-insurance requirements). A claim brought against us that is uninsured or underinsured could result in unanticipated costs, potentially harming our business, financial position, and results of operations. In addition, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim.

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

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

Our business could be disrupted by catastrophic events.

Occurrence of any catastrophic event, including earthquake, fire, flood, tsunami, or other weather event, power loss, telecommunications failure, software or hardware malfunctions, pandemics (such as the COVID-19 pandemic), political unrest, geopolitical instability, cyberattack, war, or terrorist attack, could result in lengthy interruptions in our service. In particular, our U.S. headquarters are located in the San Francisco Bay Area, a region known for seismic activity and wild fires, and our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. In addition, acts of terrorism could cause disruptions to the internet or the economy as a whole. Even with our disaster recovery arrangements, our service could be interrupted. If our systems were to fail or be negatively impacted as a result of a natural disaster or other event, our ability to deliver our AI Suite and AI Applications to our customers would be impaired, or we could lose critical data. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster and to execute successfully on those plans in the event of a disaster or emergency, our business would be harmed.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, including our statements regarding the benefits and timing of the roll-out of new technology, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our revenue, expenses, and other operating results;
- our ability to acquire new customers and successfully retain existing customers;
- our ability to increase usage our AI Suite and AI Applications;
- our ability to achieve or sustain profitability;
- future investments in our business, our anticipated capital expenditures, and our estimates regarding our capital requirements;
- the costs and success of our sales and marketing efforts, and our ability to promote our brand;
- our growth strategies for our AI Suite and AI Applications;
- the estimated addressable market opportunity for our AI Suite and AI Applications;
- our reliance on key personnel and our ability to identify, recruit, and retain skilled personnel;
- our ability to effectively manage our growth, including any international expansion;
- our ability to protect our intellectual property rights and any costs associated therewith;
- the effects of the coronavirus, or COVID-19, pandemic or other public health crises;
- our ability to compete effectively with existing competitors and new market entrants; and
- the growth rates of the markets in which we compete.

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

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

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking

statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

MARKET, INDUSTRY, AND OTHER DATA

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

Certain information in the text of this prospectus is contained in independent industry publications. None of the industry publications referred to in this prospectus were prepared on our or on our affiliates' behalf or at our expense. The source of these independent industry publications is provided below:

- IDC, *Worldwide Artificial Intelligence Systems Spending Guide, September 2019*
- IDC, *FutureScape: Worldwide CIO Agenda 2021 Predictions, October 2020*
- Gartner, *Forecast: Enterprise Infrastructure Software, Worldwide, 2018-2024, 3Q20 Update**
- Gartner, *Forecast: Enterprise Application Software, Worldwide, 2018-2024, 3Q20 Update**

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

The Gartner content described herein, or the Gartner Content, represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc., or Gartner, and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this prospectus) and the opinions expressed in the Gartner Content are subject to change without notice.

In this prospectus, we estimated the overall potential economic impact of applying AI and machine learning to a broad range of use cases across a company's operations. To arrive at these estimates, we gathered publicly available financial and operating data regarding a company in each of the four highlighted industries from annual reports, investor calls, and other financial reporting sources. We then estimated the potential improvement, expressed as a percentage, for each of the relevant financial and operational metrics that might be achieved by applying AI and machine learning to the selected use cases. We based our estimates of the potential improvement from a variety of sources, including industry reports, regulatory filings, publicly available consulting firm and analyst reports, as well as our own experience from trials and deployments. We then calculated the potential economic impact by multiplying each of the selected financial and operating metrics by the estimated potential improvement. These estimates of potential outcomes are based on 2019 financial data, estimates of the potential impact of AI from reports published and projects completed over the past five years, and a future potential value capture period of approximately five years. These projections reflect our estimate of the potential economic benefit to the selected companies; the estimate of the potential impact to other companies would depend on numerous variables, including the scale, results and scope of operations of such other companies. Adoption of enterprise AI is still nascent and many of the highlighted use cases have not yet been, and may never be, adopted by any customer. No customer has reviewed our methodology for estimating the potential economic impact of enterprise AI to their businesses and they may not agree with it or the assumptions that we have made. These estimates are subject to a high degree of uncertainty and risk due to a variety of factors, including those described above in this section and in the sections titled "Special Note Regarding Forward-Looking Statements" and "Risk Factors."

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of our Class A common stock in full) based on an assumed initial public offering price of $ per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

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

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

DIVIDEND POLICY

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

CAPITALIZATION

The following table sets forth our cash, cash equivalents, and marketable securities and our capitalization as of July 31, 2020 as follows:

- on an actual basis;
- on a pro forma basis, giving effect to (1) the automatic conversion of all outstanding shares of our Class B common stock, Class C common stock, redeemable convertible preferred stock, other than shares of our Series A* Preferred Stock, and redeemable convertible Class B-1 common stock as of July 31, 2020 into shares of our Class A common stock, which will occur immediately prior to the completion of this offering; (2) the conversion of all outstanding shares of our Series A* Preferred Stock as of July 31, 2020 into 21,000,000 shares of our Class B common stock, which will occur immediately prior to the completion of this offering; (3) the repayment due from our Chief Executive Officer of the outstanding full recourse promissory note in connection with the Series F preferred stock financing, including accrued interest, in the amount of $26.0 million; and (4) the filing of our amended and restated certificate of incorporation immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis, giving effect to (1) the pro forma items described immediately above and (2) our issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

	As of July 31, 2020		
	Actual	Pro Forma	Pro Forma as Adjusted(1)
	(in thousands, except share data)		
Cash and cash equivalents	$ 128,979	$ 154,984	$
Redeemable convertible preferred stock, $0.001 par value per share. 233,107,379 shares authorized, 222,773,375 shares issued and outstanding, actual; no shares authorized, issued, or outstanding, pro forma and pro forma as adjusted	375,207	—	
Redeemable convertible Class B-1 common stock, $0.001 par value per share. 40,000,000 shares authorized, issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	18,800	—	
Stockholders' deficit (equity):			
Class A common stock, $0.001 par value per share. 700,000,000 shares authorized, 18,720,399 shares issued and outstanding, actual; shares authorized, issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	19		
Class B common stock, $0.001 par value per share. 405,000,000 shares authorized, 167,863,605 shares issued and outstanding, actual; no shares authorized, issued, or outstanding, pro forma and pro forma as adjusted	164	—	
Class C common stock, $0.001 par value per share. 1,789,159 shares authorized, 1,456,909 shares issued and outstanding, actual; no shares authorized, issued, or outstanding, pro forma and pro forma as adjusted	1	—	
Class B common stock, $0.001 par value per share. no shares authorized, issued, or outstanding, actual; shares authorized, 21,000,000 shares issued and outstanding, pro forma and pro forma as adjusted(2)	—	21	
Additional paid-in capital	113,364		
Accumulated other comprehensive income	257	257	
Accumulated deficit	(293,486)	(293,486)	
Total stockholders' (deficit) equity	(179,681)	240,331	
Total capitalization	$ 214,326	$ 240,331	

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

(2) Reflects the Class B common stock to be authorized in connection with the filing of our amended and restated certificate of incorporation immediately prior to the completion of this offering.

The outstanding share information in the table above is based on shares of our Class A common stock (including preferred stock, other than the Series A* Preferred Stock, on an as-converted basis) and 21,000,000 shares of our Class B common stock (including the Series A* Preferred Stock on an as-converted basis) outstanding as of July 31, 2020 and excludes:

- 193,621,256 shares of our Class A common stock issuable upon the exercise of options to purchase shares of our Class A common stock issued under our Amended and Restated 2012 Equity Incentive Plan, or the 2012 Plan, outstanding as of July 31, 2020, with a weighted-average exercise price of $0.5659 per share;
- shares of our Class A common stock issuable upon the exercise of options to purchase shares of our Class A common stock issued under our 2012 Plan after July 31, 2020, with a weighted-average exercise price of $ per share;
- 47,146,302 shares of our Class A common stock reserved for future issuance under our 2012 Plan, which shares will cease to be available for issuance at the time our 2020 Equity Incentive Plan, or the 2020 Plan, becomes effective;
- shares of our Class A common stock issuable upon the exercise of outstanding stock options granted after July 31, 2020 under our 2020 Plan, with a weighted-average exercise price of $ per share;
- shares of our Class A common stock reserved for future issuance under our 2020 Plan, which includes an annual evergreen increase and will become effective in connection with this offering; and
- shares of our Class A common stock reserved for future issuance under our 2020 Employee Stock Purchase Plan, or the ESPP, which includes an annual evergreen increase and will become effective in connection with this offering.

DILUTION

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

As of July 31, 2020, we had a pro forma net tangible book value of $239.4 million, or $ per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of shares of our Class A and Class B common stock outstanding as of July 31, 2020, after giving effect to (1) the automatic conversion of all outstanding shares of our Class B common stock, Class C common stock, redeemable convertible preferred stock, other than shares of our Series A* Preferred Stock, and redeemable convertible Class B-1 common stock as of July 31, 2020, into shares of our Class A common stock, (2) the conversion of all outstanding shares of our Series A* Preferred Stock as of July 31, 2020, into 21,000,000 shares of our Class B common stock, which will occur immediately prior to the completion of this offering, and (3) the repayment due from our Chief Executive Officer of the outstanding full recourse promissory note in connection with the Series F preferred stock financing, including accrued interest, in the amount of $26.0 million.

After giving further effect to the sale of shares of Class A common stock that we are offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of July 31, 2020 would have been approximately $ million, or approximately $ per share. This amount represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately $ per share to new investors purchasing shares of Class A common stock in this offering.

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

Assumed initial public offering price per share	$
Pro forma net tangible book value per share as of July 31, 2020	
Increase in pro forma net tangible book value per share attributable to this offering	
Pro forma as adjusted net tangible book value per share after this offering	
Dilution per share to new investors in this offering	$

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

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

The following table summarizes on the pro forma as adjusted basis described above, as of July 31, 2020, the differences between the number of shares of Class A common stock and Class B common stock purchased from us by our existing stockholders and Class A common stock by new investors purchasing shares in this offering, the total consideration paid to us in cash and the average price per share paid by existing stockholders for shares of Class A common stock and Class B common stock issued prior to this offering and the price to be paid by new investors for shares of Class A common stock in this offering. The calculation below is based on the assumed initial public offering price of $ per share, the midpoint of

the price range set forth on the cover page of the prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

The outstanding share information in the table above is based on shares of our Class A common stock (including preferred stock, other than the Series A* Preferred Stock, on an as-converted basis) and 21,000,000 shares of our Class B common stock (including the Series A* Preferred Stock on an as-converted basis) outstanding as of July 31, 2020 and excludes:

- 193,621,256 shares of our Class A common stock issuable upon the exercise of options to purchase shares of our Class A common stock issued under our Amended and Restated 2012 Equity Incentive Plan, or the 2012 Plan, outstanding as of July 31, 2020, with a weighted-average exercise price of $0.5659 per share;
- shares of our Class A common stock issuable upon the exercise of options to purchase shares of our Class A common stock issued under our 2012 Plan after July 31, 2020, with a weighted-average exercise price of $ per share;
- 47,146,302 shares of our Class A common stock reserved for future issuance under our 2012 Plan, which shares will cease to be available for issuance at the time our 2020 Equity Incentive Plan, or the 2020 Plan, becomes effective;
- shares of our Class A common stock issuable upon the exercise of outstanding stock options granted after July 31, 2020 under our 2020 Plan, with a weighted-average exercise price of $ per share;
- shares of our Class A common stock reserved for future issuance under our 2020 Plan, which includes an annual evergreen increase and will become effective in connection with this offering; and
- shares of our Class A common stock reserved for future issuance under our 2020 Employee Stock Purchase Plan, or the ESPP, which includes an annual evergreen increase and will become effective in connection with this offering.

To the extent any outstanding options are exercised, there will be further dilution to new investors. If all of such outstanding options had been exercised as of July 31, 2020, the pro forma as adjusted net tangible book value per share after this offering would be $, and total dilution per share to new investors would be $.

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

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The selected consolidated statements of operations data for the fiscal years ended April 30, 2019 and 2020 and the selected consolidated balance sheet data as of April 30, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the three months ended July 31, 2019 and 2020 and the consolidated balance sheet data as of July 31, 2020 are derived from our unaudited interim consolidated financial statements that are included elsewhere in this prospectus. We have prepared the unaudited interim consolidated financial statements on the same basis as the audited consolidated financial statements. We have included, in our opinion, all adjustments necessary to state fairly our financial position as of July 31, 2020 and the results of operations for the three months ended July 31, 2019 and 2020. Our historical results are not necessarily indicative of the results to be expected for any other period in the future and the results of operations for the three months ended July 31, 2020 are not necessarily indicative of the results to be expected for any other period in the future. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes, the information in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other financial information contained elsewhere in this prospectus.

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands, except per share data)			
Consolidated Statements of Operations Data:				
Revenue				
Subscription	$ 77,472	$ 135,394	$ 30,976	$ 35,695
Professional services	14,133	21,272	3,914	4,788
Total revenue	91,605	156,666	34,890	40,483
Cost of revenue				
Subscription(1)	24,560	31,479	6,643	$ 8,587
Professional services(1)	5,826	7,308	1,575	1,912
Total cost of revenue	30,386	38,787	8,218	10,499
Gross profit	61,219	117,879	26,672	29,984
Operating expenses				
Sales and marketing(1)	37,882	94,974	11,637	14,358
Research and development(1)	37,318	64,548	10,918	13,264
General and administrative(1)	22,061	29,854	5,080	5,687
Total operating expenses	97,261	189,376	27,635	33,309
Loss from operations	(36,042)	(71,497)	(963)	(3,325)
Interest income	3,508	4,251	979	580
Other (expense) income, net	(546)	(1,752)	(252)	3,018
Net income (loss) before provision for income taxes	(33,080)	(68,998)	(236)	273
Provision for income taxes	266	380	87	123
Net income (loss)	$ (33,346)	$ (69,378)	$ (323)	$ 150
Net income (loss) per share attributable to common stockholders, basic and diluted(2)	$ (0.22)	$ (0.32)	(0.00)	$ 0.00
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic and diluted(2)	151,973	214,799	194,613	223,746
Pro forma net income (loss) per share, basic and diluted(2)				
Weighted-average shares used in computing pro forma net income (loss) per share attributable to common stockholders, basic and diluted(2)				

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

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands)			
Cost of subscription	$ 149	$ 370	$ 61	$ 184
Cost of professional services	69	122	33	48
Sales and marketing	1,739	3,074	580	855
Research and development	781	1,223	297	458
General and administrative	1,529	3,521	561	935
Total stock-based compensation expense	$ 4,267	$ 8,310	$ 1,532	$ 2,480

(2) See Note 10 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate our basic and diluted net loss per share attributable to common stockholders, basic and diluted pro forma net loss per share attributable to common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

	As of April 30,		As of July 31,
	2019	2020	2020
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 98,607	$ 33,104	$ 128,979
Short-term investments	57,910	211,874	139,018
Working capital(1)	121,627	200,166	208,836
Total assets	267,485	305,108	355,769
Deferred revenue, current and non-current	91,225	60,295	107,244
Redeemable convertible preferred stock	299,965	375,207	375,207
Redeemable convertible Class B-1 common stock	18,800	18,880	18,800
Accumulated deficit	(224,259)	(293,637)	(293,486)
Total stockholders' deficit	(165,434)	(182,697)	(179,681)

(1) Working capital is defined as current assets less current liabilities.

Non-GAAP Financial Measure

In addition to our financial results determined in accordance with generally accepted accounting principles in the United States, or GAAP, we believe free cash flow, a non-GAAP financial measure, is useful in evaluating liquidity and provides information to management and investors about our ability to fund future operating needs and strategic initiatives. We calculate free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment and capitalized software development costs. Free cash flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by (used in) operating activities. This non-GAAP financial measure may be different than similarly titled measures used by other companies. Additionally, the utility of free cash flow is further limited as it does not represent the total increase or decrease in our cash balances for a given period. The following table below provides a reconciliation of free cash flow to the GAAP measure of net cash provided by (used in) operating activities for the periods presented.

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands)			
Net cash provided by (used in) operating activities	$ (34,876)	$ (61,281)	$ 36,677	$ 17,062
Less:				
Purchases of property and equipment	(6,811)	(2,298)	(431)	(654)
Capitalized software development costs	—	(581)	—	—
Free cash flow	(41,687)	(64,160)	36,246	16,408
Net cash provided by (used in) investing activities	(96,228)	(124,073)	18,308	72,135
Net cash provided by financing activities	54,472	119,851	70,226	6,678

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 the information in "Selected Consolidated Financial and Other Data" and the consolidated financial statements and the accompanying notes included elsewhere in this prospectus. Some of the information contained in this discussion and analysis 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. The last day of our fiscal year is April 30. References to fiscal 2019 and fiscal 2020, for example, refer to the fiscal years ended April 30, 2019 and 2020, respectively. Our fiscal quarters end on July 31, October 31, January 31, and April 30.

Overview

C3.ai is an Enterprise AI software company.

We provide software-as-a-service, or SaaS, applications that enable the rapid deployment of enterprise-scale AI applications of extraordinary scale and complexity that offer significant social and economic benefit.

The C3 AI Suite, C3 AI Applications, and our patented model-driven architecture enable organizations to simplify and accelerate Enterprise AI application development, deployment, and administration. Our software AI Suite enables developers to rapidly build applications by using conceptual models of all the elements required by an Enterprise AI application instead of having to write complex, lengthy, structured programming code to define, control, and integrate the many requisite data and microservices components to work together. We significantly reduce the effort and complexity of the AI software engineering problem.

We have built a single, integrated AI Suite that enables our customers to rapidly develop, deploy, and operate large-scale Enterprise AI applications across any infrastructure. Customers can deploy C3.ai solutions on all major public cloud infrastructures, private cloud or hybrid environments, or directly on their servers and processors. We provide two primary families of software solutions:

- The C3 AI Suite, our core technology, is a comprehensive application development and runtime environment that is designed to allow our customers to rapidly design, develop, and deploy Enterprise AI applications of any type.
- C3 AI Applications, built using the C3 AI Suite, include a large and growing family of industry-specific and application-specific turnkey AI solutions that can be immediately installed and deployed.

How We Generate Revenue

We generate revenue primarily from the sale of subscriptions to our software, which accounted for 85%, 86%, 89%, and 88% of our total revenue in the fiscal years ended April 30, 2019 and 2020 and for the three months ended July 31, 2019 and 2020, respectively. Our cloud-native software offerings allow us to manage, update, and monitor the software regardless of whether the software is deployed in our public cloud environment, in our customers' self-managed private or public cloud environments, or in a hybrid environment. Our subscription contracts are generally non-cancelable and non-refundable. Our customers include a number of large multinational corporations and government entities. Our revenue attributable to government contracts or subcontracts as a percentage of total revenue for the fiscal years ended April 30, 2019 and 2020 were 12% and 18%, respectively, and for the three months ended July 31, 2019 and 2020 were 15%, and 18%, respectively.

We commonly enter into enterprise-wide agreements with entities that include multiple operating entities or divisions. We define a Customer as each such buying entity that has an active contract to deploy the C3 AI Suite or one or more C3 AI Applications. We often provide our software to a distinct department, business unit, or group within a Customer, and use customer to mean each distinct department, unit, or group within a Customer. As of September 30, 2020, we had 29 Customers and 59 customers.

Our average total contract value for Customers purchasing the C3 AI Suite and C3 AI Applications together or independently over the two-year period ending fiscal year April 30, 2020 was $14.1 million. We generally invoice our customers annually in advance and primarily recognize revenue over the contract term on a ratable basis. In addition, customers pay a usage-based runtime fee for production use of the C3 AI Suite and C3 AI Applications, which is either paid in advance for specified levels of capacity or paid in arrears based on actual usage. Customers who choose to run the software

in our cloud environment pay the hosting costs charged by our cloud providers. Our subscriptions also include our maintenance and support services. Additionally, we offer premium stand-ready support services through our C3 Center of Excellence, or COE, which are included as part of the subscription when purchased.

We also generate revenue from professional services, which consist primarily of fees associated with our implementation services for new customer deployments of C3 AI Applications. Professional services revenue represented 15%, 14%, 11%, and 12% of total revenue for the fiscal years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, respectively. Our professional services are provided both onsite and remotely, and can include training, application design, project management, system design, data modeling, data integration, application design, development support, data science, and application and C3 AI Suite administration support. Professional services fees are based on the level of effort required to perform the specified tasks and the services are typically provided under a fixed-fee engagement with defined deliverables and a duration of less than 12 months. We recognize revenue for our professional services over the period of delivery as services are performed.

We are growing rapidly, with total revenue of $156.7 million for the fiscal year ended April 30, 2020, representing a 71% increase compared to the prior year, and total revenue of $40.5 million for the three months ended July 31, 2020, representing a 16% increase compared to the same period in the prior year. Our subscription revenues grew to $135.4 million for the fiscal year ended April 30, 2020, representing a 75% increase compared to the prior year, and $35.7 million in the three months ended July 31, 2020, a 15% increase compared to the same period in the prior year.

Go-to-Market Strategy

Our go-to-market strategy is focused on large organizations recognized as leaders in their respective industries or public sectors, and who are attempting to solve complicated business problems by digitally transforming their operations. These organizations include companies and public agencies within the oil and gas, power and utilities, aerospace and defense, industrial products, and financial services industries, among others. This has resulted in C3.ai powering some of the largest and most complex Enterprise AI applications worldwide. As our AI Suite is industry agnostic, we expect to expand into other industries as we grow. For example, for the fiscal year ended April 30, 2018, revenue from customers in the financial services, oil and gas, aerospace and defense, manufacturing, and utilities industries represented 0%, 1%, 3%, 29%, and 67% of our total revenue, respectively, and in the quarter ended July 31, 2020, revenue from these customers represented 10%, 29%, 18%, 19%, and 24% of our total revenue, respectively.

As of September 30, 2020, we had 29 Customers and 59 customers. While almost all our Customers represent large revenue commitments, our top two Customers each represented over 10% of our total revenue for the fiscal year ended April 30, 2020.

Acquiring new customers is the intent of our go-to-market effort and a driver of our growth. Making new and existing customers successful is critical to our long-term success. After we help our customers solve their initial use cases, they typically identify incremental opportunities within their operations and expand their use of our products by either purchasing additional C3 AI Applications or by subscribing to the C3 AI Suite to develop their own AI applications.

The size and sophistication of our customers' businesses demonstrate the flexibility, speed, and scale of our products, and maximize the potential value to our customers. To be a credible partner to our customers, who often are industry leaders, we deploy a motivated and highly educated team of C3 personnel and partners. We go-to-market primarily leveraging our direct sales force, and during the fiscal year ended April 30, 2020, we substantially increased the number of direct sales resources. We also complement and supplement our sales force with a number of go-to-market partners.

- *Strategic Vertical Industry Partners.* We have developed an alliance program to partner with recognized leaders in their respective industries, such as Baker Hughes, Fidelity National Information Services, or FIS, and Raytheon, to develop, market, and sell solutions that are natively built on or tightly integrated with the C3 AI Suite.

- *Consulting and Services Partners.* As part of a global industry alliance, we partner with IBM Global Services, as well as a number of systems integrators specializing in Enterprise AI implementations.

- *Hyperscale Cloud and Infrastructure.* We have formed global strategic go-to-market alliances with hyperscale cloud providers including Amazon, FIS, Google, and Microsoft. In addition, we have strategic alliances with leading hardware infrastructure providers to deliver our software optimized for their technology. These partners include Hewlett Packard Enterprise, and Intel. These partners supply infrastructure solutions, data management and

processing services, or hardware and networking devices (e.g. IoT gateways) to support C3.ai product implementations and complement C3.ai's products.

Key Business Metric

We monitor remaining performance obligations, or RPO, as a key metric to help us evaluate the health of our business, identify trends affecting our growth, formulate goals and objectives, and make strategic decisions. RPO is not necessarily indicative of future revenue growth because it does not account for the timing of customers' consumption or their consumption of more than their contracted capacity. Moreover, RPO is influenced by several factors, including the timing of renewals, the timing of purchases of additional capacity, average contract terms, and seasonality. Due to these factors, it is important to review RPO in conjunction with revenue and other financial metrics disclosed elsewhere in this prospectus. RPO was $123.3 million, $155.4 million, $137.8 million, and $209.2 million as of July 31, 2018, October 31, 2018, January 31, 2019, and April 30, 2019, respectively, and was $295.5 million, $274.7 million, $262.7 million, and $239.7 million as of July 31, 2019, October 31, 2019, January 31, 2020, and April 30, 2020, respectively. Our RPO has continued to increase to $275.1 million as of July 31, 2020. The increase in RPO from signing new customers and the expansion of existing customers in the year was partially offset by a decrease in RPO related to revenue recognized on existing contracts during the period.

RPO represents the amount of our contracted future revenue that has not yet been recognized, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods. Our RPO as of April 30, 2019 is comprised of $91.2 million related to deferred revenue and $118.0 million from non-cancellable contracts and RPO as of April 30, 2020 is comprised of $60.3 million related to deferred revenue and $179.4 million of commitments from non-cancellable contracts. Our RPO as of July 31, 2020 is comprised of $107.2 million related to deferred revenue and $167.9 million of commitments from non-cancellable contracts.

RPO excludes amounts related to performance obligations and usage-based royalties that are billed and recognized as they are delivered. This primarily consists of monthly usage-based runtime and hosting charges in the duration of some revenue contracts. RPO also excludes any future resale commitments by our strategic partners until those end customer contracts are signed. Cancellable backlog, not included in RPO, was $4.3 million, $24.5 million, $22.0 million, $19.2 million, $20.1 million, $8.7 million, $11.0 million, $7.2 million, and $4.4 million as of July 31, 2018, October 31, 2018, January 31, 2019, April 30, 2019, July 31, 2019, October 31, 2019, January 31, 2020, April 30, 2020, and July 31, 2020, respectively.

The duration of our contracts vary by customer. The weighted average contract duration for commercial Customers in the year ended April 30, 2020 was 35 months, while the weighted average contract duration for federal agency Customers was 11 months. Our total RPO as of April 30, 2020 and July 31, 2020 was comprised of approximately 96% non-federal contracts and 4% federal contracts.

Factors Affecting Our Performance

We believe that our future success and financial performance depend on a number of factors that present significant opportunities for our business but also pose risks and challenges, including those discussed below and in the section of this prospectus titled "Risk Factors," that we must successfully address to sustain our growth, improve our results of operations, and establish and maintain profitability.

Customer Acquisition, Retention, and Expansion

We are focused on continuing to grow our customer base, retaining existing customers and expanding customers' usage of our AI Suite and AI Applications by addressing new use cases across multiple departments and divisions, adding users, and developing and deploying additional applications. All of these factors increase the adoption and relevance of our AI Suite and AI Applications to our customers' business and, as an outcome, increases their runtime usage.

We believe that the success of our customers is critical to customer retention and expansion, and it contributes to our customer acquisition efforts. Since their initial purchase, our top 15 Customers based on cumulative revenue to us have, on average, made subsequent purchases equal to 2.0x the value of their initial purchase. The average initial purchase among this group was $12.8 million.

We have built a customer-focused culture and have implemented proactive programs and processes designed to drive customer success. These include a robust customer support and success function. For example, as part of our subscription offerings, we provide our customers with the ability to establish a C3.ai COE, accessing our experienced and specialized resources in key technical areas like application development, data integration, and data science to accelerate and ensure our

customers' success developing applications on our AI Suite. We closely monitor the health and status of every customer account through multiple activities, including real-time monitoring, daily and weekly reports to management, as well as quarterly reviews with our customers.

We also intend to attract new customers across multiple industries where we have limited meaningful presence today, yet represent very large market opportunities such as telecommunications, pharmaceuticals, smart cities, transportation, and healthcare, among others.

Historically, we have had a relatively small number of customers with large total contract values. As a result, revenue growth can vary significantly based on the timing of customer acquisition, changes in product mix, and contract durations, renewals, or terminations. We expect the number of customers to increase as organizations address the importance of digital transformation and we expect the average total contract value to decrease as we expand our customer base beyond a small number of large lighthouse customers to a larger number of smaller customers.

Technology Innovation

We intend to continue to invest in our research and development capabilities to extend our AI Suite and AI Applications, to expand within existing accounts, and to gain new customers. Our investments in research and development drive core technology innovation and bring new products to market. Our model-driven architecture enables us and our customers to rapidly address new use cases by building new applications and extending and enhancing the features and functionality of current C3 AI Applications. By investing to make it easier to develop applications on our AI Suite, our customers have become active developers. With our support, they have developed and deployed almost two-thirds of the applications currently in production and running on the C3 AI Suite. Research and development spending has fueled enhancements to our existing AI Suite.

We spent $37.3 million, $64.5 million, $10.9 million and $13.3 million on research and development during the fiscal years ended April 30, 2019 and 2020 and three months ended July 31, 2019 and 2020, respectively. Our research and development spend as a percent of total revenue was 41%, 41%, 31% and 33% during the fiscal years ended April 30, 2019 and 2020 and three months ended July 31, 2019 and 2020, respectively. We expect to maintain high levels of investment in product innovation over the coming years as we continue to introduce new applications which address new industry use cases, and new features and functionality for the C3 AI Suite and C3 AI Applications. As our business scales over a longer-term horizon, we anticipate research and development spend as a percent of total revenue to decline.

Brand Awareness

We believe we are in the early stages of a large and expanding new market for AI enabled digital transformation. As a result, we intend to continue to invest in brand awareness, market education, and thought leadership. We engage the market through digital, radio, outdoor, airport, and print advertising; virtual and physical events, including our C3.ai Transform annual customer conference; and C3.ai Live, a bi-weekly series of livestreamed events featuring C3.ai customers, C3.ai partners, and C3.ai experts in AI, machine learning, and data science.

We spent $9.5 million, $34.5 million, $3.8 million and $2.9 million on brand awareness during the fiscal years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, respectively, and anticipate continuing to make significant investments in marketing over the next several years. Over the long term we expect marketing spend to decline as a percent of total revenue as we make ongoing progress establishing C3.ai's brand and reputation and as our business scales. Any investments we make in our marketing program will occur in advance of experiencing benefits from such investments.

Grow Our Go-to-Market and Partnership Ecosystem

In addition to the activities of our field sales organization, our success in attracting new customers will depend on our ability to expand our ecosystem of strategic partners and the number of industry verticals that they serve. Our strategic go-to-market alliances vastly extend our reach globally. Some of our most notable partners include Baker Hughes, FIS, IBM, and Microsoft. Each strategic partner is a leader in its industry, with a substantial installed customer base and extensive marketing, sales, and services resources that we can leverage to engage and serve customers anywhere in the world. Using our AI Suite as the development suite, we leverage our model-driven architecture to efficiently build new cross-industry and industry-specific applications based on identifying requirements across our customer base of industry leaders and through our industry partners. Our strategy with strategic partners is to establish a significant use case and prove the value of our AI Suite with a flagship customer in each industry in which we participate. We have done this with our strategic vertical industry partner in oil and gas, Baker Hughes, as well as with our iconic global customers, some of whom are deploying C3.ai

technology to optimize thousands of critical assets globally across their upstream, midstream, and downstream operations. We establish formal sales and marketing plans with each partner, including specific sales goals and dedicated budgets, and we work closely with these partners to identify specific target accounts. We intend to grow the business we do with each partner and to add more partners as we expand the vertical markets we serve. We also offer revenue generating trials of our applications as part of our customer acquisition strategy.

In June 2019, we entered into a three-year arrangement with Baker Hughes as both a leading customer and as a partner in the oil and gas industry. This arrangement included a subscription to our AI Suite for their own operations (which we refer to below as direct subscription fees), the exclusive right for Baker Hughes to resell our offerings worldwide in the oil and gas industry, and the non-exclusive right to resell our offerings in other industries. Under the arrangement, Baker Hughes made minimum, non-cancelable, total revenue commitments to us of $50.0 million, $100.0 million, and $170.0 million, which are inclusive of their direct subscription fees of $39.5 million per year, for each of the fiscal years ending April 30, 2020, 2021, and 2022, respectively, with the remainder to be generated from the resale of our solutions by the Baker Hughes sales organization. During the fiscal year ended April 30, 2020, we recognized as revenue the full value of the first year of the direct subscription agreement and the value of deals brought in by Baker Hughes through the reseller arrangement. This arrangement was revised in June 2020 to extend the term by an additional two years, for a total of five years, with an expiration date in the fiscal year ending April 30, 2024 and to modify the annual amount of Baker Hughes' commitments to $53.3 million, $75.0 million, $125.0 million, and $150.0 million, which are inclusive of their revised direct subscription fees of $27.2 million per year over the fiscal years ending April 30, 2021, 2022, 2023, and 2024, respectively. Any shortfalls against the total annual revenue commitment made to us by Baker Hughes will be assessed and recorded by us at the end of the fourth quarter of each fiscal year. We are obligated to pay Baker Hughes a sales commission on subscriptions to our products and services offerings it resells in excess of these minimum revenue commitments.

Our RPO related to Baker Hughes, which includes both direct subscriptions and reseller arrangements, is comprised of $19.9 million related to deferred revenue and $20.0 million from non-cancellable contracts as of April 30, 2019, $2.4 million related to deferred revenue and $84.8 million from non-cancellable contracts as of April 30, 2020, and $24.9 million related to deferred revenue and $85.8 million of commitments from non-cancellable contracts as of July 31, 2020.

As of July 31, 2019, October 31, 2019, January 31, 2020, April 30, 2020, July 31, 2020, the total remaining amount of Baker Hughes' minimum revenue commitments not yet contracted under the direct subscription fee or reseller arrangement, and thus subject to the shortfall annual provisions, under the entire arrangement was $194.0 million, $195.0 million, $190.3 million, $183.8 million, and $270.9 million, respectively.

International Expansion

The international market opportunity for Enterprise AI software is large and growing, and we believe there is a significant opportunity to continue to grow our international customer base. We believe that the demand for our AI Suite will continue growing as international awareness of the benefits of digital transformation and Enterprise AI software grows. We plan to continue to make investments to expand geographically by increasing our direct sales team in international markets and supplementing the direct sales effort with strategic partners to significantly expand our reach and market coverage. We derived approximately 34%, 22%, 25% and 29% of our total revenue for the fiscal years ended April 30, 2019 and 2020 and three months ended July 31, 2019 and 2020, respectively, from international customers.

Impact of COVID-19

The COVID-19 pandemic has caused general business disruption worldwide beginning in January 2020. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations, cash flows, and financial condition will depend on future developments that are uncertain.

As a result of the COVID-19 pandemic, we temporarily closed our headquarters and other offices, required our employees and contractors to work remotely, and implemented travel restrictions, all of which represented a significant change in how we operate our business. The operations of our partners and customers have likewise been altered. While the duration and extent of the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the extent and effectiveness of containment actions, it has already had an adverse effect on the global economy and the ultimate societal and economic impact of the COVID-19 pandemic remains unknown. In particular, the conditions caused by this pandemic are likely to affect the rate of global IT spending and could adversely affect demand for our AI Suite, lengthen our sales cycles, reduce the value or duration of subscriptions, reduce the level of subscription renewals, negatively impact collections of accounts receivable, reduce expected spending from new customers, cause some of our paying customers to go out of business, limit the ability of our direct sales force to travel to customers and potential

customers, and affect contraction or attrition rates of our paying customers, all of which could adversely affect our business, results of operations, and financial condition during fiscal 2021 and potentially future periods.

Components of Results of Operations

Revenue

Subscription Revenue. Our subscription revenue is primarily comprised of term licenses and our software-as-a-service offerings. Sales of our term licenses grant our customers the right to use our software, either on their own cloud instance or their internal hardware infrastructure, over the contractual term. Sales of our software-as-a-service offerings include a right to use our software in a hosted environment over the contractual term. Our subscription contracts are generally non-cancelable and non-refundable, with the majority of contracts with customers approximating three years in duration. We generally invoice annually in advance and recognize revenue over the contract term on a ratable basis. In addition, customers pay a usage-based runtime fee for the C3 AI Suite and C3 AI Applications, which is either paid in advance for specified levels of capacity or paid in arrears based on actual usage. Our subscriptions also include our maintenance and support services. Our maintenance and support services include critical and continuous updates to the software that are integral to maintaining the intended utility of the software over the contractual term. Our software subscriptions and maintenance and support services are highly interdependent and interrelated and represent a single distinct performance obligation within the context of the contract. We also offer a premium stand-ready service through our COE, and we offer a hosting service. When these services are purchased, they are included as part of the subscription. We currently have a small number of public utility customers that license our offerings under a perpetual license model, and we expect that may continue for the foreseeable future for certain customers due to their specific contractual requirements.

Professional Services Revenue. Our professional services revenue primarily includes implementation services and training. We offer a complete range of professional service support both onsite and remotely, including training, application design, project management, system design, data modeling, data integration, application design, development support, data science, and application and C3 AI Suite administration support. Professional services fees are based on the level of effort required to perform the specified tasks and are typically a fixed-fee engagement with defined deliverables and a duration of less than 12 months. We recognize revenue for our professional services over the period of delivery as services are performed.

Cost of Revenue

Cost of Subscription Revenue. Cost of subscription revenue consists primarily of costs related to compensation, including salaries, bonuses, benefits, stock-based compensation and other related expenses for the production environment, support and COE staff, hosting of our AI Suite, including payments to outside cloud service providers, and allocated overhead and depreciation for facilities. For the year ended April 30, 2020 and the three months ended July 31, 2020, our cost of subscription revenue represented 20% and 21% of total revenue and 23% and 24% of subscription revenue, respectively.

Cost of Professional Services Revenue. Cost of professional services revenue consists primarily of compensation, including salaries, bonuses, benefits, stock-based compensation and other related costs associated with our professional service personnel, and allocated overhead and depreciation for facilities. For the year ended April 30, 2020 and the three months ended July 31, 2020, our cost of professional services revenue represented 5% and 5% of total revenue and 34% and 40% of professional services revenue, respectively.

Gross Profit and Gross Margin

Gross profit is total revenue less total cost of revenue. Gross margin is gross profit expressed as a percentage of total revenue. Our gross margin has fluctuated historically and may continue to fluctuate from period to period based on a number of factors, including the timing and mix of the product offerings we sell as well as the geographies into which we sell, in any given period. Our gross margins are lower when we provide hosting services to our customers as compared to when a customer hosts our software in their self-managed private or public cloud environments. Our subscription gross margin may experience variability over time as we continue to invest in personnel and continue to scale our AI Suite. Our professional services gross margin may also experience variability from period to period due to the use of our own resources and third-party system integration partners in connection with the performance of our fixed price agreements.

Operating Expenses

Our operating expenses consist of sales and marketing, research and development, and general and administrative expenses. We expect our operating expenses as a percentage of total revenue to increase as we continue to invest to grow our business. Over the long-term, we expect those percentages to stabilize and then move lower as our business matures.

Sales and Marketing. Sales and marketing expenses consist primarily of employee-related costs, including salaries, bonuses, benefits, stock-based compensation, and commissions for our employees engaged in sales and marketing activities. Sales and marketing expenses also include expenditures related to advertising, media, marketing, promotional events, brand awareness activities, business development, and corporate partnerships, and allocated overhead and depreciation for facilities.

We expect our sales and marketing expenses will increase in absolute dollar amounts as we continue to invest in brand awareness and programmatic spend to generate demand. We also expect to hire additional sales personnel to increase sales coverage of target industry vertical and geographic markets. Consequently, sales and marketing expense as a percent of total revenue will remain high in the near-term. As our business scales through customer expansion and market awareness we anticipate that sales and marketing expense as a percent of total revenue to decline over time.

Research and Development. Our research and development efforts are aimed at continuing to develop and refine our AI Suite and AI Applications, including adding new features and modules, increasing functionality and speed, and enhancing the usability of our AI Suite and AI Applications. Research and development expenses consist primarily of employee-related costs, including salaries, bonuses, benefits, and stock-based compensation for our employees associated with in our research and development organization. Research and development expenses also include cloud infrastructure costs related to our research and development efforts, and allocated overhead and depreciation for facilities. Research and development costs are expensed as incurred.

Our research and development expense as a percent of total revenue was 41%, 41%, 31% and 33% during the fiscal years ended April 30, 2019 and 2020 and three months ended July 31, 2019 and 2020, respectively, of total revenue. We expect research and development expense to increase in absolute dollars as we continue to invest in our existing and future product offerings. We may experience variations from period to period with our total research and development expense as a percentage of revenue as we develop and deploy new applications targeting new use cases and new industries. Over a longer horizon, we anticipate that research and development expense as a percent of total revenue to decline.

General and Administrative. General and administrative expense consists primarily of employee-related costs, including salaries, bonuses, benefits, stock-based compensation and other related costs associated with administrative services such as executive management and administration, legal, human resources, accounting, and finance. General and administrative expense also includes facilities costs, such as depreciation and rent expense, professional fees, and other general corporate costs, including allocated overhead and depreciation for facilities.

We expect our general and administrative expense to increase in absolute dollars as we continue to grow our business. We also expect to incur additional expenses as a result of operating as a public company, including expenses necessary to comply with the rules and regulations applicable to companies listed on a national securities exchange and related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, as well as higher expenses for general and director and officer insurance, investor relations, and professional services. We expect that general and administrative expense as a percent of total revenue will decline over the long-term as we benefit from the scale of our business infrastructure.

Interest Income

Interest income consists primarily of interest income earned on our cash, cash equivalents, and available-for-sale investments. It also includes amortization of premiums and accretion of discount related to our available-for-sale investments. Interest income varies each reporting period based on our average balance of cash, cash equivalents, and available-for-sale investments during the period and market interest rates.

Other Expense, Net

Other expense, net consists primarily of foreign currency exchange gains and losses, losses from impairment of investments, and realized gains and losses on sales of securities. Our foreign currency exchange gains and losses relate to transactions and asset and liability balances denominated in currencies other than the U.S. dollar. We expect our foreign currency gains and losses to continue to fluctuate in the future due to changes in foreign currency exchange rates.

Provision for Income Taxes

Our income tax provision consists of an estimate of federal, state, and foreign income taxes based on enacted federal, state, and foreign tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in the valuation of our deferred tax assets and liabilities, and changes in tax laws. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands)			
Revenue				
Subscription	$ 77,472	$ 135,394	$ 30,976	$ 35,695
Professional services	14,133	21,272	3,914	4,788
Total revenue	91,605	156,666	34,890	40,483
Cost of revenue				
Subscription(1)	24,560	31,479	6,643	$ 8,587
Professional services(1)	5,826	7,308	1,575	1,912
Total cost of revenue	30,386	38,787	8,218	10,499
Gross profit	61,219	117,879	26,672	29,984
Operating expenses				
Sales and marketing(1)	37,882	94,974	11,637	14,358
Research and development(1)	37,318	64,548	10,918	13,264
General and administrative(1)	22,061	29,854	5,080	5,687
Total operating expenses	97,261	189,376	27,635	33,309
Loss from operations	(36,042)	(71,497)	(963)	(3,325)
Interest income	3,508	4,251	979	580
Other (expense) income, net	(546)	(1,752)	(252)	3,018
Net income (loss) before provision for income taxes	(33,080)	(68,998)	(236)	273
Provision for income taxes	266	380	87	123
Net income (loss)	$ (33,346)	$ (69,378)	$ (323)	$ 150

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

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands)			
Cost of subscription	$ 149	$ 370	$ 61	$ 184
Cost of professional services	69	122	33	48
Sales and marketing	1,739	3,074	580	855
Research and development	781	1,223	297	458
General and administrative	1,529	3,521	561	935
Total stock-based compensation expense	$ 4,267	$ 8,310	$ 1,532	$ 2,480

The following table sets forth our consolidated statements of operations data expressed as a percentage of revenue for the periods indicated:

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands)			
Revenue				
Subscription	85 %	86 %	89 %	88 %
Professional services	15	14	11	12
Total revenue	100	100	100	100
Cost of revenue				
Subscription	27	20	19	21
Professional services	6	5	5	5
Total cost of revenue	33	25	24	26
Gross profit	67	75	76	74
Operating expenses				
Sales and marketing	41	61	33	35
Research and development	41	41	31	33
General and administrative	24	19	15	14
Total operating expenses	106	121	79	82
Loss from operations	(39)	(46)	(3)	(8)
Interest income	4	3	3	1
Other (expense) income, net	(1)	(1)	(1)	7
Net income (loss) before provision for income taxes	(36)	(44)	(1)	—
Provision for income taxes	—	—	—	—
Net income (loss)	(36)%	(44)%	(1)%	— %

Comparison of the Three Months Ended July 31, 2019 and 2020

Revenue

	Three Months Ended July 31,			
	2019	2020	$ Change	% Change
	(in thousands)			
Revenue				
Subscription	$ 30,976	$ 35,695	$ 4,719	15 %
Professional services	3,914	4,788	874	22
Total revenue	$ 34,890	$ 40,483	$ 5,593	

Subscription revenue accounted for 89% and 88% of our total revenue for the three months ended July 31, 2019 and 2020, respectively. Subscription revenue increased by $4.7 million, or 15%, for the three months ended July 31, 2020, compared to the prior year, predominantly driven by revenue growth of $7.6 million from new C3 AI Suite customers and $1.7 million from new C3 AI Applications customers. The increase was partially offset primarily by a decrease in revenues of $3.6 million related to the Baker Hughes contract modification.

Professional services revenue increased by $0.9 million, or 22%, for the three months ended July 31, 2020, compared to the prior year, predominantly due to the mix of implementation services projects in progress, with one new C3 AI Applications customer accounting for $1.4 million of the growth.

Cost of Revenue

	Three Months Ended July 31,			
	2019	2020	$ Change	% Change
	(in thousands)			
Cost of revenue				
Subscription	6,643	$ 8,587	$ 1,944	29 %
Professional services	1,575	1,912	337	21
Total cost of revenue	$ 8,218	$ 10,499	$ 2,281	

The increase in cost of subscription revenue was primarily due to a $2.6 million increase in personnel costs for maintenance and support services included with the subscription fees as well as our premium COE support services offering, partially offset by lower cloud service providers costs of $0.8 million.

The increase in cost of professional services revenue was primarily higher third-party outsourcing costs of $0.2 million and increases in personnel costs for implementation services projects for C3 AI Applications of $0.1 million.

Gross Profit and Gross Margin

	Three Months Ended July 31,			
	2019	2020	$ Change	% Change
	(in thousands)			
Gross profit	$ 26,672	$ 29,984	$ 3,312	12 %
Gross margin				
Subscription	79 %	76 %		
Professional services	60	60		
Total gross margin	76	74		

The increases in gross profit was primarily driven by revenue growth which outpaced personnel-related costs to support the revenue growth from new contracts. The decrease in gross margin for subscription revenue was primarily driven by increased personnel-related costs to support the revenue growth from new C3 AI Suite contracts.

Operating Expenses

	Three Months Ended July 31,			
	2019	2020	$ Change	% Change
	(in thousands)			
Operating expenses				
Sales and marketing	$ 11,637	$ 14,358	$ 2,721	23 %
Research and development	10,918	13,264	2,346	21
General and administrative	5,080	5,687	607	12
Total operating expenses	$ 27,635	$ 33,309	$ 5,674	

Sales and Marketing. The increase in sales and marketing expense was primarily due to $3.9 million in higher personnel-related costs as a result of headcount growth to expand sales coverage, partially offset by a temporary decrease in advertising spend of $1.1 million and lower travel-related costs of $0.5 million which were primarily in response to COVID-19.

Research and Development. The increase in research and development expense was primarily due to $2.2 million for higher personnel-related costs due to headcount growth.

General and Administrative. The increase in general and administrative expense was primarily due to increases of $0.5 million for higher personnel-related costs due to headcount growth.

Interest Income

	Three Months Ended July 31,			
	2019	2020	$ Change	% Change
	(in thousands)			
Interest income	$ 979	$ 580	$ 399	(41)%

The decrease in interest income was primarily due to an investment strategy shift towards more conservative investments such as money market funds and government securities that yield lower returns.

Other (Expense) Income, Net

	Three Months Ended July 31,			
	2019	2020	$ Change	% Change
	(in thousands)			
Other (expense) income, net	$ (252)	$ 3,018	$ 3,270	1298 %

The decrease in other (expense) income, net was primarily due to unrealized foreign currency gains of $2.9 million on the remeasurement of Euro-denominated cash and accounts receivable balances.

Provision for Income Taxes

	Three Months Ended July 31,			
	2019	2020	$ Change	% Change
	(in thousands)			
Provision for income taxes	$ 87	$ 123	$ 36	41 %

The increase in provision was primarily related foreign tax expense.

Comparison of Fiscal Years Ended April 30, 2019 and 2020

Revenue

	Fiscal Year Ended April 30,			
	2019	2020	$ Change	% Change
	(in thousands)			
Revenue				
Subscription	$ 77,472	$ 135,394	$ 57,922	75 %
Professional services	14,133	21,272	7,139	51
Total revenue	$ 91,605	$ 156,666	$ 65,061	71 %

Subscription revenue accounted for 85% and 86% of our total revenue for the fiscal years ended April 30, 2019 and 2020, respectively. Subscription revenue increased by $57.9 million, or 75%, for the fiscal year ended April 30, 2020, compared to the prior year, predominantly due to a $51.7 million increase from new C3 AI Suite customers in North America, of which $40.4 million was attributable to the Baker Hughes contract. Other C3 AI Suite and C3 AI Applications customers contributed to the remaining increase in subscription revenue. For the years ended April 30, 2019 and 2020, approximately 11% and 7% of our subscription revenue was realized from usage-based runtime fees, respectively. While usage-based runtime revenue increased year over year, the percentage of our subscription revenue that we earned from usage-based runtime fees decreased due to the growth in the fixed-fee component of our subscription offerings outpacing the usage-based runtime fees during the year ended April 30, 2020.

Professional services revenue increased by $7.1 million, or 51%, for the fiscal year ended April 30, 2020, compared to the prior year, predominantly due to a $6.7 million increase in implementation services for C3 AI Applications.

Cost of Revenue

	Fiscal Year Ended April 30,			
	2019	2020	$ Change	% Change
	(in thousands)			
Cost of revenue				
Subscription	$ 24,560	$ 31,479	$ 6,919	28 %
Professional services	5,826	7,308	1,482	25
Total cost of revenue	$ 30,386	$ 38,787	$ 8,401	28 %

The increase in cost of subscription revenue was primarily due to a $5.1 million increase in personnel costs for maintenance and support services included with the subscription fees as well as our premium COE support services offering, and $1.2 million of compensation expense related to a tender offer in 2019.

The increase in cost of professional services revenue was due to a $0.9 million increase in personnel costs for implementation services related to the deployment of C3 AI Applications and $0.4 million of compensation expense related to a tender offer in 2019.

Gross Profit and Gross Margin

	Fiscal Year Ended April 30,			
	2019	2020	$ Change	% Change
	(in thousands)			
Gross profit	$ 61,219	$ 117,879	$ 56,660	93 %
Gross margin				
Subscription	68 %	77 %		
Professional services	59	66		
Total gross margin	67	75		

The increases in gross profit and gross margin were mainly due to total revenue growth of 71%, which temporarily outpaced personnel-related costs to support the revenue growth from new contracts. Our gross margin for subscription for the fiscal year ended April 30, 2020 was higher due to more efficient use of our resources deployed against large new contracts and a reduction in lower margin hosting. Our gross margin for professional services for the fiscal year ended April 30, 2020 was higher than the previous year due to favorable fixed-fee pricing driving profitability for certain implementation services contracts.

Operating Expenses

	Fiscal Year Ended April 30,			
	2019	2020	$ Change	% Change
	(in thousands)			
Operating expenses				
Sales and marketing	$ 37,882	$ 94,974	$ 57,092	151 %
Research and development	37,318	64,548	27,230	73
General and administrative	22,061	29,854	7,793	35
Total operating expenses	$ 97,261	$ 189,376	$ 92,115	95 %

Sales and Marketing. The increase in sales and marketing expense was primarily due to a $24.6 million increase in marketing spend related to our increased focus on brand awareness, market education, and demand creation using multiple channels to engage the market. We expect our marketing spend will continue to increase in absolute dollar amounts as we continue to invest in brand awareness and programmatic spend to generate demand. The remaining increase in sales and marketing expense was due to $13.2 million in higher personnel-related costs as a result of headcount growth to expand sales coverage, $8.2 million of compensation expense related to a tender offer in 2019, a $5.7 million expense for contributions to C3.ai DTI, which is a partnership with Microsoft and leading research institutions to accelerate the benefits of artificial intelligence for business, government, and society for the broader public good, and $3.8 million for higher travel-related

costs. As our business scales through customer expansion and market awareness we anticipate sales and marketing expense as a percent of total revenue to decline over time and remain steady in absolute dollar amounts.

Research and Development. The increase in research and development expense was primarily due to $11.7 million of compensation expense related to the 2019 tender offer, $7.9 million for higher personnel-related costs due to headcount growth, and a $5.7 million expense for contributions to the C3.ai DTI.

General and Administrative. The increase in general and administrative expense was primarily due to increases of $4.3 million for higher personnel-related costs predominantly related to stock based compensation, $3.8 million for higher travel-related costs, and $3.4 million of compensation expense related to a tender offer in 2019, partially offset by a decrease of $4.6 million in professional fees primarily due to lower legal fees.

Interest Income

	Fiscal Year Ended April 30,			
	2019	2020	$ Change	% Change
	(in thousands)			
Interest income	$ 3,508	$ 4,251	$ 743	21 %

The increase in interest income was due to higher cash, cash equivalents, and available-for-sale investments balances.

Other Expense, Net

	Fiscal Year Ended April 30,			
	2019	2020	$ Change	% Change
	(in thousands)			
Other expense, net	$ (546)	$ (1,752)	$ (1,206)	221 %

The increase in other expense, net was primarily due to an impairment on a non-marketable security of $1.0 million and net transaction losses on foreign currency exchange of $0.2 million.

Provision for Income Taxes

	Fiscal Year Ended April 30,			
	2019	2020	$ Change	% Change
	(in thousands)			
Provision for income taxes	$ 266	$ 380	$ 114	43 %

The increase in provision was primarily related to an increase in state taxes.

Quarterly Results of Operations

	Three Months Ended								
	July 31, 2018	October 31, 2018	January 31, 2019	April 30, 2019	July 31, 2019	October 31, 2019	January 31, 2020	April 30, 2020	July 31, 2020
	(in thousands)								
Revenue									
Subscription	$ 18,084	$ 18,309	$ 20,466	$ 20,613	$ 30,976	$ 33,022	$ 34,629	$ 36,767	$ 35,695
Professional services	3,520	3,839	3,643	3,131	3,914	5,853	6,654	4,851	4,788
Total revenue	21,604	22,148	24,109	23,744	34,890	38,875	41,283	41,618	40,483
Cost of revenue									
Subscription(1)	5,500	5,934	6,275	6,851	6,643	7,988	8,862	7,986	$ 8,587
Professional services(1)	1,249	1,456	1,632	1,489	1,575	2,141	2,069	1,523	1,912
Total cost of revenue	6,749	7,390	7,907	8,340	8,218	10,129	10,931	9,509	10,499
Gross profit	14,855	14,758	16,202	15,404	26,672	28,746	30,352	32,109	29,984
Operating expenses									
Sales and marketing (1)	7,436	8,577	9,603	12,266	11,637	25,586	23,162	34,589	14,358
Research and development(1)	8,256	9,030	9,246	10,786	10,918	23,873	12,331	17,426	13,264
General and administrative(1)	5,307	4,053	5,922	6,779	5,080	9,170	5,291	10,313	5,687
Total operating expenses	20,999	21,660	24,771	29,831	27,635	58,629	40,784	62,328	33,309
Loss from operations	(6,144)	(6,902)	(8,569)	(14,427)	(963)	(29,883)	(10,432)	(30,219)	(3,325)
Interest income	730	891	940	947	979	999	1,136	1,136	580
Other (expense) income, net	(193)	(462)	208	(99)	(252)	156	(402)	(1,253)	3,018
Net income (loss) before provision for income taxes	(5,607)	(6,473)	(7,421)	(13,579)	(236)	(28,728)	(9,698)	(30,336)	273
Provision for income taxes	62	62	71	71	87	98	98	98	123
Net income (loss)	$ (5,669)	$ (6,535)	$ (7,492)	$ (13,650)	$ (323)	$ (28,826)	$ (9,796)	$ (30,434)	$ 150

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

	Three Months Ended								
	July 31, 2018	October 31, 2018	January 31, 2019	April 30, 2019	July 31, 2019	October 31, 2019	January 31, 2020	April 30, 2020	July 31, 2020
	(in thousands)								
Cost of subscription	$ 34	$ 37	$ 37	$ 41	$ 61	$ 81	$ 104	$ 124	$ 184
Cost of professional services	14	18	19	18	33	30	30	29	48
Sales and marketing	345	347	495	552	580	701	613	1,180	855
Research and development	181	198	203	199	297	305	308	313	458
General and administrative	280	306	406	537	561	714	1,006	1,240	935
Total stock-based compensation expense	$ 854	$ 906	$ 1,160	$ 1,347	$ 1,532	$ 1,831	$ 2,061	$ 2,886	$ 2,480

	Three Months Ended								
	July 31, 2018	October 31, 2018	January 31, 2019	April 30, 2019	July 31, 2019	October 31, 2019	January 31, 2020	April 30, 2020	July 31, 2020
Revenue									
Subscription	84 %	83 %	85 %	87 %	89 %	85 %	84 %	88 %	88 %
Professional services	16 %	17 %	15 %	13 %	11 %	15 %	16 %	12 %	12 %
Total revenue	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
Cost of revenue									
Subscription	25 %	27 %	26 %	29 %	19 %	21 %	21 %	19 %	21 %
Professional services	6 %	7 %	7 %	6 %	5 %	6 %	5 %	4 %	5 %
Total cost of revenue	31 %	34 %	33 %	35 %	24 %	27 %	26 %	23 %	26 %
Gross profit	69 %	66 %	67 %	65 %	76 %	73 %	74 %	77 %	74 %
Operating expenses									
Sales and marketing	34 %	39 %	40 %	52 %	33 %	66 %	56 %	83 %	35 %
Research and development	38 %	41 %	38 %	45 %	31 %	61 %	30 %	42 %	33 %
General and administrative	25 %	18 %	25 %	29 %	15 %	24 %	13 %	27 %	14 %
Total operating expenses	97 %	98 %	103 %	126 %	79 %	151 %	99 %	152 %	82 %
Loss from operations	(28)%	(32)%	(36)%	(61)%	(3)%	(78)%	(25)%	(75)%	(8)%
Interest income	3 %	4 %	4 %	4 %	3 %	3 %	3 %	3 %	1 %
Other (expense) income, net	(1)%	(2)%	1 %	— %	(1)%	— %	(1)%	(1)%	7 %
Net income (loss) before provision for income taxes	(26)%	(30)%	(31)%	(57)%	(1)%	(75)%	(23)%	(73)%	— %
Provision for income taxes	— %	— %	— %	— %	— %	— %	— %	— %	— %
Net income (loss)	(26)%	(30)%	(31)%	(57)%	(1)%	(75)%	(23)%	(73)%	— %

Quarterly Revenue Trends. Subscription revenue increased sequentially in almost all of the quarters presented primarily due to sales of the C3 AI Suite and C3 AI Applications to new customers and the expanded use of our product offerings by existing customers. We experienced a $1.1 million decrease to subscription revenue in the three months ended July 31, 2020 as compared to the three months April 30, 2020, primarily driven by a decrease in subscription revenue of $3.6 million due to the Baker Hughes contract modification that occurred during the three months ended July 31, 2020. Professional services revenue as a percentage of total revenue was relatively consistent between 11% and 17% during the periods presented above, which was primarily due to the timing and size of the implementation services projects, primarily related to the C3 AI Applications. A substantial portion of the revenue that we report in each period is attributable to the recognition of deferred revenue related to orders that we received during previous periods. Consequently, increases or decreases in new sales or renewals in any one period may not be immediately reflected in our revenue for that period and may impact our revenue in future periods. Accordingly, the effect of downturns in sales and market acceptance of our C3 AI Suite and C3 AI Applications with new customers, and potential changes in our rate of renewals with existing customers, may not be fully reflected in our results of operations until future periods.

Quarterly Cost of Revenue Trends. Cost of revenue increased sequentially in almost all of the quarters presented, primarily driven by personnel costs for maintenance and support services included with the subscription fees, our premium COE support services offering and our implementation services teams. Our third-cloud party cloud costs grew at a slower pace compared to our personnel costs due to many new customers hosting our product offerings in their own cloud environment, in addition to obtaining favorable pricing from a third party cloud provider.

Quarterly Gross Profit and Gross Margin Trends. Gross profit increases in the quarters presented were primarily driven by increases in revenue outpacing personnel-related costs to support the revenue growth from new contracts. Our gross margin for subscription was higher due to more efficient use of our resources deployed against large new contracts and a reduction in lower margin hosting. Our gross margin for professional services improved due to favorable fixed-fee pricing driving profitability for certain implementation services contracts.

We experienced an increase to gross profit in the three months ended July 31, 2019 as compared to the three months April 30, 2019, primarily driven by our contract with Baker Hughes. The decrease in gross profit in the three months ended July 31, 2020 as compared to the three months ended April 30, 2020 primarily related to the Baker Hughes contract modification.

Quarterly Operating Expenses Trends. Our total quarterly operating expenses generally increased sequentially during the periods presented primarily due to increases in headcount and other related expenses to support our growth. We intend to continue to make significant investments in our sales and marketing organization to drive revenue growth. Sales and marketing expenses can vary from quarter to quarter based on the timing of our brand awareness marketing programs and any contributions to C3.ai DTI. We also intend to continue investing in our research and development efforts to improve and develop both our existing and new product offerings to drive future revenue growth. We may experience variations from period to period with our total research and development expense as a percentage of revenue as we develop and deploy new applications targeting new use cases and new industries. We expect the majority of our research and development expenses will result from personnel-related expenses but will also be impacted by the timing of any contributions to C3.ai DTI. General and administrative expenses in the quarters presented have primarily been comprised of personnel-related expenses and professional services fees, such as outside legal costs. General and administrative expenses are expected to increase in future fiscal quarters due to additional costs required to operate as a public company. We incurred compensation expense related to a tender offer in the three months ended October 31, 2019 of $8.2 million in sales and marketing expense, $11.7 million in research and development expense and $3.4 million in general and administrative expense.

Liquidity and Capital Resources

Since inception, we have financed operations primarily through sales of equity securities. As of April 30, 2020 and July 31, 2020, we had $33.1 million and $129.0 million of cash and cash equivalents and $211.9 million and $139.0 million of short-term investments, respectively, which were held for working capital purposes. Our short-term investments generally consist of high-grade commercial paper, corporate bonds, and U.S. government agency securities. We have generated operating losses from our operations as reflected in our accumulated deficit of $293.5 million as of July 31, 2020 and negative cash flows from operations. We expect to continue to incur operating losses and generate negative cash flows from operations for the foreseeable future due to the investments we intend to make in our business, and as a result we may require additional capital to execute on our strategic initiatives to grow the business.

We believe that existing cash and cash equivalents and short-term investments will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our principal uses of cash in recent periods have been funding our operations and investing in capital expenditures. Our future capital requirements will depend on many factors, including our revenue growth rate, the timing and the amount of cash received from customers, the expansion of sales and marketing activities, the timing and extent of spending to support development efforts, expenses associated with our international expansion, the introduction of C3 AI Suite enhancements, and the continuing market adoption of our AI Suite. In the future, we may enter into arrangements to acquire or invest in complementary businesses, products, and technologies. We may be required to seek additional equity or debt financing. If we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, results of operations, and financial condition.

Historical Cash Flows

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

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
	(in thousands)			
Cash provided by (used in) operating activities	$ (34,876)	$ (61,281)	$ 36,677	$ 17,062
Cash provided by (used in) investing activities	(96,228)	(124,073)	18,308	72,135
Cash provided by financing activities	54,472	119,851	70,226	6,678
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ (76,632)	$ (65,503)	$ 125,211	$ 95,875

Operating Activities. Net cash provided by operating activities of $36.7 million for the three months ended July 31, 2019 was due to our net loss of $0.3 million in addition to non-cash charges for stock-based compensation of $1.5 million, non-cash operating lease cost of $0.7 million, and depreciation and amortization of $0.2 million. The $34.6 million cash inflow related to changes in operating assets and liabilities was primarily attributable to a decrease in accounts receivable of $37.7 million, an increase to deferred revenue of $4.6 million and an increase to accounts payable of $1.0 million. This was partially offset by cash outflows related to a decrease in accrued compensation and employee benefits of $6.4 million, an

increase in prepaid expenses, other current assets and other assets of $1.2 million and a decrease in lease liabilities of $0.8 million.

Net cash provided by operating activities of $17.1 million for the three months ended July 31, 2020 was due to our net income of $0.2 million in addition to non-cash charges for stock-based compensation of $2.5 million, depreciation and amortization of $1.0 million, and non-cash operating lease cost of $0.8 million. The $12.7 million cash inflow related to changes in operating assets and liabilities was primarily attributable to an increase to deferred revenue of $46.9 million, an increase in other liabilities of $0.8 million and a decrease in prepaid expenses, other current assets and other assets of $0.6 million. This was partially offset by cash outflows related to an increase in accounts receivable of $29.6 million and decrease to accrued compensation and employee benefits of $5.0 million.

Net cash used in operating activities of $34.9 million for the fiscal year ended April 30, 2019 was primarily due to our net loss of $33.3 million in addition to non-cash charges for stock-based compensation of $4.3 million, depreciation and amortization of $0.6 million, and other non-cash charges of $0.5 million. The $6.9 million cash outflow related to changes in operating assets and liabilities was primarily attributable to an increase in accounts receivable of $46.1 million, an increase in prepaid expenses, other current assets and other assets of $1.7 million and a decrease in other liabilities of $0.5 million. This was partially offset by cash inflows related to an increase to deferred revenue of $37.3 million and increase to accrued compensation and employee benefits of $4.2 million.

Net cash used in operating activities of $61.3 million for the fiscal year ended April 30, 2020 was primarily due to our net loss of $69.4 million in addition to non-cash charges for stock-based compensation of $8.3 million, non-cash operating lease cost of $3.0 million, depreciation and amortization of $1.3 million, impairment of investments of $1.0 million, and other non-cash income of $0.7 million. The $4.9 million cash outflow related to changes in operating assets and liabilities was primarily attributable to a decrease in deferred revenue of $30.9 million, an increase in prepaid expenses, other current assets and other assets of $4.3 million, a decrease in lease liabilities of $3.2 million, and a decrease in accounts payable of $1.2 million. This was partially offset by a decrease in accounts receivable of $32.7 million, an increase in other liabilities of $1.3 million, and an increase in accrued compensation and employee benefits of $0.7 million.

Investing Activities. Net cash provided by investing activities of $18.3 million for the three months ended July 31, 2019 was primarily attributable to the maturity and sale of short-term investments of $18.8 million, partially offset by capital expenditures of $0.4 million.

Net cash provided by investing activities of $72.1 million for the three months ended July 31, 2020 was primarily attributable to the maturity and sale of short-term investments of $109.8 million, partially offset by purchases of investments of $37.0 million and capital expenditures of $0.7 million.

Net cash used in investing activities of $96.2 million for the fiscal year ended April 30, 2019 was primarily attributable to purchases of investments of $166.3 million and capital expenditures of $6.8 million, partially offset by the maturity and sale of short-term investments of $76.9 million.

Net cash used in investing activities of $124.1 million for the fiscal year ended April 30, 2020 was primarily attributable to purchases of investments of $219.9 million, capital expenditures of $2.3 million and $0.6 million increase in capitalized software development costs, partially offset by the maturity and sale of short-term investments of $98.7 million.

Financing Activities. Net cash provided by financing activities of $70.2 million during the three months ended July 31, 2019 was primarily due to $44.0 million of proceeds from the issuance of common stock, $25.5 million of proceeds from the issuance of Series G redeemable convertible preferred stock and $0.7 million of proceeds from the exercise of stock options for Class B common stock.

Net cash provided by financing activities of $6.7 million during the three months ended July 31, 2020 was primarily due to $6.3 million of proceeds from Payroll Protection Program loan and $0.3 million of proceeds from the exercise of stock options for Class B common stock.

Net cash provided by financing activities of $54.5 million during the year ended April 30, 2019 was primarily due to $51.6 million of proceeds from the issuance of Series G redeemable convertible preferred stock and $2.9 million of proceeds from the exercise of stock options for Class B common stock.

Net cash provided by financing activities of $119.9 million during the year ended April 30, 2020 was primarily due to $49.8 million of proceeds from the issuance of Series H redeemable convertible preferred stock, $44.0 million of proceeds

from the issuance of common stock, $25.3 million of proceeds from the additional issuance of Series G redeemable convertible preferred stock and $4.2 million of proceeds from the exercise of stock options for Class B common stock, partially offset by $3.5 million repurchase of common stock and stock options in the tender offer.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of April 30, 2020:

	Payments Due By Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(in thousands)		
Operating lease commitments	$ 9,990	$ 4,063	$ 5,927	$ —	$ —
Purchase commitments	25,611	5,611	20,000	—	—
Total	$ 35,601	$ 9,674	$ 25,927	$ —	$ —

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum, or variable price provisions, and the approximate timing of the actions under the contracts. The table does not include obligations under agreements that we can cancel without a significant penalty.

Noncancelable Purchase Commitments

In November 2019, we entered into an agreement with a cloud hosting provider whereby we committed to spend in aggregate at least $30.0 million between November 2019 and November 2022, with a minimum amount of $10.0 million in each of the three years under the agreement. These commitments are reflected in the table above.

C3.ai Digital Transformation Institute Grants

In February 2020, we entered into an agreement establishing C3.ai DTI, a program established to attract the world's leading scientists to join in a coordinated and innovative effort to advance the digital transformation of business, government, and society. As part of the agreement, we have agreed to issue grants to C3.ai DTI, which are subject to compliance with certain obligations, in the amount of $57.3 million. The grants shall be paid by us over five years in the form of cash, publicly traded securities, or other property of equivalent net value. As of April 30, 2020 and July 31, 2020, the total potential remaining contributions are $45.8 million. The future grants are not reflected in the table above because they are conditional in nature and subject to execution of the program in line with specific requirements on an annual basis.

CARES Act Loan

On May 1, 2020, we entered into Paycheck Protection Program Promissory Note and Agreement with Bank of America, pursuant to which we received loan proceeds of $6.3 million, or the PPP Loan. The PPP Loan was made under, and was subject to the terms and conditions of, the PPP which was established under the CARES Act and is administered by the U.S. Small Business Administration. The term of the PPP Loan was two years with a maturity date of May 1, 2022 and contained a favorable fixed annual interest rate of 1.00%. Payments of principal and interest on the PPP Loan were deferred for the first six months of the term of the PPP Loan until November 1, 2020. Principal and interest would have been payable monthly and could be prepaid by us at any time prior to maturity with no prepayment penalties. On August 18, 2020, we repaid in full the PPP loan outstanding, including accrued interest of $0.1 million, in the amount of $6.4 million.

Off-Balance Sheet Arrangements

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, including entities sometimes referred to 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.

Qualitative and Quantitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is

primarily the result of fluctuations in foreign currency exchange rates and interest rates. We do not hold or issue financial instruments for trading purposes.

Interest Rate Risk

As of April 30, 2020, we had cash, cash equivalents, and short-term investments of $245.0 million. As of July 31, 2020, we had cash, cash equivalents, and short-term investments of $268.0 million. Interest-earning instruments carry a degree of interest rate risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. A hypothetical 10% change in interest rates would not result in a material impact on our consolidated financial statements.

Foreign Currency Risk

Our functional currency is the U.S. dollar. For the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, approximately 27%, 20%, 22% and 25% of our sales were denominated in euros, respectively, and therefore our revenue, accounts receivable, and cash deposits are subject to foreign currency risk. Our foreign operating expenses are denominated in the local currencies of the countries in which we operate. Our consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. A hypothetical 10% change in foreign currency exchange rates may result in a material impact on our consolidated financial statements. To date, we have not had a formal hedging program with respect to foreign currencies, but we may do so in the future if our exposure to foreign currencies should become more significant.

Critical Accounting Policies and Estimates

We believe that the following accounting policies involve a high degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations. See Note 1 to our consolidated financial statements appearing elsewhere in this prospectus for a description of our other significant accounting policies. The preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect the amounts reported in those financial statements and accompanying notes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates. The critical accounting estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

Subscription Revenue. Our subscription revenue is primarily comprised of term licenses and software-as-a-service offerings. Sales of our term licenses grant customers the right to use our functional intellectual property, either on their own cloud instance or internal hardware infrastructure, over the contractual term. Sales of our software-as-a-service offerings include the right to use our software in a hosted environment over the contractual term. Our subscriptions include our software and our maintenance and support services. Our maintenance and support services include critical and continuous updates to the software that are integral to maintaining the intended utility of the software over the contractual term. Our software subscriptions and maintenance and support services are highly interdependent and interrelated and represent a single distinct performance obligation within the context of the contract. We also sell premium stand-ready COE support services,

hosting services, and trials of our applications as part of our customer acquisition strategy. We have a small number of customers who have perpetual licenses, which we recognize ratably given the critical nature of the required continuous maintenance and support provided.

Our subscription contracts are generally non-cancelable and non-refundable, with the majority approximating three years in duration. We generally invoice annually in advance, and recognize revenue over the contract term on a ratable basis. We also generate additional runtime subscription fees for the use of our AI Suite, a type of consumption billing based on computing and storage resources required to run our software. We typically recognize the consumption or usage-based revenue upon occurrence and invoice in arrears, although customers may purchase blocks of runtime in advance.

Professional Services Revenue. Professional services revenue primarily consists of implementation services and training. These services are distinct from our subscription revenue.

Professional services fees are based on the level of effort required to perform such tasks and are typically a fixed-fee engagement with a duration of less than 12 months. We recognize revenue for our professional services over time on an input basis as the performance obligations are satisfied.

Contracts with Multiple Performance Obligations. Most of our contracts with customers contain multiple performance obligations. Our subscriptions are sold for a broad range of amounts and a representative standalone selling price, or SSP, is not always discernible from past transactions or other observable evidence. When appropriate, we determine SSP based on the price at which the performance obligation has previously been sold through past transactions, taking into account internally approved pricing guidelines related to the performance obligations. When the SSP of a license or subscription and bundled maintenance and support services is highly variable and the contract also includes additional performance obligations with observable SSP, we first allocate the transaction price to the performance obligations with established SSPs and then apply the residual approach to allocate the remaining transaction price to the license or subscription and bundled maintenance and support services. If applying the residual approach results in zero or very little consideration being allocated to the combined performance obligation, or to a bundle of goods or services, we will consider all reasonably available data to determine an appropriate allocation of the transaction price. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation.

Areas of Judgment and Estimates. Determining whether the software subscriptions and the related support are considered distinct performance obligations that should be accounted for separately or as a single performance obligation requires significant judgment. In reaching its conclusion, we considered the nature of our promise to provide the customer real time analytics and machine learning algorithms that require regular re-training to maintain and improve prediction accuracy. As these updates to the software subscription are integral to maintaining the utility that is derived from the software subscription by customers, we determined that the software subscription and related updates fulfill a single promise to the customer under the contract.

Determining the relative SSP for contracts that contain multiple performance obligations requires significant judgement. We determine SSP using observable pricing when available, which takes into consideration market conditions and customer specific factors. When observable pricing is not available, we first allocate the transaction price to the performance obligations with established SSPs and then apply the residual approach to allocate the remaining transaction price to the subscription and bundled maintenance and support services.

Stock-Based Compensation

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

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

These assumptions and estimates are as follows:

- *Fair Value of Common Stock.* As our common stock is not publicly traded, the fair value was determined by our board of directors, with input from management and valuation reports prepared by third-party valuation specialists. Stock-based compensation for financial reporting purposes is measured based on updated estimates of fair value when appropriate, such as when additional relevant information related to the estimate becomes available in a valuation report issued as of a subsequent date.
- *Expected Dividend Yield.* We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. As a result, an expected dividend yield of zero percent was used.
- *Expected Volatility.* As we do not have a trading history for our common stock, the expected volatility was estimated by taking the average historic price volatility for industry peers, consisting of several public companies in our industry which are either similar in size, stage of life cycle, or financial leverage, over a period equivalent to the expected term of the awards.
- *Expected Term.* The expected term of options represents the period of time that options are expected to be outstanding. Our historical stock option exercise experience does not provide a reasonable basis upon which to estimate an expected term due to a lack of sufficient data. For stock options granted to employees, we estimate the expected term by using the simplified method. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the options. For stock options granted to non-employees, the expected term equals the contractual term of the option.
- *Risk-Free Interest Rate.* The risk-free interest rate for the expected term of the options was based on the U.S. Treasury yield curve in effect at the time of the grant.

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

	Fiscal Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
Valuation assumptions				
Expected dividend yield	— %	— %	— %	— %
Expected volatility	39.7 %	38.6 %	39.0 %	42.6 %
Expected term (years)	6.3	6.3	6.3	6.2
Risk-free interest rate	2.8 %	1.7 %	2.0 %	0.4 %

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

Common Stock Valuations

Prior to our initial public offering, given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Accounting and Valuation Guide, Valuation of Privately-Held Company Equity Securities Issued as Compensation, our board of directors exercised reasonable judgment and considered numerous and subjective factors to determine the best estimate of fair value of our common stock, including:

- independent third-party valuations of our common stock;
- the prices at which we sold our common and redeemable convertible preferred stock to outside investors in arms-length transactions;
- the rights, preferences, and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- our results of operations, financial position, and capital resources;
- industry outlook;
- the lack of marketability of our common stock;

- the fact that the option grants involve illiquid securities in a private company;
- the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company, given prevailing market conditions;
- the history and nature of our business, industry trends, and competitive environment; and
- general economic outlook including economic growth, inflation and unemployment, interest rate environment, and global economic trends.

In valuing our common stock, the fair value of our business, or enterprise value, was determined using the market approach. The market approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business and secondary transactions of our capital stock. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial results to estimate the value of the subject company. The market approach also includes consideration of the transaction price of secondary sales of our capital stock by investors.

For valuations prior to November 30, 2019, the Option Pricing Model, or OPM, was selected as the principal equity allocation method. The OPM treats common stock and redeemable convertible preferred stock as call options on an equity value, with exercise prices based on the liquidation preference of our redeemable convertible preferred stock. The common stock is modeled as a call option with a claim on the equity value at an exercise price equal to the remaining value immediately after our redeemable convertible preferred stock is liquidated. The exclusive reliance on the OPM until June 30, 2020 was appropriate when the range of possible future outcomes was difficult to predict and resulted in a highly speculative forecast.

For valuations on or subsequent to November 30, 2019, we used a hybrid method utilizing a combination of the OPM and the probability-weighted expected return method, or PWERM, in estimating the value of our common stock. Using the PWERM, the value of our common stock was estimated based upon a probability-weighted analysis of values for our common stock assuming possible future events for our company, including a scenario of an initial public offering of our common stock on an exchange.

In addition, we also considered any secondary transactions involving our capital stock. In our evaluation of those transactions, we considered the facts and circumstances of each transaction to determine the extent to which they represented a fair value exchange. Factors considered include transaction volume, timing, whether the transactions occurred among willing and unrelated parties, and whether the transactions involved investors with access to our financial information.

Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and future cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

Following this offering, it will not be necessary to determine the fair value of our common stock, as the shares will be traded in the public market.

Income Taxes

We use the asset-and-liability method for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the consolidated financial statement carrying amounts and tax bases of assets and liabilities and operating loss and tax credit carryforwards and are measured using the enacted tax rates that are expected to be in effect when the differences reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to an amount that, in the opinion of management, is more likely than not to be realized.

Our policy for accounting for uncertainty in income taxes requires the evaluation of tax positions taken or expected to be taken in the course of the preparation of tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. Reevaluation of tax positions considers factors such as changes in facts or circumstances, changes in or interpretations of tax law, effectively settled issues under audit or expiration of statute of limitation and new audit activity.

We recognized interest accrued and penalties related to unrecognized tax benefits in our income tax expense.

Contribution Accounting

We entered into an agreement establishing the C3.ai DTI, a program established to attract the world's leading scientists to join in a coordinated and innovative effort to advance the digital transformation of business, government, and society. As part of the agreement, we issued cash grants to C3.ai DTI which are conditional in nature and subject to execution of the program in line with specific requirements on an annual basis. The grants, which may be paid in the form of cash, publicly traded securities, or other property, do not represent an exchange transaction since there is not a commensurate transfer of resources at fair value, resulting in the application of the contribution accounting model. Contributions are allocated between sales and marketing expense and research and development expense based on the estimated benefits received by us.

Recently Adopted Accounting Pronouncements

See Note 1 to our consolidated financial statements included elsewhere in this prospectus for more information regarding recently issued accounting pronouncements.

Emerging Growth Company Status

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Therefore, an emerging growth company can delay the adoption of certain 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 (1) are no longer an emerging growth company or (2) 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.

BUSINESS

Overview

C3.ai is an Enterprise AI software company.

We provide software-as-a-service, or SaaS, applications that enable the rapid deployment of enterprise-scale AI applications of extraordinary scale and complexity that offer significant social and economic benefit.

The C3 AI Suite, C3 AI Applications, and our patented model-driven architecture enable organizations to simplify and accelerate Enterprise AI application development, deployment, and administration. Our software platform enables developers to rapidly build applications by using conceptual models of all the elements required by an Enterprise AI application instead of having to write complex, lengthy, structured programming code to define, control, and integrate the many requisite data and microservices components to work together. We significantly reduce the effort and complexity of the AI software engineering problem.

Enterprise AI Software Solutions

We have built a single, integrated solution that enables our customers to rapidly develop, deploy, and operate large-scale Enterprise AI applications across any infrastructure. Customers can deploy C3.ai products on all major public cloud infrastructures, private cloud or hybrid environments, or directly on their servers and processors. We provide two primary families of software solutions:

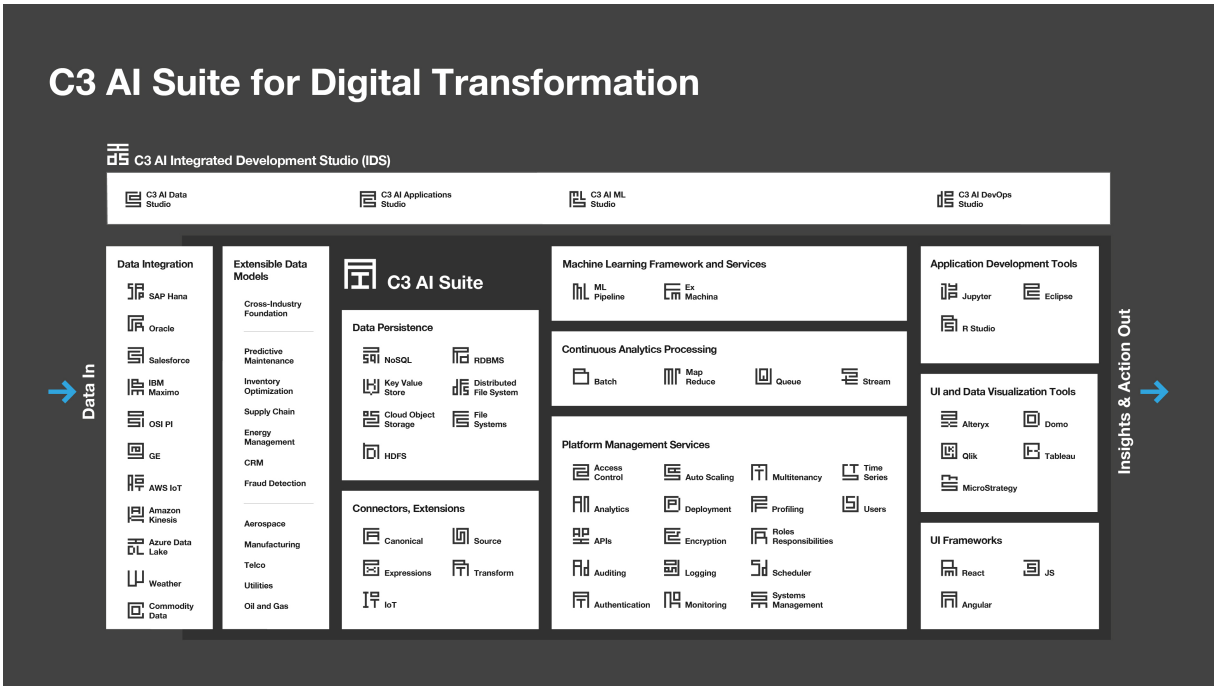
- The C3 AI Suite, our core technology, is a comprehensive application development and runtime environment that is designed to allow our customers to rapidly design, develop, and deploy Enterprise AI applications of any type.
- C3 AI Applications, built using the C3 AI Suite, include a large and growing family of industry-specific and application-specific turnkey AI solutions that can be immediately installed and deployed.

In addition, we offer the C3 AI Virtual Data Lake, a capability of the C3 AI Suite that can also be licensed as a standalone product. It enables organizations to utilize existing enterprise systems, data stores, and data lake investments by unifying all enterprise and extraprise data into a secure, virtual, federated data image without the need to duplicate data. This dramatically reduces the time and cost of deploying and maintaining an enterprise data lake. The C3 AI Virtual Data Lake offers a superset of functionality of products offered by Snowflake and others.

C3 AI CRM powered by Microsoft Dynamics 365 and Adobe Experience Cloud is a new family of fully AI-enabled, industry-specific CRM solutions that combine the CRM technology leadership and market reach of Microsoft and Adobe's leading suite of marketing automation solutions with the full power of the C3 AI Suite and CRM market expertise of the C3.ai management team. We believe this suite of AI-enabled, industry-specific CRM solutions will set the bar for the next-generation of CRM systems. We are initially targeting industry-specific versions of C3 AI CRM for financial services, healthcare, telecommunications, oil and gas, manufacturing, utilities, aerospace, automotive, public sector, defense, and intelligence industries.

C3 AI Suite

We believe the C3 AI Suite is the only end-to-end Platform-as-a-Service allowing customers to design, develop, provision, and operate Enterprise AI applications at scale. Our customers can utilize the C3 AI Suite to build and operate their own custom Enterprise AI applications and to customize, operate, and manage C3 AI Applications.



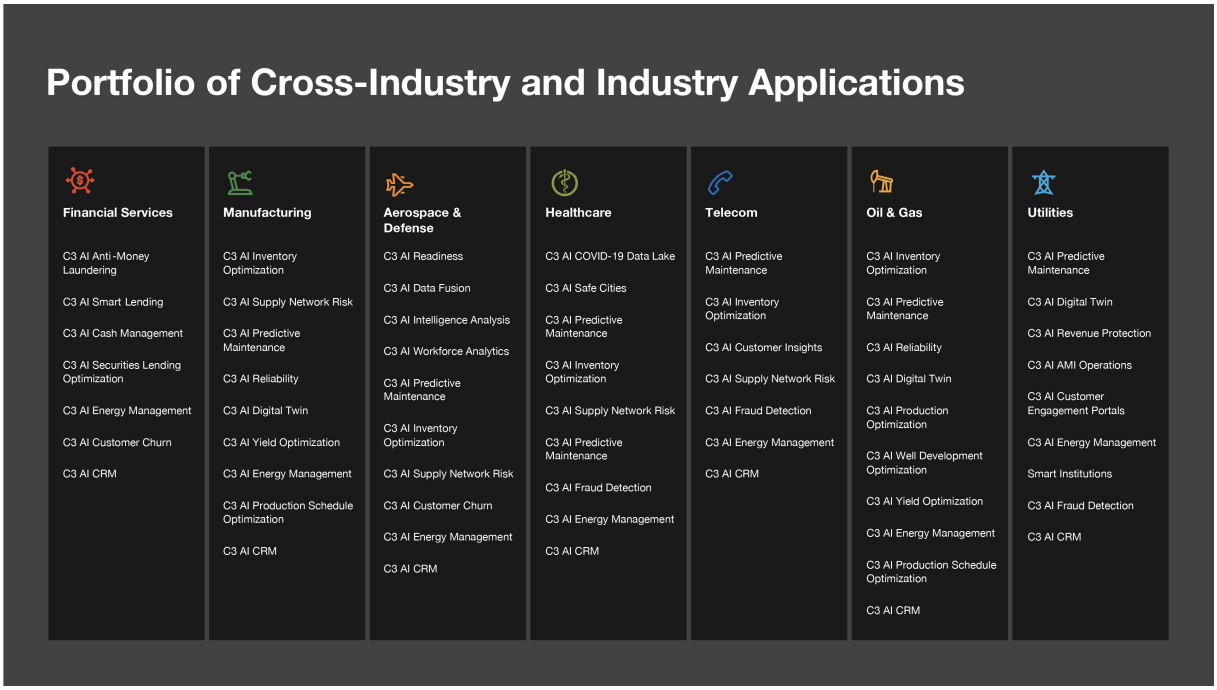
We have built the AI Suite of the future that enables our customers to rapidly develop, deploy, and operate large-scale Enterprise AI applications. Customers can deploy C3.ai products on major public cloud infrastructures, the private cloud, hybrid environments, or directly on their on-premise servers and processors.

Designed with our model-driven architecture, the C3 AI Suite enables us and our customers to develop Enterprise AI applications by using conceptual models of all the elements required by the application—e.g., data objects (customer, order, contract, etc.), computing resources (database, storage, messaging), data processing services (stream processing, batch processing, etc.), AI and machine learning services (model training, model pipeline management, etc.)—instead of having to write complex, lengthy code. This approach vastly reduces technical complexity for developers and the amount of code they need to write. The C3 AI Suite provides comprehensive capabilities to rapidly develop, deploy, and operate Enterprise AI applications at scale, including:

- *Data Integration and Management Services.* To easily and automatically ingest and aggregate massive volumes of diverse data from numerous internal and external sources and unify the data in a common and extensible data image.
- *AI Application Development and Operationalization Services.* Automated services to explore data, build and train AI models, and operationalize AI models and applications at enterprise scale.
- *Operational and Security Services.* Cohesive core platform services (e.g., access control, data encryption, cybersecurity, time-series services, normalization, data privacy, etc.).
- *C3 AI Integrated Development Studio (C3 AI IDS).* A low-code/no-code visual toolkit for developing, deploying, and operating Enterprise AI applications.

C3 AI Applications

C3 AI Applications is an expanding portfolio of turnkey cross-industry and industry-specific Enterprise AI applications that address a range of mission-critical use cases. With C3 AI Applications, organizations can typically deploy production AI applications in one to six months. Each of these applications is extensible and customizable to meet customer requirements.



Prebuilt Applications

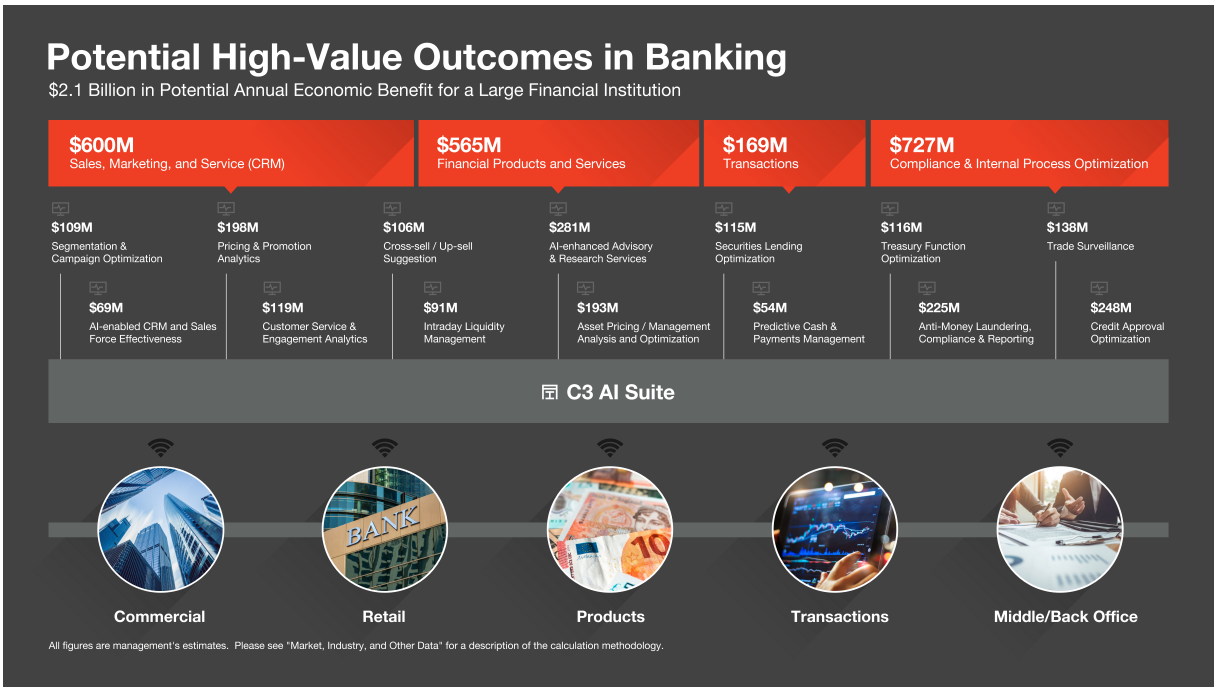
Prebuilt cross-industry C3 AI Applications include:

- *C3 AI Inventory Optimization.* Applies advanced AI/machine learning and stochastic optimization techniques to help optimize raw material, in-process, and finished goods inventory levels, while ensuring stock availability when and where needed.
- *C3 AI Supply Network Risk.* Provides enterprise supply chain managers with visibility into risks of disruption throughout their supply chain operations.
- *C3 AI Customer Churn Management.* Enables account executives and relationship managers to monitor customer satisfaction using all available transactional, behavioral, and contextual information, and take proactive, early action to prevent customer churn with AI-based and human-interpretable predictions and advance warning.
- *C3 AI Production Schedule Optimization.* Dynamically optimizes production schedules to maximize throughput of high-profit-margin products while addressing customer demand and respecting production constraints.
- *C3 AI Predictive Maintenance.* Provides maintenance planners and equipment operators with insight into asset risk so they can maintain higher levels of asset availability across their entire operations.
- *C3 AI Fraud Detection.* Pinpoints patterns in event data streams that identify revenue leakage or maintenance and safety issues so investigation teams can act upon a single, continuously updated, and prioritized queue of leads.
- *C3 AI Energy Management.* Uses machine learning to help enterprises gain visibility into their energy expenditure and prioritize actions to reduce their operational costs while lowering their carbon footprint.

Industry-Specific Applications

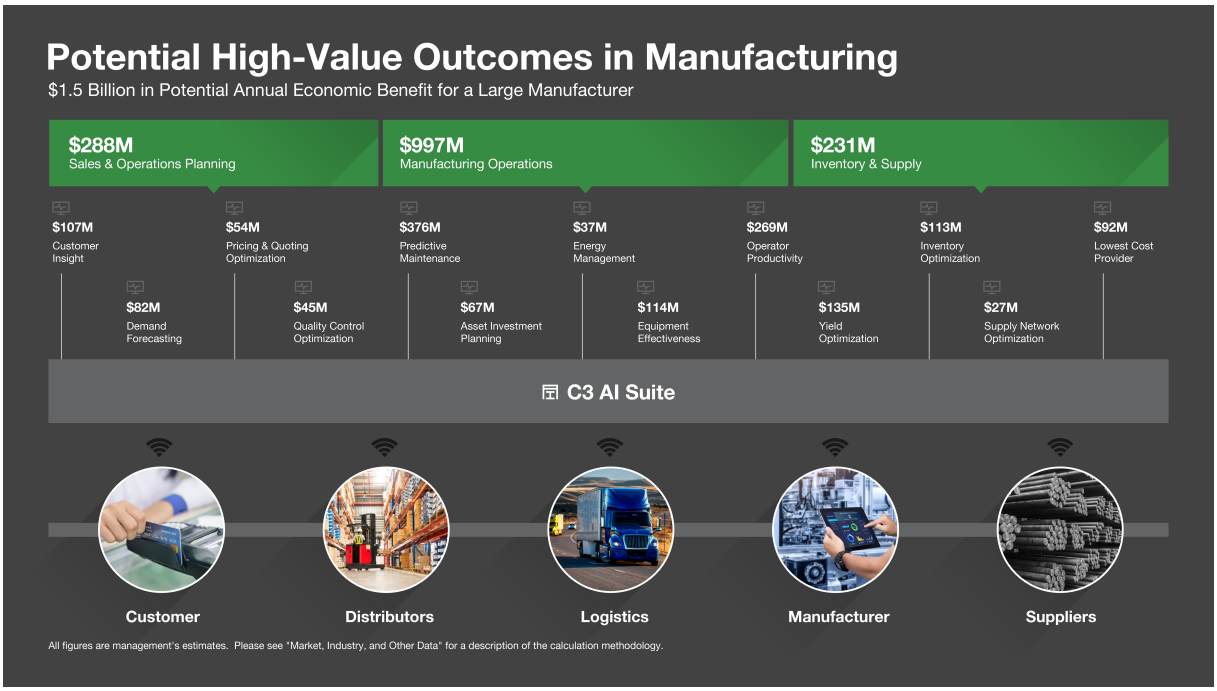
We also offer integrated families of turnkey Enterprise AI applications to serve the needs of a growing list of vertical market segments including oil and gas, chemicals, utilities, manufacturing, financial services, defense, intelligence, aerospace, healthcare, and telecommunications. For each of these vertical markets we have deployed or are planning to deploy a complete family of integrated AI applications that address the entire value chain of each industry.

Financial Services



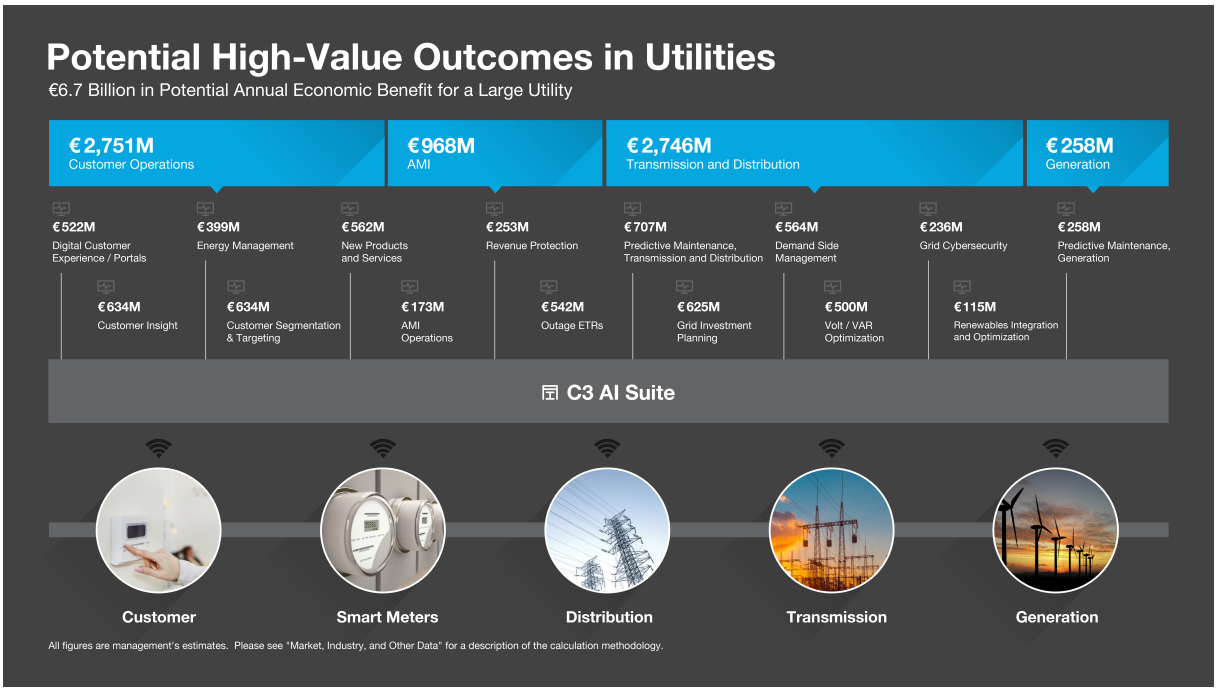
- *C3 AI Smart Lending.* Drives productivity and customer satisfaction within the credit application and approval process, providing credit officers with contextualized insights, enabling them to reduce time on easy approval or easy rejection decisions and focus on more nuanced credit applications.
- *C3 AI Cash Management.* Leverages advanced AI algorithms to quantify client treasury activity and predict the clients most likely to reduce or end their cash management and treasury services relationship with the bank.
- *C3 AI Securities Lending Optimization.* Helps banks automate and optimize securities lending operations by using machine learning to quantify client and lender uncertainties and subsequently automatically approve all executable client inquiries.
- *C3 AI Anti-Money Laundering.* Is an AI-enabled, workflow-centric application that uses comprehensive machine learning techniques to increase true Suspicious Activity Report identification while reducing false positive alerts.

Manufacturing



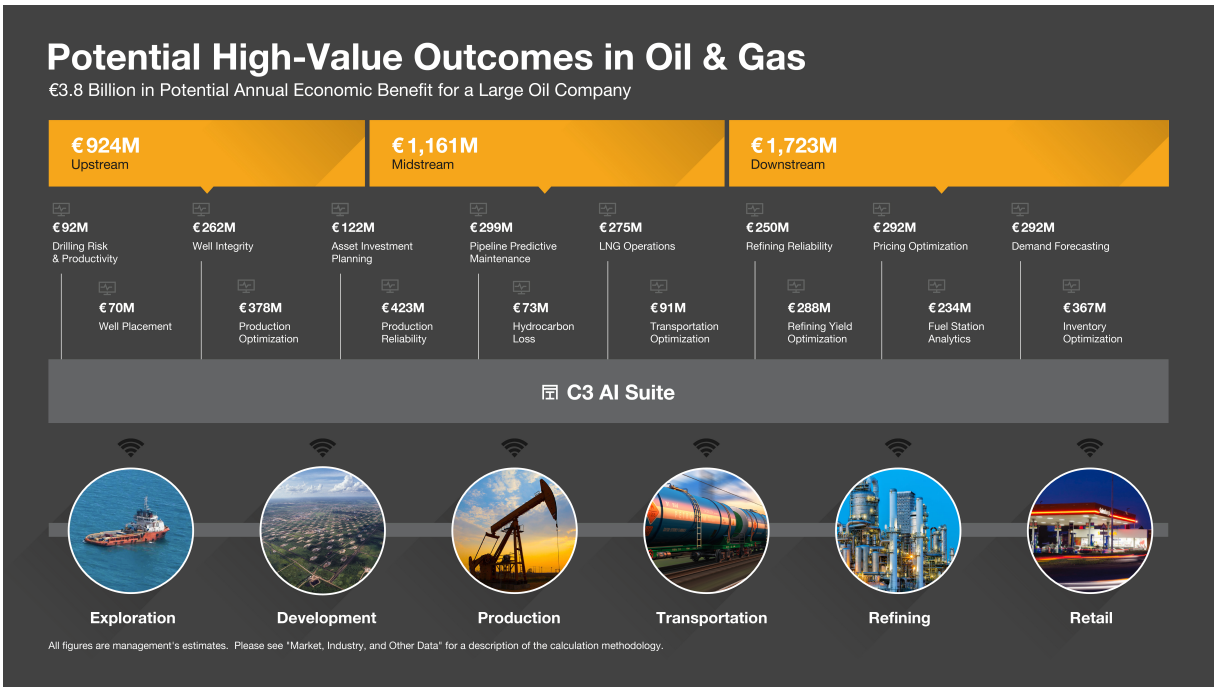
- *C3 AI Inventory Optimization.* Applies advanced AI/machine learning and stochastic optimization techniques to analyze variability in demand, supplier delivery times, quality issues, and product-line disruptions to build real-time recommendations and monitoring.
- *C3 AI Predictive Maintenance.* Provides manufacturing maintenance planners and equipment operators with comprehensive insight into asset risk, enabling them to maintain higher levels of asset availability, deliver services-based differentiation, and reduce maintenance costs.
- *C3 AI Energy Management.* Uses machine learning to enable accurate forecasting, benchmarking, building optimization, demand response, and anomaly detection, helping manufacturers to lower costs, improve operations, and meet energy-efficiency goals.
- *C3 AI Sensor Health.* Ensures the operational health and optimal deployment of IoT sensor devices, using AI/machine learning to predict sensor failures and identify sensor and network health issues with a high degree of precision.

Utilities



- *C3 AI Revenue Protection.* Identifies instances of energy theft to protect core revenues at higher accuracy and lower cost than conventional rules-based approaches.
- *C3 AI AMI Operations.* Integrates and analyzes near real-time advanced metering infrastructure data and utilizes supervised and unsupervised machine learning techniques to assess meter deployment and asset health.
- *C3 AI Customer Engagement Portals.* Combine data across multiple disparate customer systems, including billing, CRM, demographics, and AMI to provide a 360-degree customer profile to enable both utility customers and customer service representatives to understand and manage their energy usage and costs.

Oil and Gas



- *C3 AI Production Optimization.* Optimizes upstream production at-scale with detailed injection well influence, AI-based production forecasts, and artificial lift optimization.
- *C3 AI Reliability.* Integrates sensor networks, enterprise systems, and data historians to arm reliability engineers, process engineers, and maintenance managers with AI-enabled insights to address process and equipment performance risks in production facilities and refineries.
- *C3 AI Yield Optimization.* Integrates enterprise resource planning data, lab test data, asset data, and manufacturing systems data and deploys machine learning models to identify problems or opportunities for improvement at key points in process manufacturing.

Aerospace and Defense

- *C3 AI Readiness.* Integrates and unifies data from aircraft telemetry, mission file, maintenance, and operational systems and leverages advanced AI models to monitor subsystem health and predict component failures.
- *C3 AI Workforce Analytics.* Helps risk and compliance officers to efficiently parse financial, commercial, public, and law enforcement records to determine if individuals pose a security risk.
- *C3 AI Intelligence Analysis.* Generates knowledge graphs of entities extracted from both structured (e.g., existing curated databases) and unstructured (e.g., news sources, social media sources, academic reports, and patent databases) data sets.
- *C3 AI Intelligence Data Fusion.* Ingests intelligence data from disparate sources into a unified, federated data image to enable analysts to conduct their work faster.

Large Total Addressable Market

We serve a large and rapidly growing market, estimated to be $174 billion in 2020, growing to $271 billion in 2024, based on IDC and Gartner reports.

Our total addressable market, or TAM, comprises multiple enterprise software segments that are growing at a combined compound annual growth rate, or CAGR, of 12%:

- *Enterprise AI Software.* According to IDC, the relatively new but rapidly growing global Enterprise AI software market totaled $18 billion in 2020, and will grow to $44 billion in 2024—a 24% CAGR.[7] We address this market with our AI Suite and full portfolio of AI Applications.
- *Enterprise Infrastructure Software.* The C3 AI Suite replaces a wide range of existing enterprise infrastructure software categories, including Application Development, Application Infrastructure and Middleware, Data Integration Tools and Data Quality Tools, and Master Data Management Products. According to Gartner, the size of the infrastructure software market across these four segments totaled $63 billion in 2020, and will grow to $82 billion in 2024—a 7% CAGR.[6]
- *Enterprise Applications.* C3 AI Applications address a wide range of Analytics and Business Intelligence use cases as well as the Customer Experience and Relationship Management (CRM) segment. According to Gartner, the size of the software market across these segments totaled $93 billion in 2020, and will grow to $145 billion in 2024—a 12% CAGR. [7]

C3.ai is an active participant in the Enterprise AI/ML, Data Analytics, Cloud Computing, and Digital Transformation markets. According to IDC, by 2022, 65% of CIOs will digitally empower and enable front-line workers with data, AI, and security and by 2025, 80% of CIOs alongside lines-of-business will implement intelligent capabilities to sense, learn, and predict changing customer behaviors.[8]

First-Mover Advantage

Due to our significant investment in our products and technology over the last decade, we enjoy a significant first-mover advantage in Enterprise AI. We are not aware of others who have made as much progress as we have in this space. We believe that we have the world's most extensive Enterprise AI production footprint. Our goal is to establish and maintain a global leadership position in Enterprise AI across all market segments including large enterprises, small and medium businesses, and government entities.

Our production footprint across the C3.ai customer base today includes: 770 unique enterprise and extraprise source data integrations; integrated data from 622 million sensors; 4.8 million machine learning models in production use; 1.1 billion predictions per day generated by customers; and 50 million businesses and customers touched daily.

In some instances our data processing rates exceed nearly 1 million transactions per second. Our system availability across our production application use base in the 12 months ended July 31, 2020 was 99.92%.

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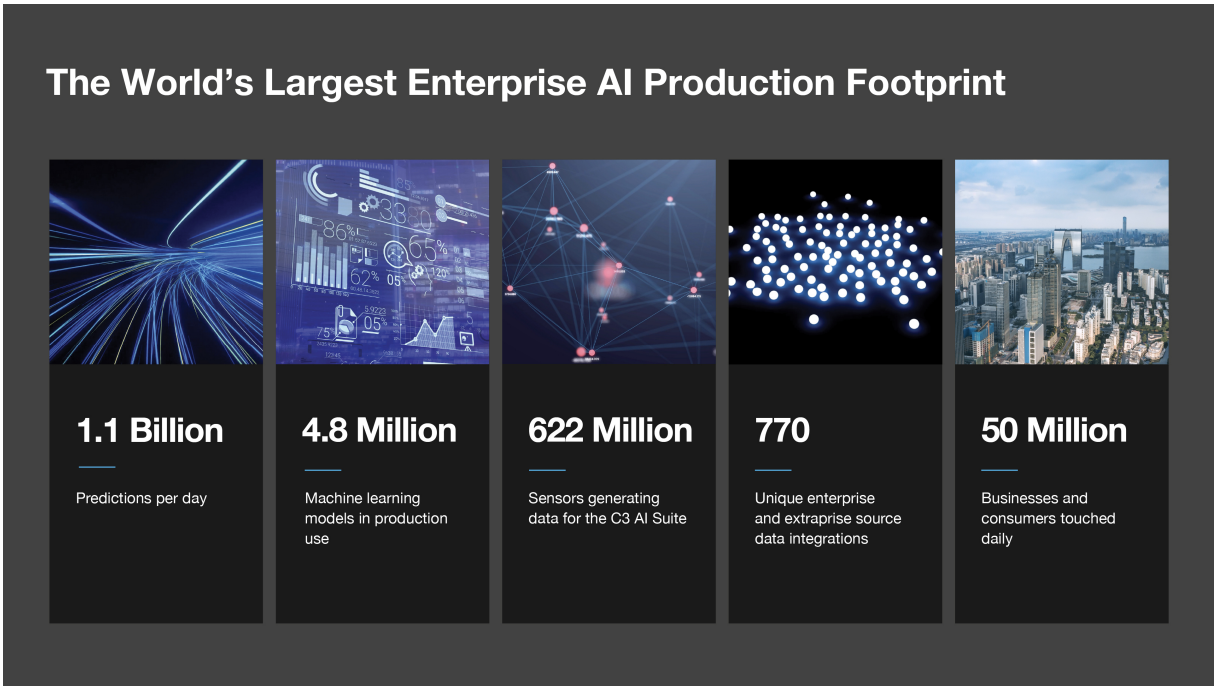
[7] *Source: IDC, Worldwide Artificial Intelligence Systems Spending Guide,* September 2019

[6] *Source: Gartner, Forecast: Enterprise Infrastructure Software, Worldwide,* 2018-2024, 3Q20 Update

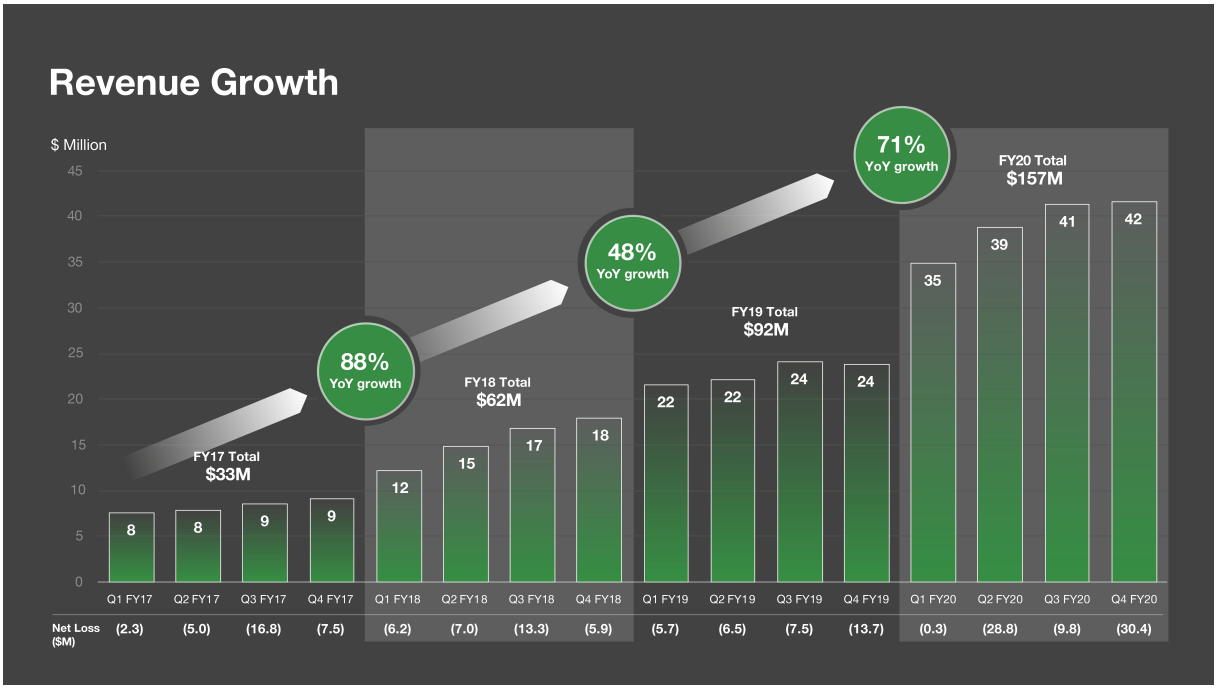
[7] *Source: Gartner, Forecast: Enterprise Application Software, Worldwide,* 2018-2024, 3Q20 Update

[8] *Source: IDC FutureScape: Worldwide CIO Agenda 2021 Predictions, October 2020*



Rapid Revenue Growth

We are growing rapidly, with total revenue of $156.7 million in the fiscal year ended April 30, 2020 compared to $91.6 million in the fiscal year ended April 30, 2019, representing year-over-year growth of 71%. Over the same period, our subscription revenue grew to $135.4 million from $77.5 million, a 75% increase. We incurred net losses of $69.4 million and $33.3 million in the fiscal years ended April 30, 2020 and 2019, respectively.



Lighthouse Customers

Our market-entry strategy has been to establish high-value customer engagements with large global early adopters, or lighthouse customers, in Europe, Asia, and the United States across a range of industries. These lighthouse customers serve as proof points for other potential customers in their particular industries. We have established intimate strategic relationships with our customers that include many of the world's iconic organizations. Our customers include a number of large multinational corporations and government entities. We commonly enter into enterprise-wide agreements with entities that include multiple operating entities or divisions. We define a Customer as each such buying entity that has an active contract to deploy the C3 AI Suite or one or more C3 AI Applications. We often provide our software to a distinct department, business unit, or group within a Customer, and use customer to mean each distinct department, unit, or group within a Customer. As of September 30, 2020 we had 29 Customers as compared with 21 and 25 as of April 30, 2019 and 2020, respectively. As of September 30, 2020 we had 59 customers.

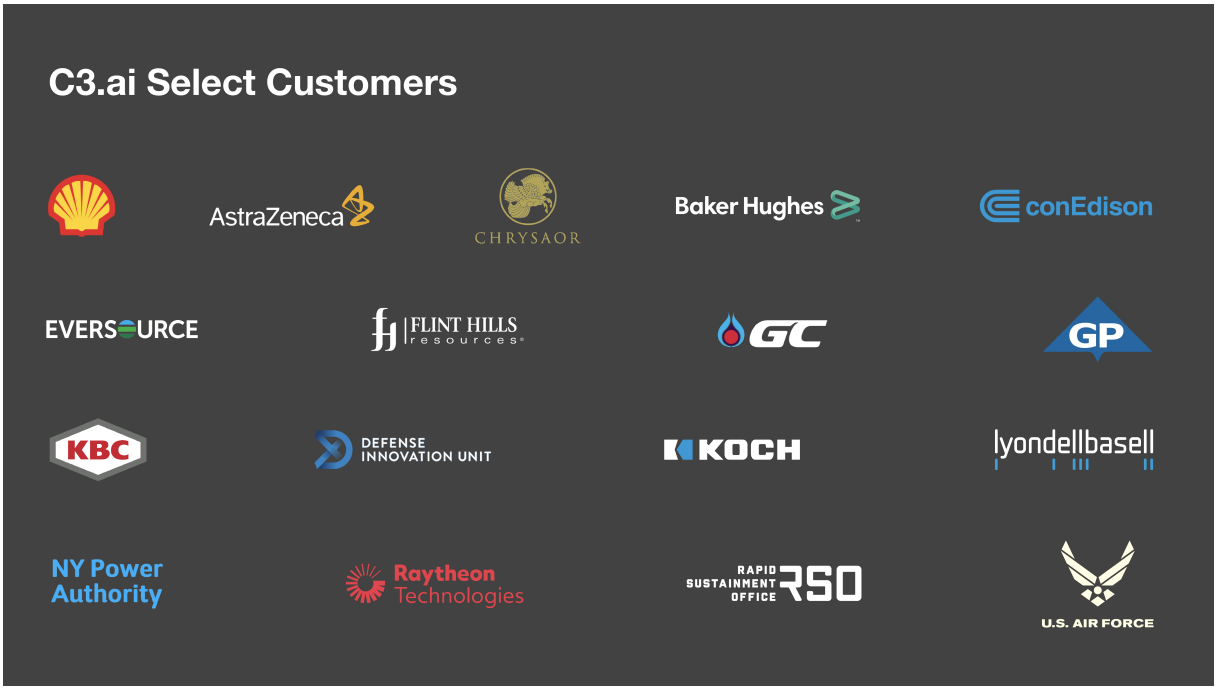
The core of this strategy is to rapidly deliver high-value outcomes at large scale, that are broadly deployed into many industry leaders, including those in banking, oil and gas, utilities, defense, and manufacturing. We then use these cases and outcomes to initiate discussions at numerous other leading companies in each sector.

High-Value Outcomes

We are enabling the digital transformation of many of the world's leading organizations and, in the process, helping them to attain short time-to-value and exceptionally high economic returns. At some companies, based on feedback and other information provided from our customers, we estimate our solutions have returned hundreds of millions of dollars in economic benefit.[9] We estimate, based on our C3.ai production roadmaps, that we may enable billions of dollars in annual economic benefit for many customers.[10]

[9] Management estimates based on results from trials or deployments using customer data from more than 20 projects across 15 customers. Data and feedback were collected from 2016 to 2020. See the section titled "Market, Industry, and Other Data" for additional information.

[10] Based on actual results achieved in trials or deployments using actual customer data and business processes as provided by our customers. These estimates are limited by the scaling factors of extrapolating these results from the specific project scope of each trial or deployment across the customer's entire business. These estimates are based on more than 20 projects across 15 customers, and the data and feedback were collected from customer engagements occurring in the years 2016 to 2020.

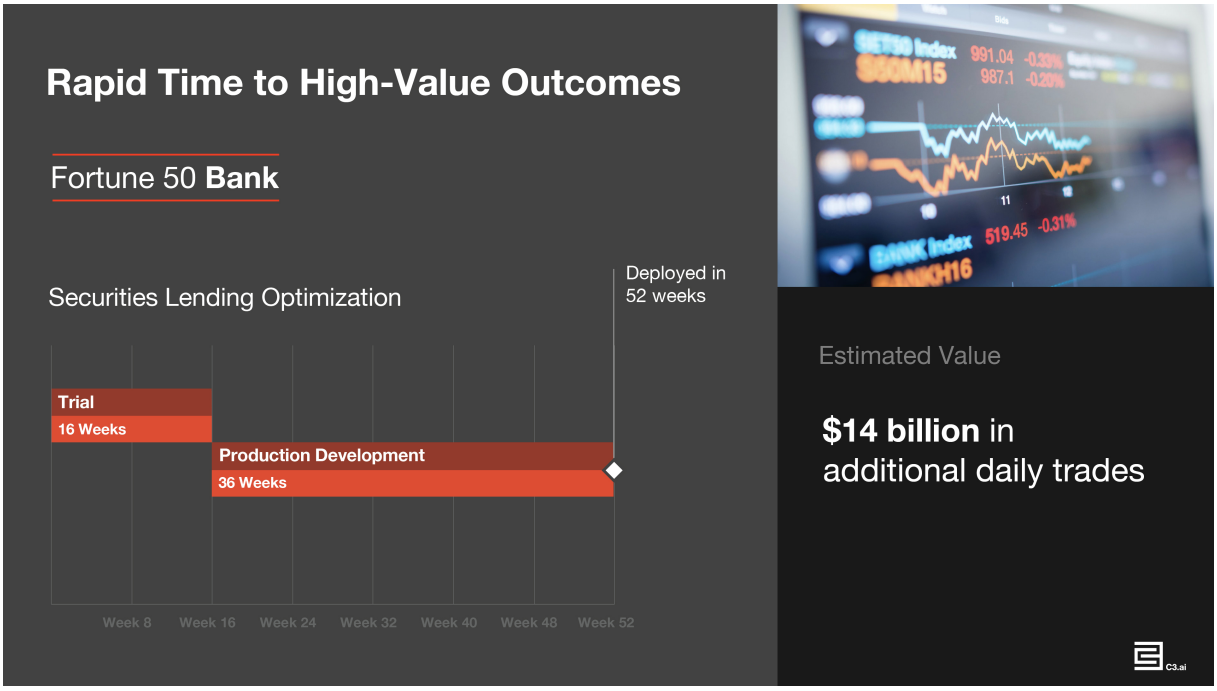


Rapid Time to Value

The key to our market success to date and our primary competitive differentiator is our ability to leverage the C3 AI Suite and C3 AI Applications to bring high-value Enterprise AI applications into production use rapidly. We have deployed Enterprise AI applications into production use in as little as four weeks. We have highlighted below some actual use cases from our customers and our estimate of the current annual economic benefits to our customers. The following case studies are examples of how some of our customers have selected, deployed, and benefited from the C3 AI Suite and C3 AI Applications. These are individual experiences with the C3 AI Suite and C3 AI Applications and not all customers may experience all of the benefits described below or concur with our estimates of such benefits.

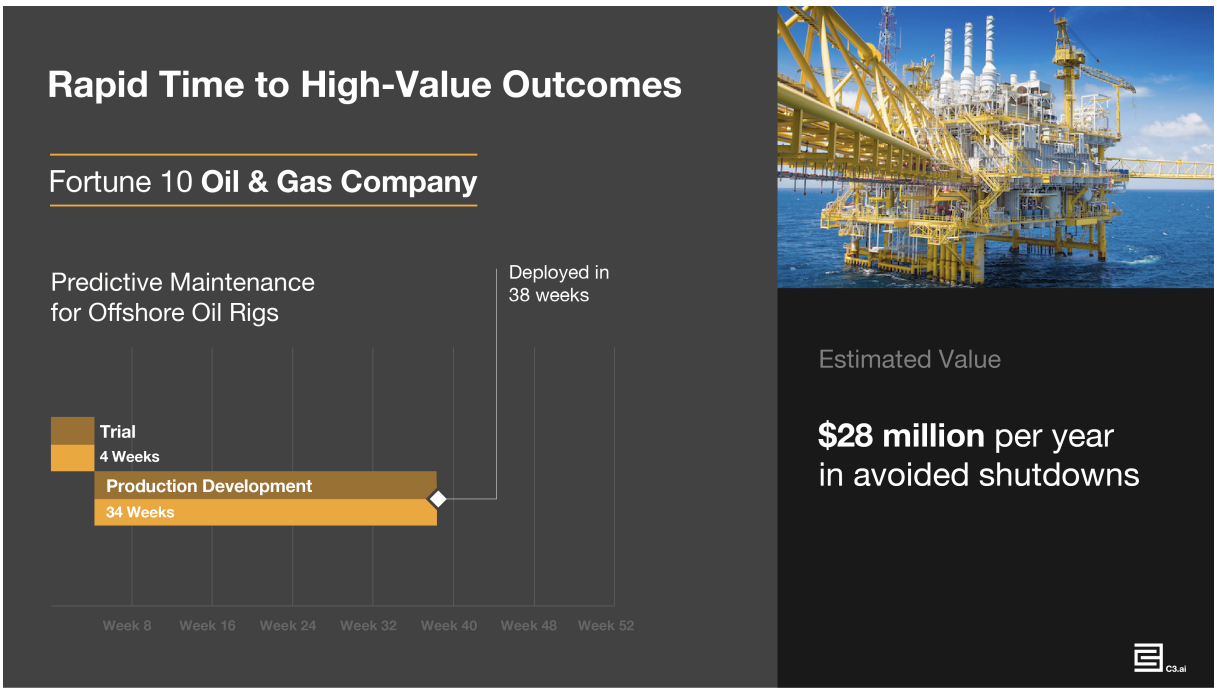
Global Bank

Use Case:	Securities Lending Optimization
Trial Completion:	16 Weeks
Production Deployment:	36 Weeks
Benefit:	$14 billion in additional daily trades



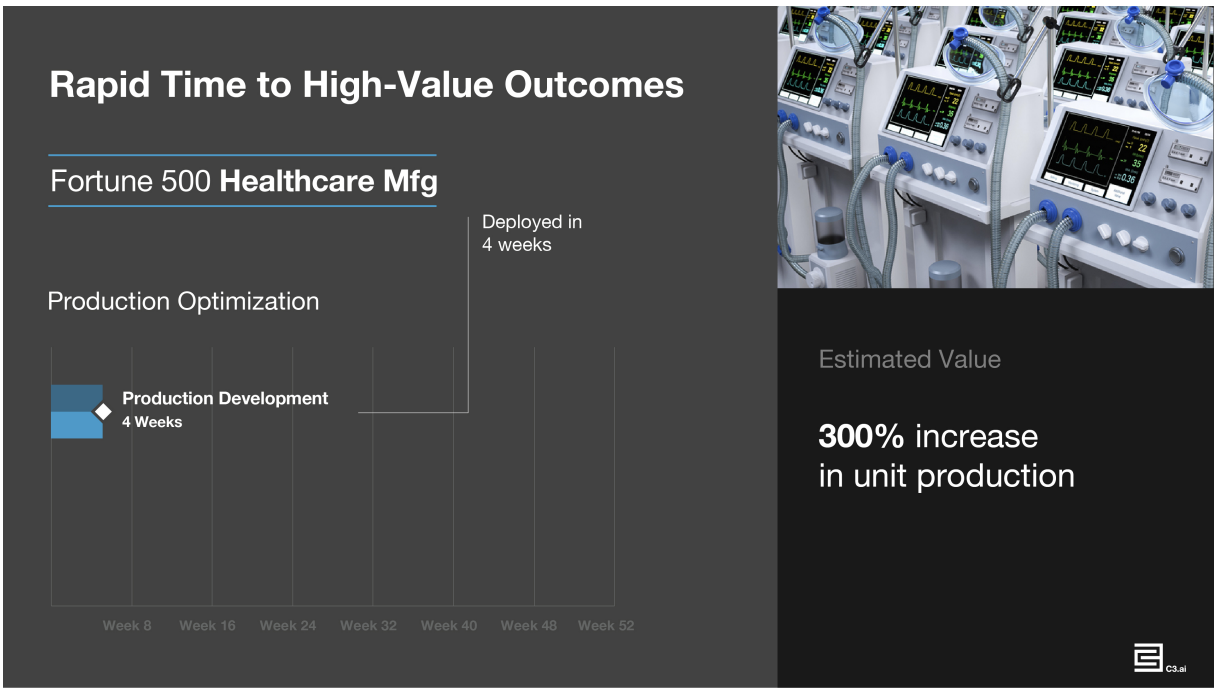
Oil and Gas Company

Use Case:	AI Predictive Maintenance for Offshore Oil Rigs
Trial Completion:	4 Weeks
Production Deployment:	34 Weeks
Benefit:	$28 million per year in avoided shutdowns



Healthcare Manufacturing

Use Case:	Production Optimization (Maximization)
Trial Completion:	No trial
Production Deployment:	4 Weeks
Benefit:	300% increase in unit production



Outsized Average Total Contract Value

As a result of the high-value outcomes that we enable, we enjoy uncommonly high total contract values for software subscriptions. Our average total contract value for contracts entered into in fiscal years 2016, 2017, 2018, 2019, and 2020 was $1.2 million, $11.7 million, $10.8 million, $16.2 million, and $12.1 million, respectively. We believe this is a high-water mark for the applications software industry.[11] For example:

- *Large Integrated Energy Company.* The total value of our contract with a large integrated energy company was €4.3 million at year one, €4.3 million at year two, €34.4 million at year three, and €35.3 million at year four.
- *Large Global Financial Institution.* The total value of our initial contract with a large global financial institution was $1.8 million, increasing to $31 million at year one and $39 million at year two.
- *Large Global Oil and Gas Company.* The total value of our contract with a large global oil and gas company was €1.8 million at year one, €19.8 million at year two, €24.2 million at year three, and €25.4 million at year four.
- *Large Global Energy Company.* The total value of our contract with a large global energy company was €19.4 million at year one, €20.3 million at year two, €26.1 million at year three, and €43.1 million at year four.
- *Major Government Agency.* The total value of our contract with a large global energy company was $6.2 million at year one, $8.7 million at year two, and $14.9 million at year three.

C3.ai Sales Cycle

Our typical sales cycle begins with one or more product and technical presentations about C3.ai, leading to a mapping of our capabilities to customer use cases. This frequently leads to a paid trial that lasts from five to 16 weeks. During that period, we deploy a production-level application that is representative of our customer's AI and digital transformation requirements. Examples include: Stochastic Optimization of the Supply Chain, Production Optimization, Fraud Detection, and Predictive Maintenance. After completing a successful trial, our customers will frequently license one or more C3 AI Applications. Either concurrent with or subsequent to licensing C3 AI Applications, our customers will often license

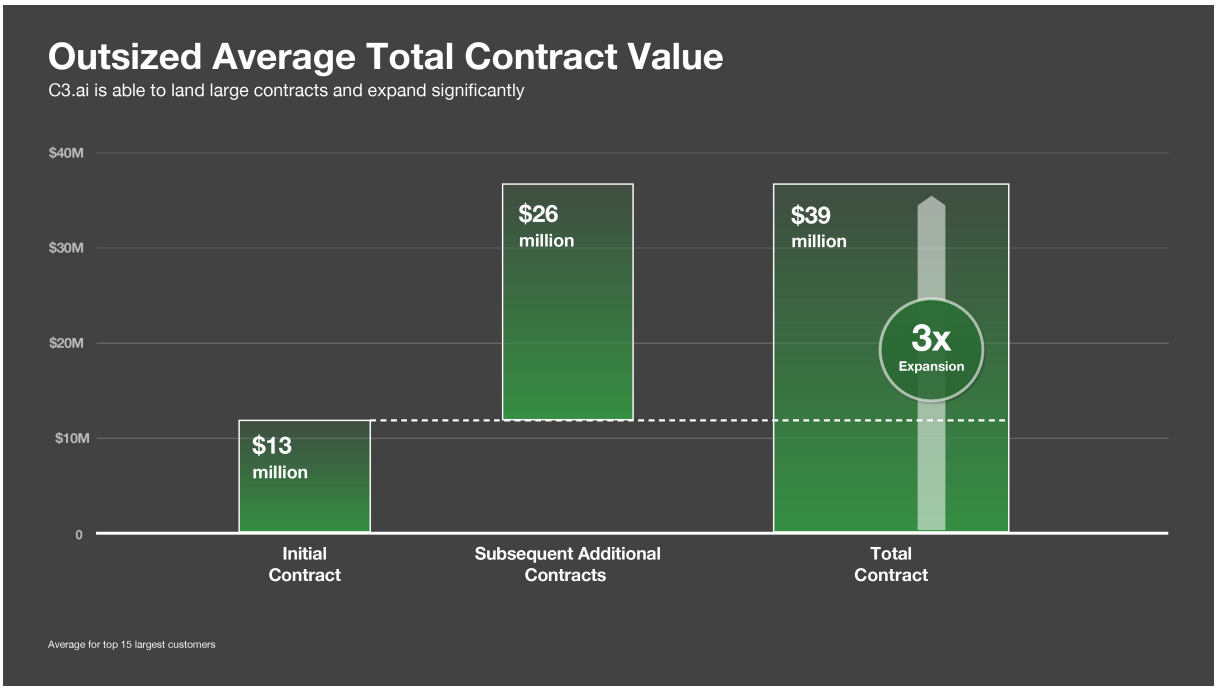
[11] Based on our review of the estimated contract values of approximately 100 representative applications software companies from publicly available sources.

additional C3 AI Applications and/or the C3 AI Suite. Over time, our customers tend to purchase additional C3 AI Applications and additional C3 AI Suite developer seats and incur ongoing and increasing runtime fees as usage scales.

Land and Expand

Our bookings footprint within a customer starts quite large and tends to increase over time, as the customer licenses additional applications, adds more developer seats for the C3 AI Suite, and increases runtime fees that accrue from application usage.

An analysis of our largest 15 customers shows that subsequent to trial completion, their average initial purchase was $12.8 million. On average, each of these customers has subsequently purchased an additional $26.1 million in product subscriptions and services from us to date.



The duration of our contracts vary by customer. The weighted average contract duration for commercial customers in the year ended April 30, 2020 was 35 months, while the weighted average contract duration for federal agency customers was 11 months.

The following are representative examples of how some of our customers are benefiting from their use of C3.ai technology. These are individual experiences with C3.ai technology and not all customers may experience all of the benefits described below or concur with our estimates of such benefits.


“The C3.ai platform, with its unique model-driven architecture, has been a real enabler. The technology allows us to integrate large volumes of data at scale in the cloud. And on top of that data, to integrate tens of thousands of machine learning models, and train them in production”
Dan Jeavons
General Manager, Data Science
Royal Dutch Shell

Royal Dutch Shell

Situation. With $345 billion in annual revenue, around 80,000 employees, and operations in more than 70 countries, Shell – one of the world's largest companies – has a long history of technological innovation, and is strategically deploying information technology solutions as it leads the global energy transition. The company operates a vast range of assets throughout the world, including thousands of onshore and offshore wells, 15 refineries, and over 44,000 retail stores, Shell required a scalable Enterprise AI solution to help ensure continued focus on its health, safety, and environment goals, to improve and optimize its upstream, midstream, and downstream operations, and to accelerate new energy and digital opportunities.

C3.ai Solution. Beginning in 2018, Shell adopted the C3 AI Suite as a core platform to develop and deploy large-scale AI applications across its enterprise, leveraging the model-driven architecture of the C3 AI Suite. Initially starting with predictive maintenance for equipment at one oilfield, Shell's AI roadmap has expanded and is now monitoring 2,500 pieces of equipment across Upstream, Downstream Manufacturing, and Integrated Gas assets. This includes predictive maintenance for compressors, pumps, and valves across multiple assets globally. For example, Shell is using the C3 AI Suite to develop, train, deploy, and manage machine learning models that ingest around 10 billion rows of data per week from 822,000 sensors, at minute-level granularity.

Customer-Reported Outcome. The economic benefit is substantial. In the case of predictive maintenance for valves, the C3.ai solution provided an early-warning system to alert operators before a valve fails, helping to reduce unplanned maintenance costs, increase production uptime, enhance safety, and extend asset lifetime.

Expansion. Our initial engagement with Shell started with two successful predictive maintenance trials addressing different types of assets on (1) offshore oil rigs and (2) at a natural gas unit in Australia in 2017. Those resulted in application licensing agreements that led to the production deployment of C3 AI Predictive Maintenance in early 2018 in both of those units. Subsequently, a successful proof of technology demonstrated the capabilities of the C3 AI Suite to solve large-scale machine learning problems requiring the management of millions of concurrent machine learning models. As a result, in mid-2018 Shell licensed the C3 AI Suite as an Enterprise AI development platform, and has continued to expand its use of the C3 AI Suite, adding numerous additional developers in 2019 and 2020 to address multiple use cases. In 2020, Shell announced that it had selected C3.ai as its AI application development standard and has a large application roadmap planned.

2019 saw transformative potential realized in several of our ongoing projects, but none more so than in Predictive Maintenance. DIU opened the Predictive Maintenance solicitation in July 2017 on behalf of the U.S. Air Force (USAF) and, as of November 2019, the solution prototyped by C3.ai transitioned to a production-OT agreement and is scaling across the Services to change the Department's approach to condition-based maintenance....When fully implemented across all DoD aircraft, Predictive Maintenance has the potential to save the Department up to $5 billion annually."

2019 Defense Innovation Unit
Annual Report

U.S. Air Force

Situation. As stated in the 2019 Annual Report of the Defense Innovation Unit, or DIU, a division of the U.S. Department of Defense, or DoD, in 2017 the DoD was "seeking software for predictive or condition-based maintenance." The solicitation specified that the "Solution must be capable of integrating both historical structured (e.g. sensor reports) and unstructured (e.g. maintenance logs) datasets. Solution will need to apply machine learning to optimize maintenance schedules and provide analysis and recommendations at both a component and system level. Companies must have previously delivered predictive maintenance platforms to commercial customers, preferably in the aviation sector."

C3.ai Solution. According to the 2019 DIU Annual Report, "2019 saw transformative potential realized in several of our ongoing projects, but none more so than in Predictive Maintenance. DIU opened the Predictive Maintenance solicitation in July 2017 on behalf of the U.S. Air Force, or USAF, and, as of November 2019, the solution prototyped by C3.ai transitioned to a production-OT agreement and is scaling across the Services to change the Department's approach to condition-based maintenance.

The goal of the prototype effort was to increase aircraft readiness and availability through a reduction in the frequency and duration of unscheduled maintenance. Providing maintainers with the tools to understand, prior to failure, when to change key components (and ensure component availability) would also decrease the number of maintenance related mission aborts. DIU and the USAF supported four prototype implementations of the C3.ai readiness application to over 920 aircraft including the E-3 Sentry, C-5 Galaxy, and F-16 Fighting Falcon aircraft."

Customer-Reported Outcome. The 2019 DIU Annual Report described the impact of the C3.ai implementation: "The prototype effort was successful in demonstrating AI and machine learning techniques to improve readiness. Specifically, in advance of failures, supervised machine learning can accurately predict the probability of failure of various subsystems over different time horizons. As a result, maintenance technicians are able to identify component-level failures before they occur, pre-position parts in anticipation of failures, and replace components with a high potential for failure.

Prototype implementations of C3.ai technology in partnership with the USAF demonstrated the potential for a 3-6% improvement in mission capability; up to a 35% reduction of base-level occurrences of aircrafts sitting on the ground awaiting parts; and up to a 40% reduction in unscheduled maintenance events. The prototype also demonstrated minimal impact to component part supply chains and identified 80-90 parts (out of more than 1,000) that are responsible for 90% of total aircraft downtime. Additionally, the potential readiness benefits from adopting predictive maintenance tools are achievable across aircraft types, data quality, and data source.

As an Office of the Under Secretary of Defense, or OUSD, organization, DIU can scale successful prototype efforts across DoD through production-OT contracts. DIU sponsored the current up-to-$95 million production-OT agreement that allows all Services and other federal agencies to procure C3.ai's software for aircraft predictive maintenance. 2020 goals include increased use by U.S. Army Aviation for its UH-60 Blackhawk and AH-64 Apache helicopter platforms and adoption by the F-35 Joint Strike Fighter Lightning II Joint Program Office. When fully implemented across all DoD aircraft, Predictive Maintenance has the potential to save the Department up to $5 billion annually."

In September 2020, C3.ai announced an agreement with the USAF Rapid Sustainment Office, or RSO, to deliver and deploy the C3 AI Suite and C3.ai Readiness to support predictive analytics and maintenance across the Air Force enterprise, initially deploying the application to the HH-60 Pave Hawk aircraft weapon system. RSO's Condition-Based Maintenance Plus, or CBM+, Program Office will use the C3 AI Suite and extend C3.ai Readiness to improve the efficiency and effectiveness of maintenance processes. This initiative will also lay a foundation and framework for the enhancement of RSO's overall AI and machine learning capabilities.

"C3.ai's proven technology has demonstrated success across multiple industries with its AI-based readiness application for predictive maintenance and logistics planning, making C3.ai an ideal partner to implement RSO's vision to increase mission readiness," said Nathan Parker, RSO Deputy Program Executive Officer. "By partnering with C3.ai, RSO's CBM+ Program Office will be able to accelerate scaling AI and ML capabilities across the Air Force enterprise, and combine data science with Air Force operational maintenance, to digitally transform how we maintain our global fleet."

Fortune 50 Bank

Situation. An acknowledged industry innovator, this multinational bank, one of the 10 largest financial services companies in the world, recognized the potential for AI technology to drive significant impact in many areas of its business, including its corporate cash management and its securities lending operations. For corporate cash management, the bank

determined that an AI-based approach could help predict clients' satisfaction with the interest rate, products, and services the bank offers – across a customer base of more than 100,000 corporate clients with approximately $400 billion in cash balances – and thereby give client managers advance insight into the health of their clients' satisfaction. On the brokerage side, the bank's hedge fund clients make hundreds of thousands of inquiries each day regarding available securities inventory for short selling. The bank saw an opportunity for AI to help it more accurately predict hedge fund demand for securities and improve efficiency in matching securities for lending to actual demand. Each of these problems are exceedingly complex in terms of the volume, velocity, and variability of the data.

C3.ai Solution. The bank worked with C3.ai to establish a Center of Excellence to address both the cash management and securities lending use cases. C3 AI Suite now has dozens of integrations with over one billion rows of data behind nearly two hundred predictive models in production, driving two critical revenue-generating applications: C3 AI Cash Management and C3 AI Short Sale Predictor.

Outcome. Using the C3 AI Cash Management application, the bank can predict client satisfaction and give client managers actionable insight up to 90 days in advance so they can take proactive measures to engage with clients to retain and grow their business. The application also detects customers' sensitivity to interest rates and provides a comprehensive view of customer behavior. Together these capabilities help the bank's treasury sales team take targeted and proactive steps to better serve and retain customers. On the brokerage side, the C3 AI Short Sale Predictor application predicts client short activity against more than 400,000 requests to locate stocks that clients can borrow, allowing the bank to optimize its stock inventory. The application predicts the actual quantities of stocks that clients (primarily hedge funds) will need to borrow each day, enabling the bank to have the right quantities on hand and better fulfill each request, resulting in $14 billion in additional daily trades. Building on the success of C3.ai in addressing these use cases, the bank has created a roadmap to address a significant number of additional use cases using C3.ai technology.

Expansion. The bank's engagement with C3.ai started in two lines of business with three successful paid trials in late 2018, each focused on a different uses case, that proved the capabilities of the C3.ai platform to solve previously unsolved problems. Since licensing the C3 AI Suite in 2019, the bank has deployed C3 AI Cash Management and C3 AI Short Sale Predictor, and has continued to significantly expand its use of the platform to address additional use cases in multiple lines of business, with numerous additional planned applications on its roadmap.

Fortune Global 500 Healthcare Company

Situation. With more than $20 billion in annual revenue, this Fortune Global 500 company ranks in the top-ten global healthcare technology providers and is a leader in multiple product categories, including diagnostic imaging, image-guided therapy, and patient monitoring. As a result of the COVID-19 pandemic, the company faced unprecedented demand spikes globally, requiring a four-fold increase in production for critical medical products and creating tight customer deadlines and significant stresses on factories and suppliers. Efficient supply chain management is a challenging endeavor even in the best of times, and the pandemic intensified the need to have near real-time visibility into inventories, orders, and lead times. In order to deliver the right products in the right quantities to the right locations on time, the company needed an AI-enabled solution to provide end-to-end visibility of its ventilators products.

C3.ai Solution. In 2020, C3.ai worked with the company to deploy C3 AI Inventory Optimization and C3 AI Supply Network Risk applications into production in just four weeks – a project that may have taken several months using other technologies. The C3.ai-powered solution aggregates and unifies 500 million rows of data from the Company's source systems – a remarkable achievement due to the disparity of the data. The solution spans the company's global supply chain, including three factories and six distribution centers, providing up-to-date visibility of finished goods across its products.

Outcome. The company's planners immediately utilized the information to identify orders with long lead times and were able to pinpoint and resolve specific issues in the supply chain to meet delivery requirements, enabling a 300% increase in unit production. Building on this success, the deployment is being extended to predict production lead times (from raw materials to customer delivery); apply stochastic optimization of raw supply materials to improve output; and to provide end-to-end inventory visibility and lead time predictions for several thousand SKUs.

Extensive Partner Ecosystem

We have established strategic relationships with technology leaders including Amazon Web Services, or AWS, Baker Hughes, Fidelity National Information Services, or FIS, Google, IBM, Microsoft, and Raytheon, marshalling tens of thousands of talented resources from the world's leading technology companies to establish and serve C3.ai customer relationships at global scale.

We form go-to-market and product co-development alliances with our partners that combine our AI expertise and technology with our partners' deep domain expertise to bring next-generation C3.ai solutions to joint customers. Our partnerships include strategic alliances across four categories:

- *Industry Partners.* Each industry partnership focuses on a key vertical. We have formed global strategic alliances in the energy industry with France-based global energy leader ENGIE (also a customer); in oil and gas with Baker Hughes, a global leader in oilfield services (also a customer); and in financial services with FIS, leading technology provider to the global financial services industry; and in the U.S. Federal and aerospace sectors with Raytheon, one of the world's largest aerospace and defense manufacturers.

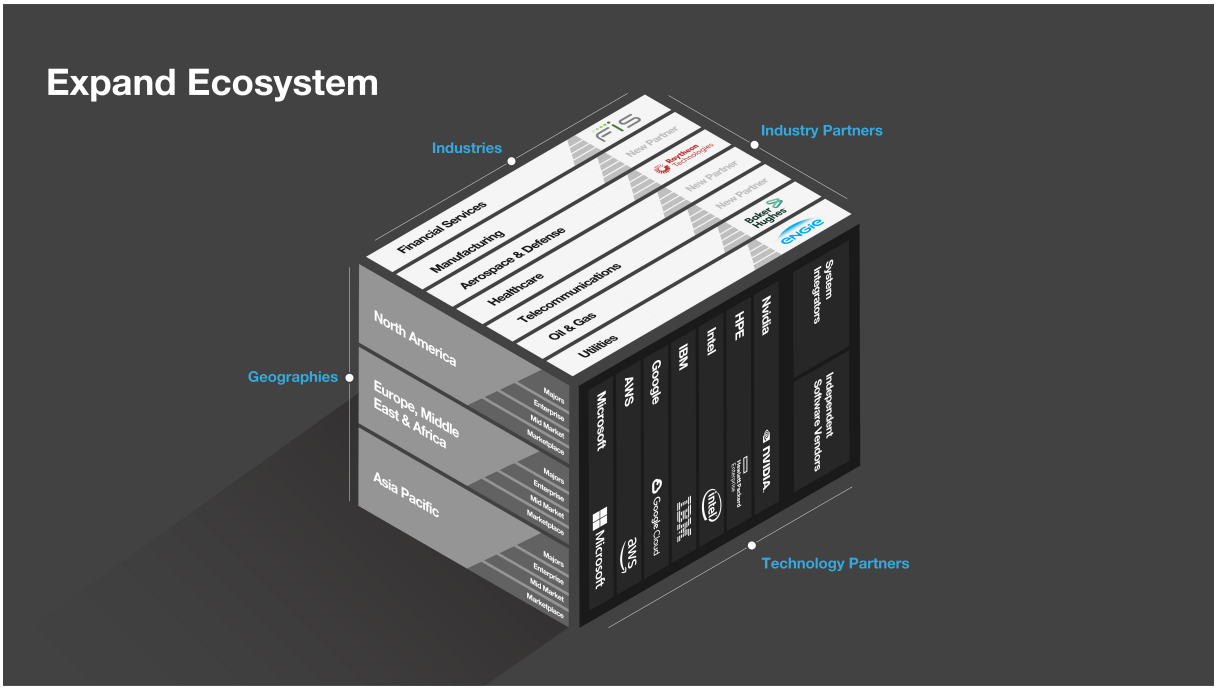
- *Hyperscale Cloud and Infrastructure Partners.* We have formed global strategic go-to-market alliances with hyperscale cloud providers including Amazon, Microsoft, and Google. In addition, we have strategic alliances with leading hardware infrastructure providers to deliver our software optimized for their technology. These partners include Hewlett Packard Enterprise and Intel.

- *Consulting and Services.* We have formed a global strategic go-to-market alliance with IBM Global Business Services, who employs more than 100,000 service professionals. We have also established partnerships with select specialized systems integrators that provide application design and development, data engineering, data science, and systems integration services, including Aubay, BGP, CMC, Data Reply, Infoedge Technology, Informatica El Corte Ingles, Intelia, Neal Analytics, Ortec, Pariveda, SCAP, and Synechron. These alliances are focused on helping organizations accelerate their Enterprise AI and digital transformation programs.

- *Independent Software Vendors.* Our ISV partners develop, market, and sell application solutions that are natively built on or tightly integrated with the C3 AI Suite. The C3 AI Suite enables ISVs to deliver AI capabilities to their installed user base that enhance or complement existing ISV application functionality. As of September 2020, ISV partners include ENGIE, FIS, and Ortec.

Sales Model

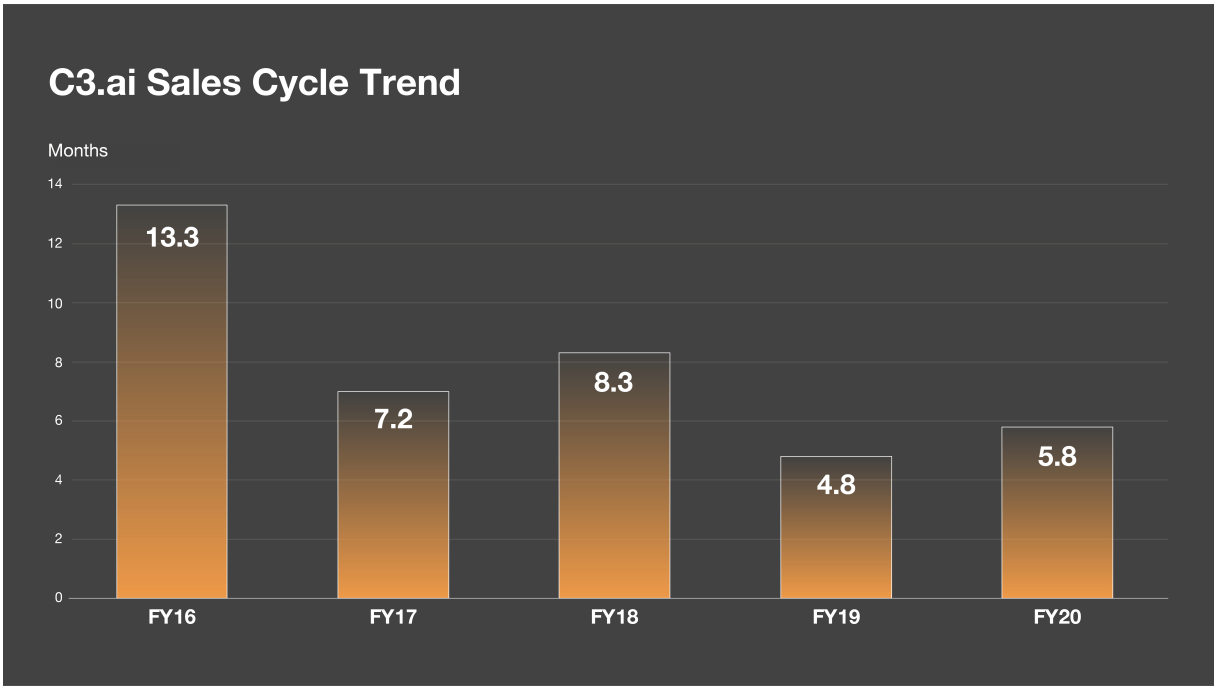
Our sales organization is organized both geographically and into vertical market segments that cooperate to sell to and service customers. We have a highly leveraged go-to-market model comprised of a global field sales force combined with significant alliance partnerships, that we believe will accelerate our entry into diverse global market segments. As of August 31, 2020, we had 46 individuals serving on our sales team globally. Each of our strategic partners—including AWS, Baker Hughes, FIS, Google, IBM, Microsoft, and Raytheon—has a large installed customer base with strong, established relationships, and a large global sales force that vastly extends our market coverage. We form specific sales targets and goals with each partner, enabling us to quickly and efficiently engage in customer accounts.



We have been focused on the oil and gas, aerospace, defense, utilities, manufacturing, and financial services sectors, as those appear to be the early adopters in Enterprise AI. As we expand our industry presence into, for example, telecommunications, retailing, precision medicine, etc., we plan to continue that market entry strategy.

Our strategy has been to achieve early leadership with a focus on large enterprise sales to establish successful lighthouse customers across a range of industries and geographies. Our goal is to rapidly move down-market in the next few years to capture the small and medium business segments of each industry. We intend to leverage our partner ecosystem and establish telesales and direct marketing organizations to address the middle market.

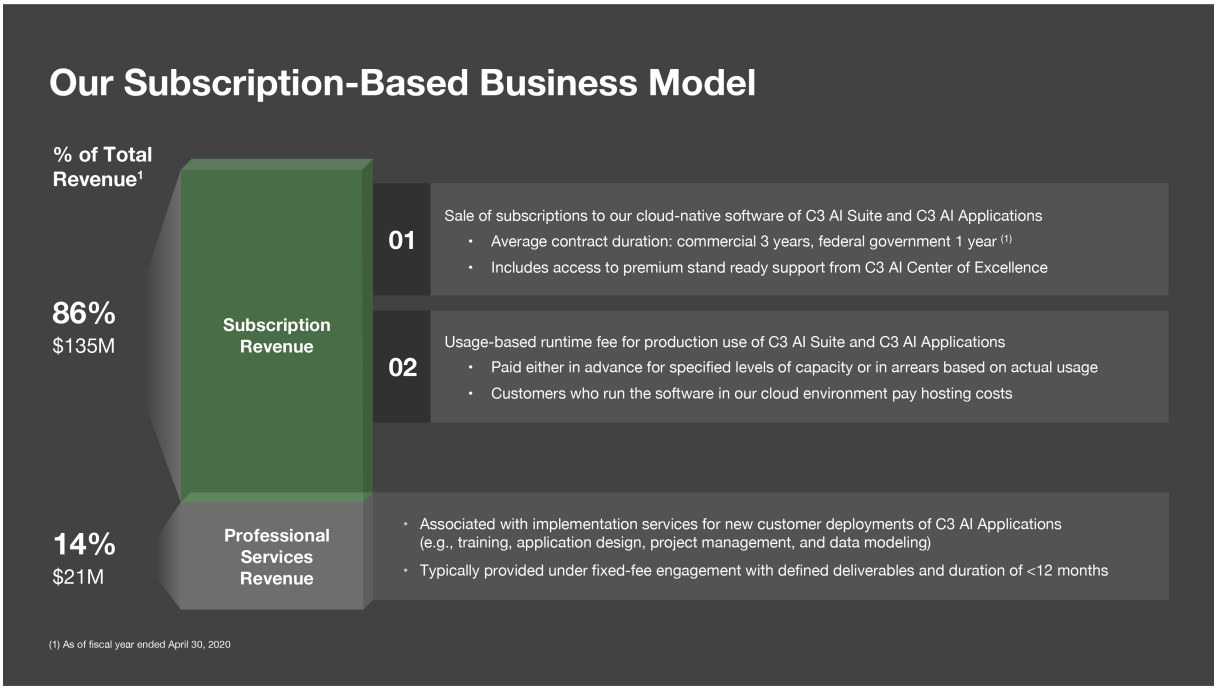
Our average sales cycles have been decreasing over time. We believe this is due to increased acceptance of cloud adoption, increased prioritization of Enterprise AI, increasing corporate mandates for digital transformation, increased brand recognition of C3.ai, and increasing numbers of live, production C3.ai customers.



Revenue Model

The bulk of our revenue is generated from subscriptions to our software, accounting for roughly 86% of our total revenue. We currently have four primary revenue sources:

- Term subscriptions of the C3 AI Suite, usually three years in duration.
- Term subscriptions of C3 AI Applications, usually three years in duration.
- Monthly runtime fees of the C3 AI Applications and customer-developed applications built using the C3 AI Suite, usage-based upon CPU-hour consumption.
- Professional services fees associated with training and assisting our customers.



Marketing

Our multichannel marketing function is focused on market education, brand awareness, thought leadership, and demand creation. We engage the market through digital, radio, television, outdoor, airport, and print advertising; virtual and physical events, including our C3.ai Transform annual customer conference; and C3.ai Live, a bi-weekly series of livestreamed events featuring C3.ai customers, C3.ai partners, and C3.ai experts in AI, machine learning, and data science. Our Chief Executive Officer, Tom Siebel—a recognized technology thought leader and author of the 2019 Wall Street Journal and Amazon best seller *Digital Transformation: Survive and Thrive in an Era of Mass Extinction*—is a frequent industry keynote speaker and is often interviewed by leading media, including the *Wall Street Journal*, *Financial Times*, *The Economist*, *Fortune*, *Forbes*, BloombergTV, Yahoo! Finance, and others.

Professional Services

We maintain a small professional services organization that offers resources, methodologies, and experience to help customers develop and deploy enterprise-scale AI applications. Our services are complemented by those of our partners.

C3 AI Implementation Services help ensure successful customer outcomes throughout the application development and deployment phases, including setup and configuration, machine learning model development and tuning, and integration of multiple complex source systems.

C3 AI Academy provides a role-based, in-person, and online curriculum to help developers, data scientists, administrators, and project personnel take advantage of C3 AI Suite capabilities quickly and robustly.

Our professional services strategy is to quickly train our customers to develop, customize, and deploy applications independently of us, making them rapidly self-sufficient. In those instances where a large or continuing professional services presence may be desired or necessary, we rely upon our partner ecosystem, including IBM and Baker Hughes, to provide those services. We believe this will enable us to maintain high gross margins and allow us to rapidly deploy trained professional services personnel at large scale any place on the planet.

Rich Human Capital

Our strongest asset is unquestionably the human capital that we have been able to attract, retain, and motivate. We have won the Glassdoor Best Place to Work award, were named a WayUp Top 100 Internship Program, and are consistently ranked among the best places to work. As a result, we attract exceptionally talented, highly educated, experienced, motivated

employees. We hired 214 new employees in the past year. We received approximately 52,000 applications for those positions. Approximately 10,000 of those were engaged in rigorous skill evaluation and interview cycles for a final selection of 214. Fifty-seven percent of our employees have advanced degrees, many from the world's most prestigious institutions.

We have built a culture of high performance based on four core values:

- *Drive and Innovation Propelling Growth.* We self-select for people who love to work hard, think with rigor, speak with purpose, and act to achieve great things.
- *Natural Curiosity to Solve the Impossible.* We are self-learners, always seeking knowledge to accelerate innovation.
- *Professional Integrity Governing All Endeavors.* We comport ourselves with unwavering ethical integrity, respect, and courtesy.
- *Collective Intelligence.* We believe the unity of our team is substantially greater than the sum of its parts.

Through our C3.ai Management Development Series, we train our managers to motivate and lead their teams by setting clear objectives with an outcomes-based approach. We offer cash incentives to employees who complete professional training and will even pay for employees to earn a master's degree in computer science.

Our talent acquisition team engages various constituency groups to recruit qualified under-represented minorities, women, and military veterans to job opportunities. We host tech talks and workshops at top universities across the nation with the Women in Computer Science Associations, the Society of Women in Engineering, the Society of Latinx Engineers, and the Society of Black Engineers. We joined with BreakLine to help support hiring military veterans. Our goal is to find and recruit the best talent in the world.

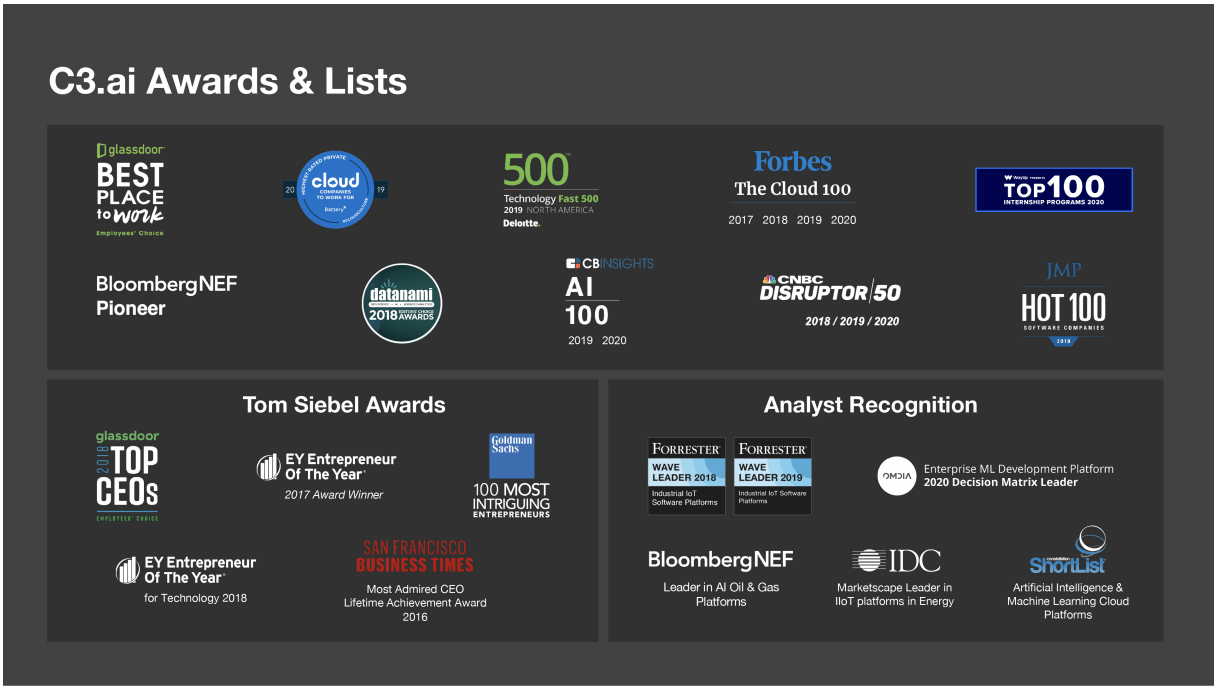
As of October 31, 2020, we had 482 full-time employees, with 386 based in the United States and 73 in our international locations. The average age of C3.ai employees is 36.

Our Culture of High Performance

We are dedicated to achieving our mission to accelerate digital transformation of organizations globally by enabling the deployment of Enterprise AI at scale. Our people are domain experts in their respective fields. We are individuals with exceptional education and professional backgrounds. We are uncompromising in the quality of our work product. We build relationships with our customers grounded upon the highest levels of business ethics and professionalism, with a laser focus on customer success. We execute with precision.

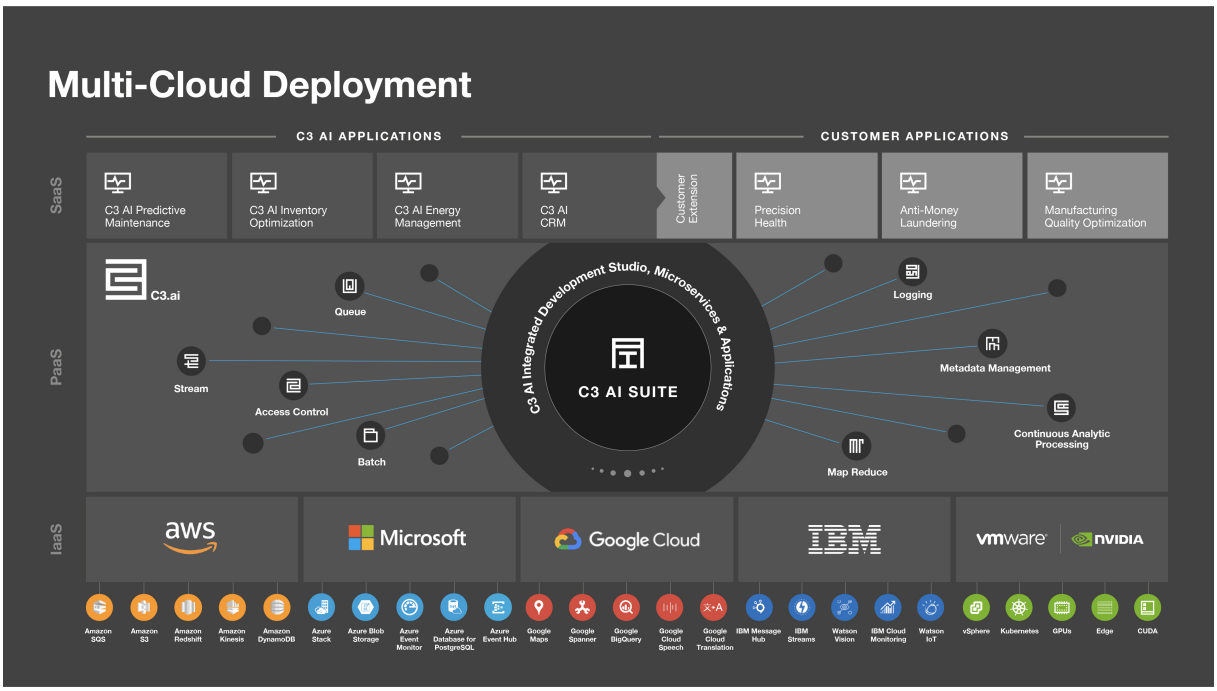
Recognized AI-Industry Leadership

We are broadly recognized as a leader in Enterprise AI with many other industry recognitions, including CNBC Disruptor 50 (2020, 2019, 2018), BloombergNEF Pioneer (2020), Forbes Cloud 100 (2020, 2019, 2018, 2017), Deloitte Technology Fast 500 (2019), and EY Entrepreneur of the Year (2018, 2017) and have been named a leader by Forrester Wave: Industrial IoT Software Platforms (2019, 2018).



Sustainable Competitive Advantage: C3.ai Model-Driven Architecture

Our core technology, the C3 AI Suite, is a cohesive family of integrated software services developed over a decade, engineered with a proprietary model-driven architecture, that provides all the software services and microservices necessary and sufficient to rapidly develop and deploy Enterprise AI applications.



Applications developed with the C3 AI Suite can leverage any open source software solutions and all of the cloud services of AWS, Azure, Google Cloud, and IBM Cloud, and can operate on any of these cloud platforms, on-premises, or in a hybrid cloud.

Compared to the structured programming approach that most organizations typically attempt, our model-driven architecture speeds development by a factor of 26, while reducing the amount of code that must be written by up to 99%.

The big data and application demands of Enterprise AI applications require numerous underlying interdependent elements. These include enterprise data, extraprise data, sensor data, data persistence services, data streaming services, messaging services, analytics services, machine-learning services, security services, data visualization, application development services, application monitoring services, and scores to hundreds more. With a traditional structured programming approach, developers spend significant time and effort to write extensive code to define, manage, connect, and control each element. This often results in overwhelming complexity and highly brittle applications that can break any time an underlying element is changed or updated —a primary reason why the vast majority of Enterprise AI efforts have not been deployed into production.

By contrast, our model-driven architecture provides an "abstraction layer," that allows our partners and our customers, as well as our internal C3.ai developers, to build or customize Enterprise AI applications by using conceptual models of all the elements an application requires, instead of writing lengthy code. C3.ai provides a library of tens of thousands of prebuilt conceptual models, growing by more than 4,000 per year, that can be easily modified and extended, and developers can efficiently create their own models as well. These prebuilt, extensible models encompass a vast range of business objects (customer, order, contract, etc.), physical systems and subsystems (engine, boiler, chiller, compressor, etc.), computing resources and services (database, stream processing, etc.)—virtually anything an application requires can be represented as a model in our model-driven architecture. To ensure ongoing operability of our thousands of prebuilt and extensible models on different underlying infrastructure (e.g., AWS, Azure, etc.), our automated testing continuously executes approximately 60,000 tests and security scans with each change or update made to the software or infrastructure.

Leveraging this model-driven architecture, application developers and data scientists can focus on delivering immediate value, without the need to manage the complex interdependencies of the underlying elements. These conceptual models can be reused by many applications, thereby accelerating development of new applications.

Compared to traditional structured programming, our model-driven architecture and declarative programming shorten time to value and reduce total cost of ownership by:

- Enabling developers to build AI applications 26 times faster and with up to 99% less code than with other technologies, by using conceptual models (including tens of thousands of C3.ai's prebuilt models)
- Reducing the resources required to build AI applications
- Making developers more productive by allowing them to ramp quickly on new application projects, through reuse of models across applications and reduced coding requirements
- Decreasing application operating and maintenance requirements
- Accelerating the ability to enhance applications with new features

We believe our model-driven architecture provides significant competitive advantage both by enabling our customers and partners to successfully develop and deploy Enterprise AI applications faster, and by providing the foundation for C3.ai to rapidly extend our portfolio of cross-industry and industry-specific applications.

Strategic Competitive IP Advantage

We enjoy a rich patent portfolio that is a substantial competitive advantage, both offensive and defensive, in the Enterprise AI market—most notably, our most recently issued U.S. patents (No. 10,817,530 and No. 10,824,634) which were granted for systems, methods, and devices for an enterprise AI and internet-of-things platform.

Our patent portfolio covers the key capabilities of our model-driven architecture that are the foundation of our highly differentiated technology. This includes methods, systems, and devices for data aggregation and unification, times-series data processing, data abstraction, machine learning implementation, and much more.

As of November 9, 2020, our technology is protected by a broad patent portfolio, with six issued patents in the United States, five issued patents in a number of international jurisdictions, 11 patent applications (including one application that has been allowed and one other provisional application) pending in the United States, and 26 patent applications pending internationally. Our issued patents expire between February 23, 2033 and April 17, 2037. We continually review our development efforts to assess the existence and patentability of new intellectual property.

Intellectual property is important to the success of our business. We rely on a combination of patent, copyright, trademark, and trade secret laws in the United States and other jurisdictions, as well as license agreements, confidentiality procedures, non-disclosure agreements with third parties, and other contractual protections, to protect our intellectual property rights, including our proprietary technology, software, know-how, and brand. Although we rely on intellectual property rights, including patents, copyrights, trademarks, and trade secrets, as well as contractual protections to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new services, features and functionality, and frequent enhancements to our platform are more essential to establishing and maintaining our technology leadership position. See the section titled "Risk Factors—Risks Related to Our Intellectual Property" for a discussion of the risks associated with our intellectual property.

Our Secret Sauce: The C3.ai Model-Driven Architecture

Over the last four decades, the information technology industry has grown from about $120 billion globally in 1980 to more than $2 trillion today. During this time, the IT industry has experienced the transition from mainframe computing to minicomputers, to personal computing, to internet computing, and to handheld computing. The software industry has transitioned from custom applications based on mainframe standards such as MVS, VSAM, and ISAM, to applications developed on a relational database foundation, to enterprise application software, to SaaS and mobile apps, and now to the AI-enabled enterprise. The internet and the iPhone changed everything.

Each of these transitions represented a replacement market for its predecessor. Each delivered dramatic benefits in productivity. Each offered organizations the opportunity to gain competitive advantage. Companies that failed to take advantage of each new generation of technology ceased to be competitive. Today it is unimaginable that a major global corporation would try to close its books without an enterprise resource planning system or run its business solely on mainframe computers.

The IT industry is now undergoing another major transition. A new generation of 21st century technologies—including elastic cloud computing, the IoT, and AI—is driving digital transformation across industry, commerce, and government globally. Digital transformation presents a number of unique requirements that create the need for an entirely new software technology stack. The requirements are daunting.

Enterprise AI applications require a new digital transformation software stack. The traditional approach to developing AI and IoT enterprise software—i.e., using structured programming to build applications by assembling and integrating various open source components and cloud services—can be slow, costly, and ineffective. Based on experience and expertise, we believe that Enterprise-scale AI and IoT applications generally share a set of demanding requirements as described in greater detail below.

Requirements of the Model-Driven Architecture

To develop an effective Enterprise AI application, it is necessary to aggregate data from a variety of enterprise information systems, suppliers, distributors, markets, products in customer use, and sensor networks, in order to provide a view of the extended enterprise.

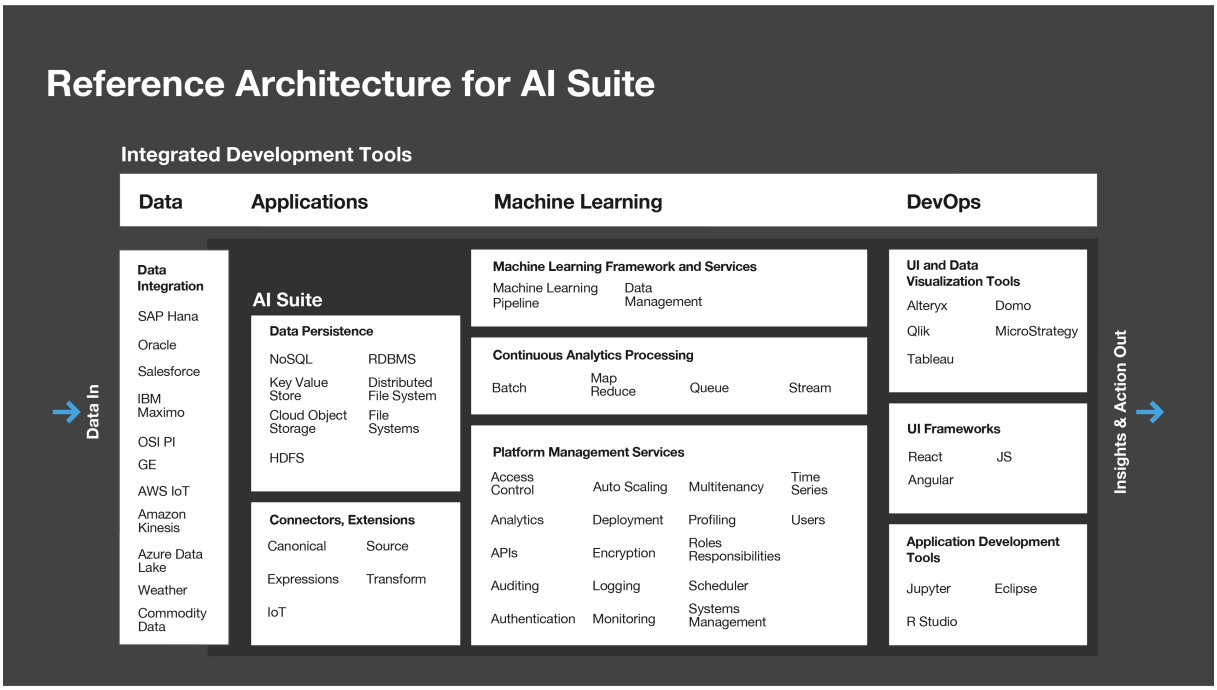
Today's data velocities are dramatic, requiring the ability to ingest and aggregate data from hundreds of millions of endpoints at very high frequency, sometimes exceeding 1,000 Hz cycles. The data need to be processed at the rate they arrive, in a highly secure and resilient system that addresses persistence, event processing, machine learning, and visualization. This requires massively horizontally scalable elastic distributed processing capability offered only by modern cloud platforms and supercomputer systems.

The resultant data persistence requirements are staggering. These data sets rapidly aggregate into hundreds of petabytes, even exabytes. Each data type needs to be stored in an appropriate database capable of handling these volumes at high frequency. Relational databases, key-value stores, graph databases, distributed file systems, and blobs are all important to organizing and linking data across these divergent technologies.

Reference AI Software Platform

The problems that have to be addressed to enable today's AI and IoT applications are nontrivial. Massively parallel elastic computing and storage capacity are prerequisite. These services are provided today at increasingly low cost by AWS, Azure, and others. The elastic cloud is a major breakthrough that has dramatically transformed modern computing. In addition to the cloud, multiple data services are necessary to develop, provision, and operate AI and IoT applications.

The array of capabilities and services necessary for building and operating AI and IoT applications at scale represents a development problem on the order of magnitude of a relatively simple enterprise software application such as CRM. This is not a trivial problem. Consider just a few of these requirements.



- *Data Integration.* This problem has haunted the computing industry for decades. Prerequisite to machine learning and AI at industrial scale is the availability of a unified, federated image of all the data contained in the multitude of (1) enterprise information systems—ERP, CRM, SCADA, HR, MRP—typically thousands of systems in each large enterprise; (2) sensor IoT networks—SIM chips, smart meters, programmable logic arrays, machine telemetry, bioinformatics; and (3) relevant extraprise data—weather, terrain, satellite imagery, social media, biometrics, trade data, pricing, market data, etc.

- *Data Persistence.* The data aggregated and processed includes every type of structured and unstructured data imaginable. Personally identifiable information, census data, images, text, video, telemetry, voice, network topologies. There is no "one size fits all" database that is optimized for all of these data types. This results in the need for a multiplicity of database technologies including but not limited to relational, NoSQL, key-value stores, distributed file systems, graph databases, and blobs.

- *Platform Services.* A myriad of sophisticated platform services are necessary for any Enterprise AI or IoT application. Examples include access control, data encryption in motion, encryption at rest, ETL, queuing, pipeline management, autoscaling, multitenancy, authentication, authorization, cybersecurity, time-series services, normalization, data privacy, GDPR privacy compliance, NERC-CIP compliance, and SOC2 compliance.

- *Analytics Processing.* The volumes and velocity of data acquisition in such systems are blinding and the types of data and analytics requirements are highly divergent, requiring a range of analytics processing services. These include continuous analytics processing, MapReduce, batch processing, stream processing, and recursive processing.

- *Machine Learning Services.* The whole point of these systems is to enable data scientists to develop and deploy machine learning models. There is a range of tools necessary to enable that, including Jupyter Notebooks, Python, DIGITS, R, and Scala. Increasingly important is an extensible curation of machine learning libraries such as TensorFlow, Caffe, Torch, Amazon Machine Learning, and AzureML. An effective AI and IoT platform needs to support them all.

- *Data Visualization Tools.* Any viable AI architecture needs to enable a rich and varied set of data visualization tools including Excel, Tableau, Qlik, Spotfire, Oracle BI, Business Objects, Domo, Alteryx, and others.

- *Developer Tools and UI Frameworks.* An organization's IT development and data science teams each have adopted and become comfortable with a set of application development frameworks and user interface development tools. An AI and IoT platform must support all of these tools—including, for example, the Eclipse IDE, VI, Visual Studio, React, Angular, R Studio, and Jupyter—or it will be rejected as unusable by the IT development teams.

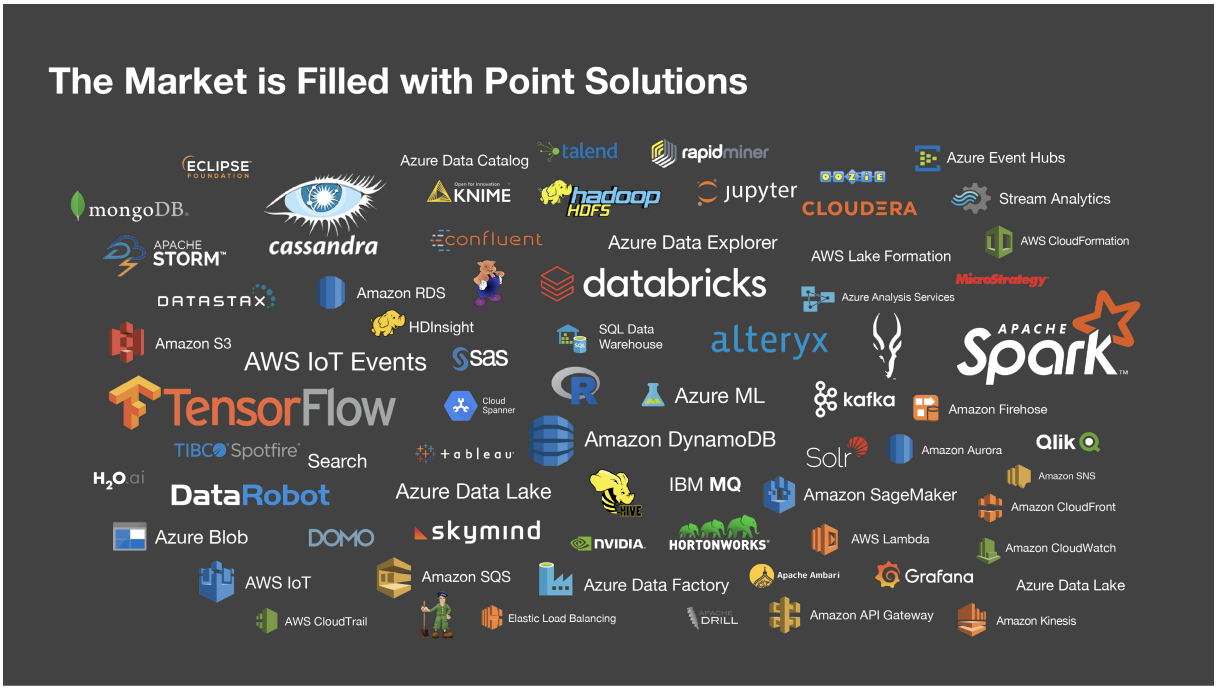
- *Open, Extensible, Future-Proof.* The current pace of software and algorithm innovation is accelerating. The techniques used today will likely be obsolete in five to 10 years. An AI and IoT platform architecture must therefore provide the capability to replace any components with their next-generation improvements. Moreover, the platform must enable the incorporation of any new open source or proprietary software innovations without adversely affecting the functionality or performance of an organization's existing applications. This is a level-zero requirement.

To meet this extensive set of requirements, C3.ai has spent the last decade and invested nearly $800 million researching and refining these requirements, and in developing and enhancing the C3 AI Suite to address these requirements. The C3 AI Suite has been refined, tested, and proven in some of the most demanding industries and production environments—electric utilities, manufacturing, oil and gas, and defense—comprising petabyte-scale datasets from thousands of vastly disparate source systems, massive volumes of high-frequency time series data from millions of devices, and hundreds of thousands of machine learning models.

Awash in "AI Platforms"

Industry analysts estimate that organizations will invest $170 billion annually in digital transformation software by 2024. According to a leading consulting firm, companies will generate $13 trillion annually in added value from the use of these new technologies. This is the fastest-growing enterprise software market in history and represents an entire replacement market for enterprise application software.

Today the market is awash in "AI Platforms" that purport to be solutions sufficient to design, develop, provision, and operate Enterprise AI applications, including Cassandra, Cloudera, DataStax, AWS IoT, and Hadoop. AWS, Azure, IBM, and Google, each of which offer an elastic cloud computing platform. In addition, each offers an increasingly innovative library of microservices that can be used for data aggregation, ETL, queuing, data streaming, MapReduce, continuous analytics processing, machine learning services, data visualization, etc. They all appear to do the same thing and they all appear to provide a complete AI platform. While these products are useful, we believe that none offers the scope of utility necessary and sufficient to develop and operate an Enterprise AI or IoT application.



Consider Cassandra, for example. It is a key-value data store, a special-purpose database that is particularly useful for storing and retrieving longitudinal data, like telemetry. For that purpose, it is an effective product. But that functionality represents only a small fraction of the required solution. Likewise, HDFS is a distributed file system, useful for storing unstructured data. TensorFlow, a set of math libraries published by Google, is useful in enabling certain types of machine learning models. AWS IoT is a utility for gathering data from machine-readable IoT sensors. The point is: these utilities are all useful, but we believe none is sufficient by itself. Each addresses only a part of the problem required to develop and deploy an AI or IoT application.

Moreover, our experience is that these utilities are written in different languages, with different computational models and potentially incompatible data structures, developed by programmers of varying levels of experience and training from a variety of sources, rather than being designed from the start to work together. In our experience, few, if any, were written to commercial programming standards necessary to meet the requirements of an enterprise-scale deployment. Many of these efforts have ultimately been contributed to the open source community, which includes a growing collection of hundreds of computer source code programs available for anyone to download, modify at will, and use at no cost, rather than being deployed as enterprise-scale commercial solutions.

“Do It Yourself” AI?

Software innovation cycles follow a typical pattern. Early in the cycle, companies often take a “do it yourself” approach and try building the new technology themselves. In the 1980s, for example, when Oracle first introduced relational database management system, or RDBMS, software to the market, interest was high. In our experience, RDBMS technology offered dramatic cost economies and productivity gains in application development and maintenance. We believe it proved an enabling technology for the next generation of enterprise applications that followed, including material requirements planning, or MRP, enterprise resource planning, or ERP, customer relationship management, or CRM, manufacturing automation, and others.

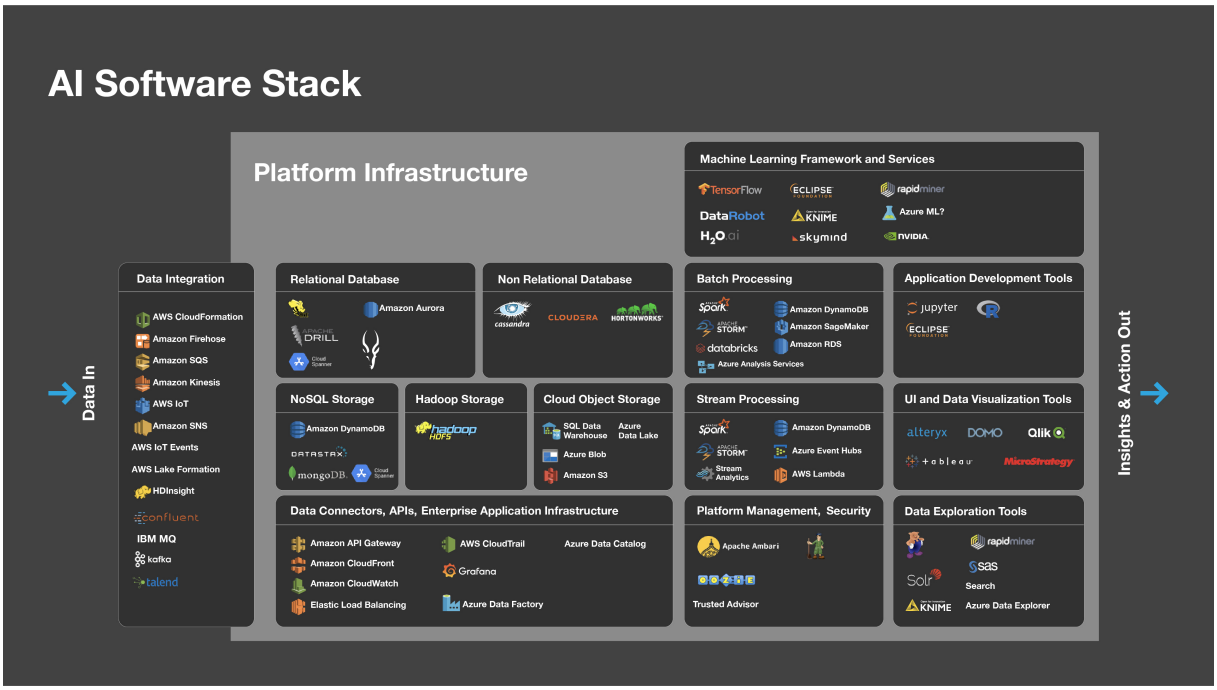
The early competitors in the RDBMS market included Oracle, IBM (DB2), Relational Technology (Ingres), and Sperry (Mapper). But the primary competitor to Oracle was not any of these companies. In our experience, it was in many cases the CIO, who attempted to build the organization’s own RDBMS with IT personnel, offshore personnel, or the help of a systems integrator. When those efforts failed, the CIO was replaced and the organization installed a commercial RDBMS.

When enterprise applications including ERP and CRM were introduced to the market in the 1990s, the primary competitors included Oracle, SAP, and Siebel Systems. But in the early years of that innovation cycle, many CIOs attempted

to develop these complex enterprise applications internally. Hundreds of person-years and hundreds of millions of dollars were spent on those projects. A few years later, a new CIO would install a working commercial system.

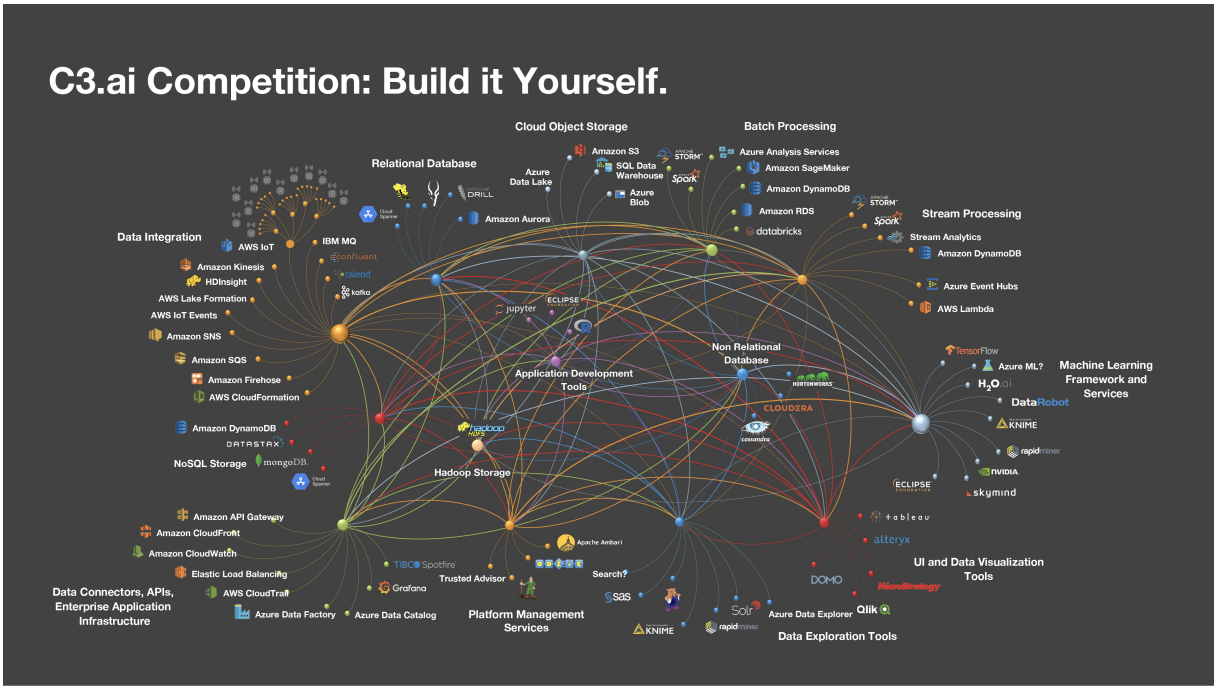
In our experience, some of the most technologically astute companies—including Hewlett-Packard, IBM, Microsoft, and Compaq—repeatedly failed at internally developed CRM projects. All ultimately became successful Siebel Systems CRM customers.

Just as happened with the introduction of RDBMS, ERP, and CRM software in prior innovation cycles, the initial reaction of many IT organizations is to try to internally develop a general-purpose AI and IoT platform, using open source software with a combination of microservices from cloud providers like AWS and Google. The process starts by taking some subset of the myriad of proprietary and open source solutions and organizing them into a platform architecture.



The next step is to assemble hundreds to thousands of programmers, frequently distributed around the world, using structured programming and application programming interfaces, or APIs, to attempt to stitch these various programs, data sources, sensors, machine learning models, development tools, and user interface paradigms together into a unified, functional, seamless whole that will enable the organization to excel at designing, developing, provisioning, and deploying numerous enterprise scale AI and IoT applications.

The complexity of such a system is much greater than developing a CRM or ERP system.



There are a number of problems with this approach:

- *Complexity.* Using structured programming, the number of software API connections that one needs to establish, harden, test, and verify for a complex system can, in our estimation, approach the order of 10^{13}. The developers of the system need to individually and collectively grasp that level of complexity to get it to work. We believe the number of programmers capable of dealing with that level of complexity is quite small.

  Aside from the platform developers, the application developers and data scientists also need to understand the complexity of the architecture and all the underlying data and process dependencies in order to develop any application.

- *Brittleness.* Spaghetti-code applications of this nature are highly dependent upon each and every component working properly. If one developer introduces a bug into any one of the open source components, all applications developed with that platform may cease to function.

- *Future Proof.* As new libraries, faster databases, and new machine learning techniques become available, those new utilities need to be available within the platform. Consequently, every application that was built on the platform will likely need to be reprogrammed in order to function correctly. This may take months to years.

- *Data Integration.* An integrated, federated common object data model is absolutely necessary for this application domain. Using this type of structured programming, API-driven architecture may require hundreds of person-years to develop an integrated data model for any large corporation. This is the primary reason why tens to hundreds of millions of dollars get spent, and several years later, no applications are deployed. The Fortune 500 is littered with such disaster stories.

The Gordian Knot of Structured Programming

Structured programming is a technique introduced in the mid-1960s to simplify code development, testing, and maintenance. Prior to structured programming, software was written in large monolithic tomes replete with APIs and “go-to” statements. The resultant product might consist of millions of lines of code with thousands of such APIs and go-to statements that were difficult to develop, understand, debug, and maintain.

The essential idea of structured programming was to break the code into a relatively simple “main routine” and then use something called an application programming interface to call subroutines that were designed to be modular and reusable.

Example subroutines might provide services like complete a ballistics calculation, or a fast Fourier transform, a linear regression, an average, a sum, or a mean. Structured programming remains the state of the art for many applications today, and has dramatically simplified the process of developing and maintaining computer code.

While this technique is appropriate for many classes of applications, it breaks down with the complexity and scale of the requirements for a modern AI or IoT application, resulting in a Gordian knot.

Cloud Vendor Tools

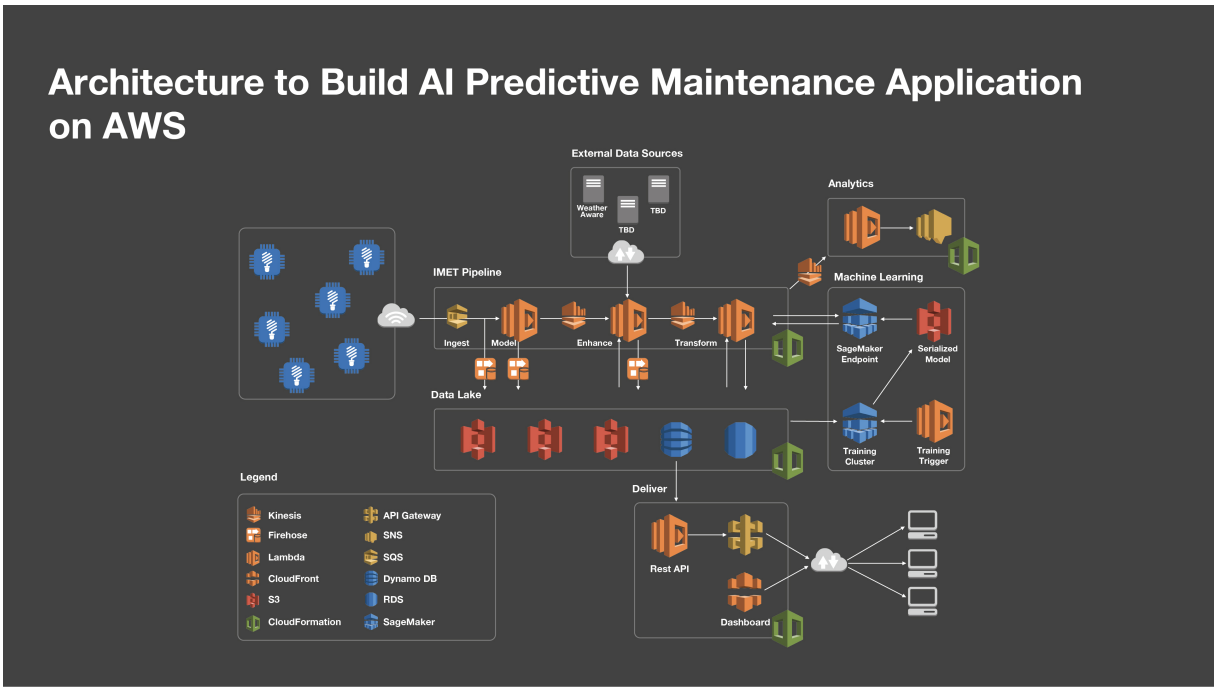
An alternative to the open source cluster is to attempt to assemble the various services and microservices offered by the cloud providers into a working seamless and cohesive Enterprise AI and IoT platform. Leading vendors like AWS are developing increasingly useful services and microservices that in many cases replicate the functionality of the open source providers and in many cases provide new and unique functionality. The advantage of this approach over open source is that these products are developed, tested, and quality assured by highly professional enterprise engineering organizations. In addition, these services were generally designed and developed with the specific purpose that they would work together and interact in a common system. The same points hold true for Azure, Google, and IBM.

The problem with this approach is that because these systems lack a model-driven architecture like that of the C3 AI Suite, described in the following section, programmers still need to employ structured programming to stitch together the various services. This results in the same type of complexity previously described—many lines of spaghetti code and numerous interdependencies that create brittle applications that are difficult and costly to maintain.

The difference between using structured programming with cloud vendor services and using the model-driven architecture of the C3 AI Suite is dramatic. To demonstrate this stark difference, C3.ai commissioned a third-party consultancy to develop an AI predictive maintenance application designed to run on the AWS cloud platform. The consultancy—a Premier AWS Consulting Partner, with significant experience developing enterprise applications on AWS for Fortune 2000 customers—was asked to develop the application using two different approaches: the C3 AI Suite and structured programming.

The time to develop and deploy this application was approximately 120 person-days at a cost in 2019 dollars of approximately $458,000. The effort required writing 16,000 lines of code that must be maintained over the life of the application. The resulting application runs only on AWS. To run this application on Google or Azure, it may have to be completely rebuilt for each of those platforms at a similar cost, time, and coding effort. Similarly, to develop an AI predictive

maintenance application designed to run on Microsoft Azure required writing 3,047 lines of code that must be maintained over the life of the application.



By contrast, using the C3 AI Suite with its modern model-driven architecture, the same application, employing the same AWS services, was developed and tested in five person-days at a cost of approximately $19,000. Only 14 lines of code were generated, dramatically decreasing the lifetime cost of maintenance. Moreover, the application will run on any cloud platform without modification, eliminating any additional effort and cost of refactoring the application if moving it to a different cloud vendor.

C3 AI Suite: Model-Driven Architecture

The notion of a model-driven architecture was developed at the beginning of the 21st century in response to the growing complexity of enterprise application development requirements. Model-driven architecture provides the knife to cut the Gordian knot of structured programming for highly complex problems. The C3 AI Suite is designed and built with a model-driven architecture.

Central to a model-driven architecture is the concept of a “model” that serves as an abstraction layer to simplify the programming problem. Using models, the programmer or application developer does not have to be concerned with all the data types, data interconnections, and processes that act on the data associated with any given entity, e.g., customer, tractor, doctor, or fuel type. He or she simply needs to address the model for any given entity—e.g., customer—and all the underlying data, data interrelationships, pointers, APIs, associations, connections, and processes associated with or used to manipulate those data are abstracted in the model itself.

Using the C3 AI Suite and its model-driven architecture, virtually anything can be represented as a model—even, for example, applications, including databases, natural language processing engines, and image recognition systems. Models also support a concept called inheritance. An AI application built with the C3 AI Suite might include a model called relational database, that in turn serves as a placeholder that might incorporate any relational database system like Oracle, Postgres, Aurora, Spanner, or SQL Server. A key-value store model might contain Cassandra, HBase, Cosmos DB, or DynamoDB.

C3.ai Reduces Complexity, Simplifies Development

With its model-driven architecture, the C3 AI Suite provides an abstraction layer and semantics to represent the application. This frees the programmer from having to worry about data mapping, API syntax, and the mechanics of the myriad of computational processes like ETL, queuing, pipeline management, encryption, etc.

The optimal design for an object model to address AI and IoT applications uses abstract models as placeholders to which a programmer can link an appropriate application. The relational database model might link to Postgres. A report writer model might link to MicroStrategy. A data visualization model might link to Tableau. And so on. A powerful feature of a model-driven architecture is that as new open source or proprietary solutions become available, the object model library can simply be extended to incorporate that new feature.

Another important capability of the C3 AI Suite enabled by its model-driven architecture is that the applications developed on the platform are future-proofed: due to the modular nature of the model-driven architecture, new, upgraded, or enhanced services can be easily integrated with the C3 AI Suite. Suppose, for example, that an organization developed all its applications initially using Oracle as the relational database and then later decided to switch to an alternate RDBMS. The only modification required is to change the link in the RDBMS meta-model to point to the new RDBMS. All the applications deployed previously using Oracle as the RDBMS will continue to run without modification after that replacement. This enables organizations to immediately and easily take advantage of new and improved product offerings as they become available.

Platform Independence: Multi-Cloud and Polyglot Cloud Deployment

The rate of cloud computing adoption in recent years has been dramatic and continues to accelerate. As recently as 2011, the message delivered by chief executive officers and corporate leadership worldwide was clear: “Our data will never reside in the public cloud.” The message today is equally clear: “We have a cloud-first strategy. All new applications are being deployed in the cloud. Existing applications will be migrating to the cloud. But understand, we have a multi-cloud strategy.”

This 180-degree turn at global scale in the span of a few years is remarkable. But while corporate leaders are eagerly embracing the cloud, they are also very concerned about cloud vendor lock-in. They want to be able to continually negotiate. They want to deploy different applications in clouds from different vendors, and they want to be free to move applications from one cloud vendor to another.

Multi-cloud deployment is therefore an additional requirement of a modern model-driven software platform that is fully supported by the C3 AI Suite. Applications developed with the C3 AI Suite can run without modification on any cloud and on bare metal behind the firewall in a hybrid cloud environment.

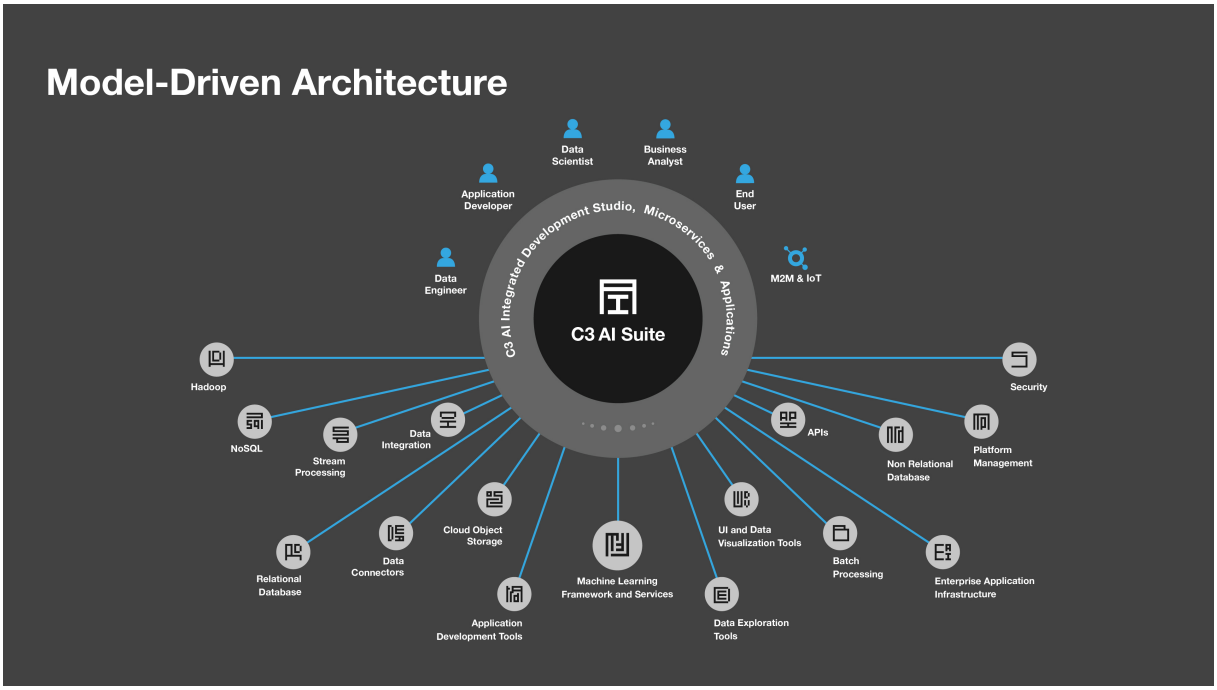
A final requirement for the new AI technology stack—that the C3 AI Suite delivers—is polyglot cloud deployment capability: the ability to mix various services from multiple cloud providers and to easily swap and replace those services. The cloud vendors provide the market a great service by enabling instant access to virtually unlimited horizontally scalable computing capacity and effectively infinite storage capacity at exceptionally low cost. As the cloud vendors aggressively compete with one another on price, the cost of cloud computing and storage is consistently decreasing.

A second important service cloud vendors provide is rapid innovation of microservices. Microservices like TensorFlow from Google accelerate machine learning. Amazon Forecast facilitates deep learning for time-series data. Azure Stream Analytics integrates with Azure IoT Hub and Azure IoT Suite to enable powerful real-time analytics of IoT sensor data. It seems not a week goes by without another announcement of yet another useful microservice from AWS, Azure, Google, and IBM.

C3 AI Suite: A Tested, Proven, and Patented AI Suite

The model-driven approach to developing Enterprise AI and IoT applications using the C3 AI Suite has been tested and proven in dozens of large-scale, real-world deployments at some of the world’s largest organizations.

The C3 AI Suite provides a powerful platform enabling these and other leading organizations to develop and operate Enterprise AI and IoT applications at scale, with a fraction of the effort and resources required by other approaches. Applications built with the C3 AI Suite are flexible, easily upgraded, and can be ported across different cloud platforms with little or no modification, providing a solution that future-proofs customers’ investment in Enterprise AI and IoT application development.



Competition

Our primary competition is largely do-it-yourself, custom-developed, company-specific AI platforms and applications. These tend to be very costly complex software engineering projects, often fail, and, if at all successful, usually require many years to realize economic return. Most of our customers have tried and failed at one or more such bespoke development efforts, sometimes at great expense, before turning to C3.ai for their AI solution.

We are unaware of any end-to-end AI development platforms that are directly competitive with the C3 AI Suite. The commercial product offerings that were formerly positioned as functionally equivalent to C3.ai were GE Predix and IBM Watson, both multi-billion dollar software engineering efforts backed by massive promotional campaigns; however, we no longer encounter them in competitive situations.

Our primary competition comes from IT organizations that attempt to custom develop bespoke AI application development and runtime platforms. Such efforts usually involve the integration of internally developed tools, open source solutions, and point solutions offered by independent software vendors, and/or components offered in the AWS, Azure, or Google cloud platforms. Frequently these efforts will be managed as professional service projects by organizations like Accenture or Lockheed Martin. We have found that these efforts are often costly, time consuming, and not always fully successful.

Sales Alliances

Strategic partnerships are core to our growth strategy with market-leading companies offering highly leveraged distribution channels to various markets.

- *Baker Hughes: Oil, Gas, and Chemicals.* In 2019, we a formed a strategic alliance with Baker Hughes, a $24 billion oil and gas services company. Under the terms of this alliance, Baker Hughes has standardized on C3.ai for all internal use AI applications. In addition, we are jointly marketing and selling a range of Enterprise AI solutions to address the entire value of upstream, mid-stream, and downstream activity under the BHC3.ai brand to oil and gas companies globally with the active engagement of Baker Hughes, which has a 12,000-person sales organization.

- *Fidelity National Information Systems (FIS): Financial Services.* In September 2020, we entered into a strategic alliance with FIS, a $10.3 billion technology provider to the global financial services industry whose systems process 75 billion transactions per year worth $9 trillion. This alliance brings together the extensive financial services domain expertise of FIS with C3.ai's AI expertise to market and deploy the C3 AI Suite and C3 AI

Applications, including C3 AI Anti-Money Laundering and C3 AI Securities Lending Optimization, into financial services businesses. FIS will also utilize the C3 AI Suite to develop AI applications.

- *AWS, IBM, Intel, and Microsoft.* In addition, we have announced global alliances with AWS, IBM, Intel, and Microsoft to jointly market, sell, and service our combined offerings across industry verticals.

In the majority of our sales opportunities we are aligned with one or more of these partners.

New AI CRM Offering

In October 2020, we entered into a partnership with Microsoft and Adobe to bring to market C3 AI CRM powered by Microsoft Dynamics 365 and Adobe Experience Cloud, a new generation of AI-enabled, industry-specific CRM solutions.

The C3 AI CRM product family will include sales, marketing, and customer service functionality. The products will be available in vertical market-specific offerings specifically designed to meet the needs of industries such as financial services, healthcare, telecommunications, oil and gas, manufacturing, utilities, aerospace, automotive, public sector, defense, and intelligence. The C3 AI CRM solutions will be sold through a variety of channels, and through our distribution partner network, including Baker Hughes and Microsoft.

CRM has grown to a $63 billion software market today. We are confident that AI-enablement will be a fundamental requirement of the CRM market in the coming decade. We are assembling the product, plan, personnel, and partnerships around the C3 AI CRM product family with the goal of establishing a leadership position in that segment of the CRM market.

Thought Leadership

Our CEO, Tom Siebel, and our Chief Technology Officer, Ed Abbo, are recognized leaders in information technology, facilitating broad market validation by media, analysts, and industry groups. Their decades of technology leadership in enterprise software position them well to engage strategically with the executive leadership of leading corporations and government entities.

We have launched a communications strategy with the objective of establishing thought leadership in Enterprise AI and Digital Transformation. We believe our CEO's bestselling book, *Digital Transformation: Survive and Thrive in an Era of Mass Extinction*, has contributed to this effort. Digital Transformation is soon to be released for publication in French, Chinese, Russian, and Korean.

We will continue to expand our thought leadership in AI through ongoing publications, industry conferences, advertising, keynote speeches, media interviews, television appearances, blog posts, and contributed articles.

Growth Strategy

We are substantially investing in the expansion of our direct enterprise sales and service organization both geographically and across vertical markets to expand the use of C3.ai solutions within existing customers and establish new customer relationships.

We are growing a middle market sales organization to address the needs of divisions of large organizations in addition to small and medium businesses.

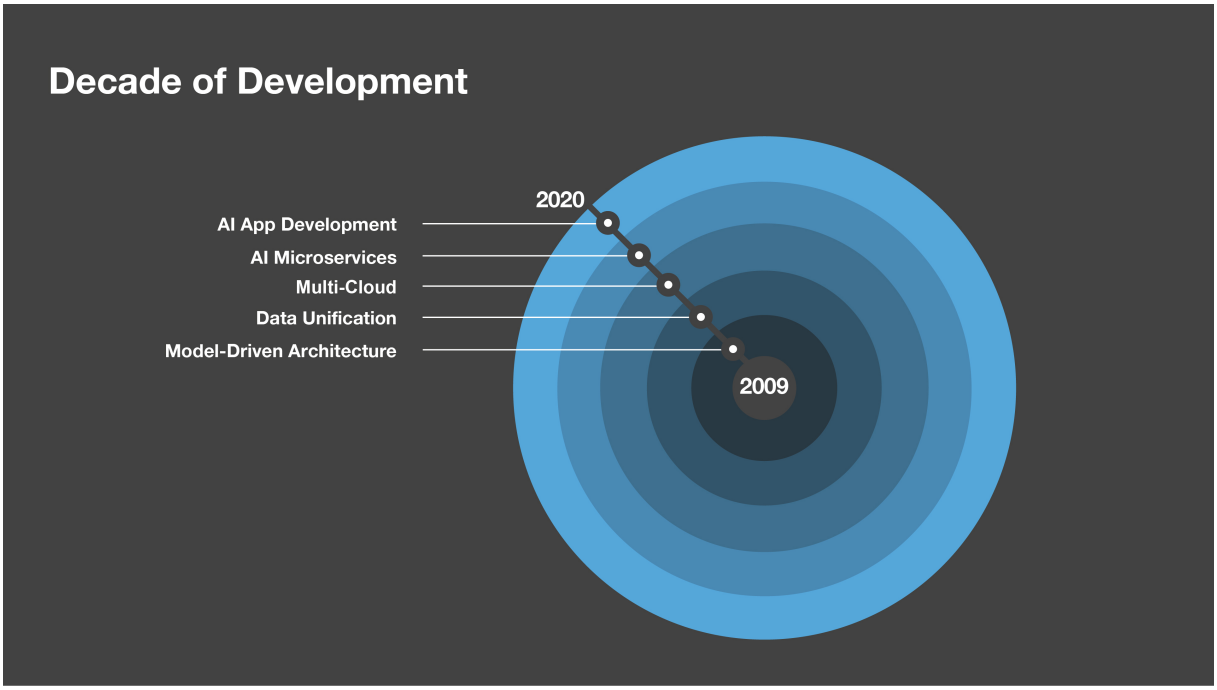
We will expand our leveraged distribution channel with additional distribution partners.

We will continue to develop high volume distribution channels including digital marketing, telesales, and strategic distributors, particularly to address the needs of small and medium businesses.

We are bringing new product families to market, such as C3 AI CRM powered by Microsoft Dynamics 365 and Adobe Experience Cloud, that we believe will develop into substantial recurring revenue streams for C3.ai.

We expect to form additional strategic development and distribution agreements, like those we have in place with Microsoft and Baker Hughes, that we expect will provide us highly leveraged access to other vertical and horizontal markets.

We continue to invest heavily in research and development (41% of our revenue in fiscal year 2020) to maintain technology leadership. Our product roadmap includes a wide range of new functions and products to be released in the coming years that we expect to contribute to revenue growth with both new and existing customers.



University Relations: C3.ai Digital Transformation Institute

Established in February 2020, the C3.ai Digital Transformation Institute, or C3.ai DTI, is a research consortium dedicated to accelerating the benefits of artificial intelligence for business, government, and society. C3.ai DTI engages the world's leading scientists to conduct research and train practitioners in the new Science of Digital Transformation, which operates at the intersection of artificial intelligence, machine learning, cloud computing, internet of things, big data analytics, organizational behavior, public policy, and ethics.

The nine C3.ai DTI consortium member universities and laboratories are: University of Illinois at Urbana-Champaign, or UIUC, University of California, Berkeley, Carnegie Mellon University, Lawrence Berkeley National Laboratory, Massachusetts Institute of Technology, National Center for Supercomputing Applications, or NCSA, at UIUC, Princeton University, Stanford University, and the University of Chicago. Industry partners include C3.ai and Microsoft. To support C3.ai DTI, C3.ai is providing C3.ai DTI $57,250,000 in cash contributions over the first five years of operation. C3.ai and Microsoft will contribute an additional in-kind support, including use of the C3 AI Suite and Azure computing, storage, and technical resources to support C3.ai DTI research.

The goal of C3.ai DTI is to develop the field of Digital Transformation Science by leveraging laboratory and research facilities at UC Berkeley, UIUC, and consortium institutions. C3.ai DTI forms dynamic teams of the world's best researchers to interact with faculty and students to advance AI techniques for industrial, commercial, and public sector applications. At the heart of C3.ai DTI is a constant flow of new ideas and expertise provided by ongoing research, visiting scholars and research scientists, and educational programs. This rich ecosystem focuses on addressing some of the complex issues inherent in the digital transformation of society and developing the new Science of Digital Transformation. C3.ai DTI focuses research on the intersection of artificial intelligence, machine learning, internet of things, cloud computing, big data analytics, organizational behavior, public policy, and ethics.

Specifically, C3.ai DTI supports the development of machine learning algorithms, data security, and cybersecurity techniques to address and advance solutions related to predictive analytics, resilient operation under faults and cyberattack, and assured system security. C3.ai DTI research is engaged in analyzing new business operation models, developing methods for organizational change management, developing advanced methods of protecting privacy, and advancing dialog related to the ethical implications of AI. Central to C3.ai DTI's research is the development and validation of algorithms and designs that can dramatically affect societal systems.

In addition to contributing to the public good, C3.ai DTI exposes the capabilities of our AI Suite and AI Applications to potentially thousands of researchers, undergraduates, and graduate students at these world-renowned institutions. This helps to further build the community of C3.ai users and to establish C3.ai as the standard for developing and deploying large-scale Enterprise AI applications to solve the world's hardest problems.

C3.ai DTI Research Award Program

Through a Call for Research Proposals managed by UC Berkeley and UIUC, C3.ai DTI annually awards up to 26 grants, ranging from $100,000 to $500,000 and for 12 months in duration. In addition to the grants, C3.ai DTI provides recipients with significant cloud computing, supercomputing, data, and software resources. This includes unlimited use of the C3 AI Suite, free access to Azure, and access to the NCSA Blue Waters supercomputer at UIUC and the NERSC Perlmutter supercomputer at Lawrence Berkeley National Laboratory. Multidisciplinary and multi-institution projects are favored. Recipients are encouraged to conduct breakthrough research and to pursue and establish larger research projects with federal and other funding sources. Award recipients disseminate the results of their research during the award period, and all research results, methods, and algorithms, including algorithms and software from their research, are made available in the public domain (non-exclusive, royalty-free).

C3.ai DTI has initially funded 26 research projects to develop new AI techniques to address the challenges of the COVID-19 pandemic.

C3.ai DTI Visiting Scholars Program

C3.ai DTI Visiting Scholars participate in scholarly activities to promote the Science of Digital Transformation, including conducting research, organizing workshops, and developing curricula. All research results and curriculum development, including methods, algorithms, and software resulting from the collaborative research conducted by C3.ai DTI Visiting Scholars are made freely available in the public domain.

C3.ai DTI Data Analytics Platform

C3.ai DTI hosts an elastic cloud, big data, development, and operating platform, including the C3 AI Suite hosted in an Azure instance, for the purpose of supporting C3.ai DTI research, curriculum development, and classwork. In addition, UC Berkeley and UIUC provide additional cloud computing and storage resources as well as use of the National Energy Research Supercomputer NERSC-9 Perlmutter at Lawrence Berkeley National Laboratory and the NCSA Blue Waters at UIUC. These resources are available to award recipients to conduct research on the development of machine learning algorithms, data security techniques, and cybersecurity methodologies related specifically to AI and IoT. The AI/ML and data analytics platform will also serve as an instructional and research platform for Digital Transformation Science courses.

C3.ai Investment Thesis

Enterprise AI is a huge addressable market.

We have a highly experienced CEO and management team with an established track record of identifying large technology markets in their nascent stage, developing innovative, superior solutions to meet the needs of those markets, assembling and organizing high-performance organizations, and building rapidly growing, financially sound, cash-positive, profitable, professionally managed, market-leading companies that accrue substantial value to customers, employees, partners, and investors.

We have developed a patented Enterprise AI suite enabling the successful digital transformation of leading corporations and government entities. First-mover advantage. Technology leadership. Substantial market eco-system. Recognized Enterprise AI market leadership. A high-performance corporate culture. Focused on excellence in execution.

We are in this for the long run, with the singular focus of establishing and maintaining recognized technology innovation and global market leadership in the Enterprise AI application software market.

Investment Thesis

- Huge Addressable Market
- First-mover Advantage
- Patented Enterprise AI Suite
- Substantial Market Partner Eco-System
- Recognized AI Market Leadership
- Proven Track Record of Success
- Veteran Disciplined Management Team
- High-Performance Corporate Culture
- Excellence in Execution

MANAGEMENT

Executive Officers and Directors

The following table sets forth information for our executive officers and directors and senior advisor as of November 13, 2020:

Name	Age	Position
Executive Officers		
Thomas M. Siebel	67	Chief Executive Officer and Chairman of the Board
David Barter	49	Senior Vice President and Chief Financial Officer
Edward Y. Abbo	55	Chief Technology Officer
Houman Behzadi	42	Chief Product Officer
Bruce Cleveland	61	Senior Vice President and Chief Marketing Officer
Brady Mickelsen	50	Senior Vice President and General Counsel
Non-Employee Directors		
Patricia A. House(2)	66	Director
Richard C. Levin(1)	73	Director
Michael G. McCaffery(1)(3)	67	Lead Independent Director
Condoleezza Rice	65	Director
Nehal Raj	42	Director
S. Shankar Sastry	64	Director
Bruce Sewell(2)(3)	62	Director
Lorenzo Simonelli(1)	47	Director
Stephen M. Ward, Jr.(2)(3)	65	Director
Senior Advisor		
James H. Snabe	55	Senior Advisor to the Chief Executive Officer

(1) Member of the audit committee.
(2) Member of the compensation committee.
(3) Member of the nominating and corporate governance committee.

Executive Officers

Thomas M. Siebel. Mr. Siebel is the founder of our company and has served as the Chairman of our board of directors since January 2009, and as our Chief Executive Officer since July 2011. Prior to founding our company, Mr. Siebel founded and served as the Chief Executive Officer of Siebel Systems, a global CRM software company, from 1993 until it merged with Oracle Corporation in January 2006. Mr. Siebel served in various leadership positions with Oracle Corporation from January 1984 to September 1990. Mr. Siebel currently serves as a member of the College of Engineering boards at the University of Illinois at Urbana-Champaign and the University of California, Berkeley. He was elected a member of the American Academy of Arts and Sciences in April 2013. Mr. Siebel holds a B.A. in History, an M.B.A., and an M.S. in Computer Science, each from the University of Illinois at Urbana-Champaign. He is the author of four books, including most recently the best-selling *Digital Transformation: Survive and Thrive in an Era of Mass Extinction* (RosettaBooks, 2019).

We believe Mr. Siebel is qualified to serve as a member of our board of directors because of his perspective and experience as our founder, as well as his extensive experience with technology companies.

David Barter. Mr. Barter has served as our Chief Financial Officer since October 2020. From May 2017 to October 2020, Mr. Barter served as Senior Vice President and Chief Financial Officer of Model N, Inc., a software company. From September 2013 to May 2017, Mr. Barter served as the Vice President of Finance at Guidewire Software, Inc., a provider of software solutions to the insurance industry. From October 2005 to September 2013, Mr. Barter held several senior leadership positions with Microsoft Corporation, including as the Chief Financial Officer of the Microsoft Financing division. Mr.

Barter holds a B.A. in Finance and Philosophy from the University of Notre Dame and an M.B.A from Northwestern University, Kellogg School of Management.

Edward Y. Abbo. Mr. Abbo has served as our Chief Technology Officer since July 2011. He previously served as our Chief Executive Officer from September 2009 to July 2011 and a member of our board of directors from August 2009 to November 2020. Prior to joining us, Mr. Abbo served as Senior Vice President of Engineering and Chief Technology Officer for Siebel Systems from July 1994 until it merged with Oracle Corporation in January 2006, and Senior Vice President of Oracle Corporation from January 2006 to July 2009. Mr. Abbo holds a B.S. in Mechanical and Aerospace Engineering from Princeton University and an M.S. in Mechanical Engineering from the Massachusetts Institute of Technology.

Houman Behzadi. Mr. Behzadi has served as our Chief Product Officer since October 2016. Mr. Behzadi previously served as our Senior Vice President and Chief Product Officer from October 2016 to July 2020, our Senior Vice President of Products and Engineering from July 2012 to October 2016, and our Vice President of Engineering from January 2010 to July 2012. Prior to joining us, Mr. Behzadi held various leadership roles with Siebel Systems from January 2001 until it merged with Oracle Corporation in January 2006, and then served as Director, Application Development at Oracle Corporation from January 2006 to January 2010. Mr. Behzadi holds a B.A. in Economics from the University of California, Santa Barbara.

Bruce Cleveland. Mr. Cleveland has served as our Senior Vice President and Chief Marketing Officer since November 2019. Mr. Cleveland previously served as an Advisor to our company from January 2009 to November 2019. From January 2016 to November 2019, Mr. Cleveland served as a General Partner of Wildcat Venture Partners, an early-stage venture capital firm. From June 2006 to December 2015, Mr. Cleveland served as Venture Partner and then a General Partner for InterWest Partners, a diversified venture capital firm. Mr. Cleveland held various leadership roles, including Senior Vice President and General Manager of Marketing, with Siebel Systems from April 1996 until it merged with Oracle Corporation in January 2006. Mr. Cleveland holds a B.S. in Business Administration from California State University, Sacramento.

Brady Mickelsen. Mr. Mickelsen has served as our Senior Vice President and General Counsel since August 2019. Prior to joining us, Mr. Mickelsen was Senior Vice President and Chief Legal Officer for TriNet Group, Inc., a publicly-traded human resources, payroll, and benefits solutions company, from June 2015 to November 2018. From October 2010 to June 2015, Mr. Mickelsen served as a partner at White & Case LLP, a global law firm. From March 2005 to October 2010, Mr. Mickelsen served in the legal department at Oracle Corporation, most recently as Vice President & Associate General Counsel. Mr. Mickelsen holds a B.A. in Public Policy from Stanford University and a J.D. from the University of Chicago Law School.

Non-Employee Directors

Patricia A. House. Ms. House is a co-founder of our company and has served as the Vice Chairman of our board of directors since January 2009. Until it merged with Oracle Corporation in January 2006, Ms. House served as a co-founder of Siebel Systems and held various leadership positions most recently as Executive Vice President. Ms. House has served on the board of directors of The William and Flora Hewlett, Foundation since March 2011 and on the board of directors the Carnegie Endowment for International Peace since October 2010. She also previously served on the board of directors of Levi Strauss & Co from July 2003 until November 2007. Ms. House holds a B.A. in Education from Western Michigan University.

We believe Ms. House is qualified to serve as a member of our board of directors because of her significant knowledge of our company and leadership experience in the technology industry.

Richard C. Levin. Dr. Levin has served as a member of our board of directors since August 2010. From April 2014 until June 2017, Dr. Levin was the Chief Executive Officer of Coursera, an online learning platform company. Prior to his role at Coursera, Dr. Levin served as President of Yale University from July 1993 to June 2013. Dr. Levin is currently a Fellow of the American Academy of Arts and Sciences and the American Philosophical Society and is a former trustee of The William and Flora Hewlett Foundation. Dr. Levin served as a director of American Express Co. from January 2007 to May 2019. Dr. Levin also served as an advisor on President Obama’s Council of Advisors on Science and Technology. Dr. Levin holds a B.A. from Stanford University, a B.Litt. from Oxford University, and a Ph.D. in Economics from Yale University.

We believe Mr. Levin is qualified to serve as a member of our board of directors because of his significant management experience and financial expertise.

Michael G. McCaffery. Mr. McCaffery has served as a member of our board of directors since March 2009. Since December 2005, Mr. McCaffery has served as the Managing Director for Makena Capital Management, an investment

management firm, and was Chief Executive Officer of Makena Capital Management from December 2005 to January 2013. Since February 2015, Mr. McCaffery has also served on the board of directors for NVIDIA Corporation, a technology company. Mr. McCaffery holds a B.A. from the Woodrow Wilson School of Public and International Affairs at Princeton University, a B.A. Honours and an M.A. in Politics, Philosophy and Economics from Merton College at Oxford University as a Rhodes Scholar, and an M.B.A. from Stanford Graduate School of Business.

We believe Mr. McCaffery is qualified to serve as a member of our board of directors because of his extensive market, investment and business expertise in the technology industry.

Nehal Raj. Mr. Raj has served as a member of our board of directors since August 2016. Since July 2006, Mr. Raj has been an investment professional at TPG, a private investment firm, where he is a Partner. Mr. Raj also served on the boards of directors for Domo, Inc., a cloud software company, from March 2014 to September 2019, and Zscaler, Inc., a cloud-based information security company, from July 2015 to January 2020. Mr. Raj also sits on the boards of directors for a number of privately held companies. Mr. Raj holds a B.A. in Economics and an M.S. in Industrial Engineering from Stanford University, and an M.B.A. from Harvard Business School.

We believe Mr. Raj is qualified to serve as a member of our board of directors because of his experience as a director of public technology companies and his background in the venture capital and private equity industry.

Condoleezza Rice. Dr. Rice has served as a member of our board of directors since December 2009. Since September 2020, Dr. Rice has served as the Tad and Dianne Taube Director of the Hoover Institution at Stanford University. In addition, since Dr. Rice has served as the Denning Professor of Global Business and the Economy for the Stanford Graduate School of Business since September 2010. Since March 2009, Dr. Rice has served as the Thomas and Barbara Stephenson Senior Fellow of Public Policy for the Hoover Institution, Stanford University, as a Senior Fellow for the Freeman Spogli Institute for International Studies, Stanford University, and as a Professor of Political Science for Stanford University. Dr. Rice has also served as a partner at RiceHadleyGates LLC, an international strategic consulting firm that Dr. Rice founded, since November 2009. From January 2005 to January 2009, Dr. Rice served as the Secretary of State of the United States of America and from January 2001 to January 2005, Dr. Rice served as Chief National Security Advisor to President George W. Bush. Dr. Rice currently serves on the boards of directors of Dropbox, Inc., a cloud-based file sharing company, and Makena Capital Management, LLC, a private endowment firm. Dr. Rice holds a Ph.D. in Political Science from the University of Denver, an M.A. in Political Science from the University of Notre Dame, and a B.A. in Political Science from the University of Denver.

We believe Dr. Rice is qualified to serve as a member of our board of directors because of her global business expertise and service on the boards of directors of various public companies.

S. Shankar Sastry. Dr. Sastry has served as a member of our board of directors since January 2009. Dr. Sastry has served in a number of roles with the University of California, Berkeley, including as the Thomas Siebel Professor of Computer Science since January 2019, the director of the Blum Center for Developing Economies since February 2007, and the co-director of the C3 Digital Transformation Institute since March 2020. He also served the Dean and Roy W. Carlson Professor of Engineering from July 2007 to June 2018 and as Chairman, Department of Electrical Engineering and Computer Sciences, University of California, Berkeley from January 2001 through June 2004. From October 2004 to July 2007, Dr. Sastry served the Director of the Center for Information Technology in the Interests of Society, an interdisciplinary center spanning UC Berkeley, Davis, Merced and Santa Cruz. From November 1999 to March 2001, he was the Director of the Information Technology Office at the Defense Advanced Research Projects Agency. He was elected to the National Academy of Engineering in 2001 and the American Academy of Arts and Sciences in 2004, and elected as a Fellow of IEEE in 1994, and International Federation of Automatic Control Fellow in 2016. Dr. Sastry received the President of India Gold Medal in 1977, the IBM Faculty Development in 1983, and the NSF U.S. Presidential Young Investigator Award in 1985. In 1990, he received the Eckman Award of the American Automatic Control Council in 1990, and in 2005, he received the Ragazzini Award for Distinguished Accomplishments in teaching. Dr. Sastry also received the distinguished Alumnus Award of the Indian Institute of Technology in 1999, the Distinguished Alumnus of the International House at UC Berkeley, and the David Marr prize for the best paper at the International Conference in Computer Vision in 1999. Dr. Sastry holds a B.Tech. from the Indian Institute of Technology, Bombay and an M.S. in Electrical Engineering and Computer Science, an M.A. in Mathematics and a Ph.D. in Electrical Engineering and Computer Sciences each from the University of California, Berkeley.

We believe Dr. Sastry is qualified to serve as a member of our board of directors because of his significant leadership experience in the engineering and technology industries.

Bruce Sewell. Mr. Sewell has served as a member of our board of directors since May 2017. Mr. Sewell served as the Senior Vice President, General Counsel and Secretary of Apple Inc., a technology company, from September 2009 to December 2017. From October 1996 to September 2009, Mr. Sewell served in various leadership positions with Intel Corporation, including as Senior Vice President, General Counsel from September 2002 to September 2009. Since January 2013, Mr. Sewell has served on the board of directors for Vail Resorts, Inc., a mountain resort company. Mr. Sewell holds a B.S. from Lancaster University (U.K.) and a J.D. from The George Washington University Law School.

We believe Mr. Sewell is qualified to serve as a member of our board of directors because of his significant executive experience in the technology industry.

Lorenzo Simonelli. Mr. Simonelli has served as a member of our board of directors since August 2019. Since October 2017, Mr. Simonelli has served as Chairman of the board of directors for Baker Hughes Company, an energy technology company, and since July 2017, has served as the Director, President, and Chief Executive Officer. From October 2013 to July 2017, Mr. Simonelli served as the President and Chief Executive Officer for GE Oil & Gas. Mr. Simonelli currently serves on the board of CNH Industrial, an industrial equipment company. Mr. Simonelli holds a B.S. in Business and Economics from Cardiff University and a Master Honoris Causa in Chemical Sciences from the University of Florence.

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

Stephen M. Ward, Jr. Mr. Ward has served as a member of our board of directors since January 2009. Mr. Ward served as the Chief Executive Officer for Lenovo Group Limited, the international personal computer company formed by the acquisition of IBM's personal computer division by Lenovo, from April 2005 to January 2006. Prior to that acquisition, Mr. Ward held a number of management positions with IBM from September 1978 to April 2005, including Senior Vice President and General Manager of the Personal Systems and Retail Systems Group from March 2003 to April 2005, General Manager of the Industrial Sector from February 2000 to March 2003, General Manager of the Thinkpad and Mobile division from January 1998 to March 2000 and Chief Information Officer from February 1997 to March 2000. Mr. Ward has also served as a member of the board of directors for Carpenter Technology Corporation, a specialty metals company, since March 2001. From December 2014 until its sale to The Boeing Company in October 2018, Mr. Ward served as a member the board of directors of KLX Inc., an aerospace solutions and supply chain company, and since September 2018, he served as a member of the board of directors of KLX Energy Services Holdings, Inc., an oilfield services company spun out from KLX Inc. Mr. Ward also previously served as a member of the board of directors of E2Open, a supply chain SAS company he co-founded, from January 2001 to March 2015, E-Ink Corporation, a maker of electronic paper displays, from December 2006 to December 2009 and QD Vision, Inc., a nanomaterials product company, from June 2014 until its sale to Samsung in November 2016. Mr. Ward holds a B.S. in Mechanical Engineering from California Polytechnic State University, San Luis Obispo.

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

Senior Advisor

James H. Snabe. Mr. Snabe has served as a senior advisor to the Chief Executive Officer, Mr. Siebel, since September 2020. In his role, Mr. Snabe provides strategic advice and counsel to Mr. Siebel and the executive team and attends meetings of the Board of Directors in an ex officio, non-voting capacity. Mr. Snabe served as Co-Chief Executive Officer of SAP AG, a technology company, from February 2010 to May 2014, and as a member of the SAP AG supervisory board from May 2014 to May 2018. Mr. Snabe currently serves as Chairman of the Supervisory Board of Siemens AG, an industrial technology company and of A.P. Møller – Mærsk A/S, a shipping and transportation company. and also serves as a member of the Supervisory Board of Allianz SE, a financial services company. Mr. Snabe also serves as member of the Board of Trustees of the World Economic Forum, a non-profit organization.

Composition of Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. We currently have 10 directors. Our current directors will continue to serve as directors until their resignation, removal or successor is duly elected.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation that will be in effect upon the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At

each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Thomas M. Siebel, Patricia A. House, Nehal Raj, and S. Shankar Sastry, and their terms will expire at our first annual meeting of stockholders following this offering;
- the Class II directors will be Richard C. Levin, Bruce Sewell, and Lorenzo Simonelli, and their terms will expire at our second annual meeting of stockholders following this offering; and
- the Class III directors will be Michael G. McCaffery, Condoleezza Rice, and Stephen M. Ward, Jr., and their terms will expire at our third annual meeting of stockholders following this offering.

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

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board of directors has determined that each of Mmes. House and Rice and Messrs. Levin, McCaffery, Raj, Sastry, Sewell, Simonelli, and Ward do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the listing standards of the New York Stock Exchange. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares held by each non-employee director and the transactions described in the section titled "Certain Relationships and Related Party Transactions."

Lead Independent Director

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

Committees of Our Board of Directors

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

Audit Committee

Following this offering, our audit committee will consist of Messrs. Levin, McCaffery, and Simonelli. Our board of directors has determined that each member of the audit committee satisfies the independence requirements under the listing standards of the New York Stock Exchange and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee is Mr. McCaffery. Our board of directors has determined that each of Messrs. Levin, McCaffery, and Simonelli is an "audit committee financial expert" within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member's scope of experience and the nature of his employment.

Our Chief Executive Officer, Thomas M. Siebel, will be a non-voting ex officio member of the Audit Committee. He will not have any voting power on audit committee matters nor will he have any role in policy making in regard to audit committee matters.

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

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

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

Compensation Committee

Following this offering, our compensation committee consists of Ms. House and Messrs. Sewell and Ward. The chair of our compensation committee is Mr. Ward. Our board of directors has determined that each member of the compensation committee is independent under the listing standards of the New York Stock Exchange, and a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act.

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

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

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

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Messrs. McCaffery, Sewell, and Ward . The chair of our nominating and corporate governance committee is Mr. Sewell . Our board of directors has determined that each member of the nominating and corporate governance committee is independent under the listing standards of the New York Stock Exchange.

Specific responsibilities of our nominating and corporate governance committee include:

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

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

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Upon the completion of this offering, our code of business conduct and ethics will be available under the Corporate Governance section of our website at C3.ai. In addition, we intend to post on our website all disclosures that are required by law or the listing standards of the New York Stock Exchange concerning any amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

Compensation Committee Interlocks and Insider Participation

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

Director Compensation

During the fiscal year ended April 30, 2020, we did not pay cash compensation to any of our non-employee directors for service on our board of directors. We have reimbursed and will continue to reimburse all of our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

The following table sets forth information regarding the compensation earned or paid to our directors during the fiscal year ended April 30, 2020, other than Thomas M. Siebel, our Chief Executive Officer, who is also a member of our board of

directors but did not receive any additional compensation for service as directors. The compensation of Mr. Siebel as a named executive officer is set forth in the section titled “Executive Compensation—Summary Compensation Table.”

Name	Option Awards ($)(1)(2)	Total ($)
Patricia A. House(3)	689,650	689,650
Richard C. Levin(4)	750,169	750,169
Michael G. McCaffery(5)	951,619	951,619
Condoleezza Rice(6)	732,595	732,595
Nehal Raj	—	—
S. Shankar Sastry(7)	664,353	664,353
Bruce Sewell(8)	492,618	492,618
Lorenzo Simonelli	—	—
Stephen M. Ward, Jr.(9)	951,619	951,619

(1) The amounts disclosed represent the aggregate grant date fair value of the stock options granted under our 2012 Plan, computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officers.

(2) Five percent of the shares subject to the option vest on a quarterly basis over the five-year period following the grant date, provided, however, if the optionholder fails to attend any regularly scheduled meeting of the board of directors during a quarter, then vesting for such quarter shall not occur and will be suspended. If the director satisfies the attendance requirements in subsequent quarters, then any shares which did not vest during prior quarters will vest upon the fifth anniversary of the applicable grant date. Each option also vests in full upon a change of control (as defined in the option agreement with each optionholders).

(3) As of April 30, 2020, Ms. House held options to purchase 815,727 shares of Class A common stock granted during the fiscal year ended April 30, 2020, of which 81,573 shares were exercisable as of such date.

(4) As of April 30, 2020, Mr. Levin held options to purchase 815,727 shares of Class A common stock granted during the fiscal year ended April 30, 2020, of which 81,573 shares were exercisable as of such date.

(5) As of April 30, 2020, Mr. McCaffery held options to purchase 1,223,591 shares of Class A common stock granted during the fiscal year ended April 30, 2020, of which 122,359 shares were exercisable as of such date.

(6) As of April 30, 2020, Ms. Rice held options to purchase 815,727 shares of Class A common stock granted during the fiscal year ended April 30, 2020, of which 81,573 shares were exercisable as of such date.

(7) As of April 30, 2020, Mr. Sastry held options to purchase 815,727 shares of Class A common stock granted during the fiscal year ended April 30, 2020, of which 81,573 shares were exercisable as of such date.

(8) As of April 30, 2020, Mr. Sewell held options to purchase 815,727 shares of Class A common stock granted during the fiscal year ended April 30, 2020, of which 81,573 shares were exercisable as of such date.

(9) As of April 30, 2020, Mr. Ward held options to purchase 1,223,591 shares of Class A common stock granted during the fiscal year ended April 30, 2020, of which 122,359 shares were exercisable as of such date.

EXECUTIVE COMPENSATION

Our named executive officers for the fiscal year ended April 30, 2020, consisting of our principal executive officer and the next two most highly compensated executive officers, were:

- Thomas M. Siebel, our Chief Executive Officer and Chairman of the Board;
- Edward Y. Abbo, our Chief Technology Officer; and
- Houman Behzadi, our Chief Product Officer.

Summary Compensation Table

The following table presents all of the compensation awarded to or earned by or paid to our named executive officers during the fiscal year ended April 30, 2020.

Name and Principal Position	Year	Salary	Bonus	Option Awards(1)	Non-Equity Incentive Plan Compensation	Other Compensation(2)	Total
Thomas M. Siebel, *Chief Executive Officer*	2020	$ 5,676	$ —	$ 10,303,125	$ —	$ —	$ 10,308,801
Edward Y. Abbo, *Chief Technology Officer*	2020	550,000	—	313,697	250,000	6,665,489	7,779,186
Houman Behzadi, *Chief Product Officer*	2020	450,000	—	235,237	250,000	3,557,453	4,492,690

(1) The amounts disclosed represent the aggregate grant date fair value of the stock options granted under our 2012 Plan, computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officers.

(2) The amount disclosed represents the net proceeds paid in connection with the tender offer, as described in the section titled "Certain Relationships and Related Party Transactions—Tender Offer."

Annual Base Salary

The compensation of our named executive officers is generally determined and approved by the compensation committee of our board of directors. The base salaries of each of our executive officers for the fiscal year ended April 30, 2020 are listed in the table below.

Name	Fiscal Year Ended April 30, 2020 Base Salary
Thomas M. Siebel	$ 5,676
Edward Y. Abbo	550,000
Houman Behzadi	450,000

Annual Performance-Based Bonus Opportunity

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

Equity-Based Incentive Awards

Prior to this offering, we have granted stock options to each of our named executive officers pursuant to the Amended and Restated 2012 Equity Incentive Plan, or 2012 Plan, the terms of which are described below under "—Employee Benefit and Stock Plans." All options are granted with a per share exercise price equal to no less than the fair market value of a share of our common stock on the date of the grant of such award.

In June 2019, our compensation committee granted options to purchase 868,422 shares of common stock to Mr. Abbo and 618,422 shares to Mr. Behzadi. Each of the options have an exercise price per share of $0.76. Twenty percent of the shares of common stock subject to such options vest on the one-year anniversary of the grant date, and the remaining 80% of the shares of common stock subject to the option vest in equal monthly installments over four years thereafter, subject to such executive's continuous service with us as of each such vesting date. In addition, each of the options permit early exercise, whereby the optionholder may purchase shares subject to such options prior to vesting, subject to our right to repurchase such shares, lapsing over time in accordance with the vesting schedule of the stock option.

In October 2019, our compensation committee granted options to purchase 32,629,092 shares of common stock to Mr. Siebel. The option has an exercise price per share of $0.78. The shares of common stock subject to such option vest in equal quarterly installments over five years measured from the grant date, subject to Mr. Siebel's continuous service with us as of each such vesting date. In addition, the options permit early exercise, whereby Mr. Siebel may purchase shares subject to such options prior to vesting, subject to our right to repurchase such shares, lapsing over time in accordance with the vesting schedule of the stock option.

In October 2019, Mr. Abbo exercised options granted in January 2014, July 2016 and May 2018 to purchase an aggregate of 778,937 shares of common stock.

Agreements with Our Named Executive Officers

We have entered into offer letter agreements setting forth the terms and conditions of employment for each of our named executive officers, except for Mr. Siebel, as described below. These agreements provide for at-will employment. In addition, each of our named executive officers has executed our standard form of confidential information and inventions assignment agreement.

Thomas M. Siebel

Mr. Siebel's current annual base salary is $5,676.

Edward Y. Abbo

We entered into an offer letter agreement with Mr. Abbo in July 2009, which was amended by an ongoing employment letter agreement that we entered into with Mr. Abbo in August 2011. Mr. Abbo's current annual base salary is $550,000, and he is eligible for a discretionary performance bonus equal to $250,000.

Houman Behzadi

We entered into an offer letter agreement with Mr. Behzadi in January 2010. Mr. Behzadi's current annual base salary is $500,000, and he is eligible for a discretionary performance bonus equal to $250,000.

Potential Payments upon Termination or Change in Control

Each of our named executive officers' stock options are subject to the terms of the 2012 Plan and form of stock option agreement thereunder. A description of the termination and change in control provisions in the 2012 Plan and stock options granted thereunder is provided below under "— Employee Benefit and Stock Plans."

Outstanding Equity Awards at Fiscal Year-End

The following table presents the outstanding equity incentive plan awards held by each named executive officer as of April 30, 2020.

	Option Awards(1)				
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable(2)	Option Exercise Price Per Share(3)	Option Expiration Date
Thomas M. Siebel	11/30/2016(4)	9,000,000	—	$ 0.31	11/29/2026
	11/8/2017(4)	18,000,000	—	0.34	11/7/2027
	11/28/2018(4)	18,000,000	—	0.65	11/27/2028
	10/19/2019(5)	32,629,092	—	0.78	10/18/2029
Edward Y. Abbo	8/13/2012(6)	337,500	—	0.10	8/12/2022
	10/25/2012(6)	96,250	—	0.10	10/24/2022
	1/21/2014(6)	1,857,373	—	0.26	1/20/2024
	7/13/2016(5)	642,858	—	0.28	7/12/2026
	11/30/2016(5)	1,500,000	—	0.31	11/29/2026
	5/23/2018(5)	366,667	—	0.47	5/22/2028
	6/13/2019(5)	1,000,000	—	0.76	6/12/2029
Houman Behzadi	8/13/2012(6)	178,525	—	0.10	8/12/2022
	3/13/2013(6)	816,667	—	0.10	3/12/2023
	1/21/2014(6)	858,335	—	0.26	1/20/2024
	7/13/2016(6)	800,000	—	0.28	7/12/2026
	11/30/2016(5)	1,000,000	—	0.31	11/29/2026
	6/8/2017(5)	2,608,000	—	0.31	6/7/2027
	5/23/2018(5)	250,000	—	0.47	5/22/2028
	6/13/2019(5)	750,000	—	0.76	6/12/2029

(1) All of the option awards were granted under the 2012 Plan, the terms of which plan is described below under "—Employee Benefit and Stock Plans."
(2) All of the option awards may be early exercised prior to vesting.
(3) All of the option awards were granted with a per share exercise price equal to the fair market value of one share of our common stock on the date of grant, as determined in good faith by our board of directors or compensation committee.
(4) The shares subject to the option vest in equal quarterly installments over five years, subject to Mr. Siebel's continuous service with us as of each such vesting date.
(5) 20% of the shares subject to the option vested on the one-year anniversary of the grant date, and the remaining 80% of the shares subject to the option vest in equal monthly installments over four years thereafter, subject to the optionholder's continuous service with us as of each such vesting date.
(6) The option is fully vested.

Other Compensation and Benefits

All of our current named executive officers are eligible to participate in our broad-based employee benefit plans, generally available to our employees, including our medical, dental, vision, life, disability, and accidental death and dismemberment insurance plans, in each case on the same basis as all of our other employees. We pay the premiums for the life, disability, and accidental death and dismemberment insurance for all of our employees, including our named executive officers. Other than such broad-based benefits and our 401(k) plan as described below, we generally do not provide perquisites or personal benefits to our named executive officers.

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

qualified retirement plan, contributions to the 401(k) plan are deductible by us when made and contributions and earnings on those amounts are not generally taxable to the employees until withdrawn or distributed from the 401(k) plan.

Our named executive officers did not participate in, or earn any benefits under, a nonqualified deferred compensation plan sponsored by us during the fiscal year ended April 30, 2020. Our board of directors may elect to provide our officers and other employees with nonqualified defined contribution or other nonqualified deferred compensation benefits in the future if it determines that doing so is in our best interests.

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by us during the fiscal year ended April 30, 2020.

Employee Benefit and Stock Plans

2020 Equity Incentive Plan

Prior to the completion of this offering, we expect that our board of directors will adopt, and our stockholders will approve, our 2020 Equity Incentive Plan, or the 2020 Plan. We expect our 2020 Plan will become effective on the date of the underwriting agreement related to this offering. Our 2020 Plan will come into existence upon its adoption by our board of directors, but no grants will be made under our 2020 Plan prior to its effectiveness. Once our 2020 Plan becomes effective, no further grants will be made under our 2012 Plan.

Awards.

Our 2020 Plan will provide for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Code, to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other forms of awards to our employees, directors and consultants and any of our affiliates' employees and consultants.

Authorized Shares.

Initially, the maximum number of shares of our Class A common stock that may be issued under our 2020 Plan after it becomes effective will not exceed shares of our Class A common stock, which is the sum of (i) new shares, plus (ii) an additional number of shares not to exceed shares, consisting of (a) shares that remain available for the issuance of awards under our 2012 Plan as of immediately prior to the time our 2020 Plan becomes effective and (b) any shares of our Class A common stock subject to outstanding stock options or other stock awards granted under our 2012 Plan that, on or after our 2020 Plan becomes effective, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. In addition, the number of shares of our Class A common stock reserved for issuance under our 2020 Plan will automatically increase on of each year for a period of ten years, beginning on , 2021 and continuing through , 2030, in an amount equal to (1) % of the total number of shares of our Class A common stock outstanding on of the immediately preceding year, or (2) a lesser number of shares determined by our board of directors no later than of the immediately preceding year. The maximum number of shares of our Class A common stock that may be issued on the exercise of ISOs under our 2020 Plan will be shares.

Shares subject to stock awards granted under our 2020 Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares will not reduce the number of shares available for issuance under our 2020 Plan. Shares withheld under a stock award to satisfy the exercise, strike or purchase price of a stock award or to satisfy a tax withholding obligation will not reduce the number of shares available for issuance under our 2020 Plan. If any shares of our Class A common stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us (i) because of a failure to meet a contingency or condition required for the vesting of such shares; (ii) to satisfy the exercise, strike or purchase price of a stock award; or (iii) to satisfy a tax withholding obligation in connection with a stock award, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under our 2020 Plan.

Plan Administration.

Our board of directors, or a duly authorized committee of our board of directors, will administer our 2020 Plan. Our board of directors may delegate to one or more of our officers the authority to (i) designate employees (other than officers) to receive specified stock awards; and (ii) determine the number of shares subject to such stock awards. Under our 2020 Plan, our board of directors will have the authority to determine stock award recipients, the types of stock awards to be granted,

grant dates, the number of shares subject to each stock award, the fair market value of our Class A common stock, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

Under our 2020 Plan, our board of directors also generally will have the authority to effect, with the consent of any materially adversely affected participant, (i) the reduction of the exercise, purchase, or strike price of any outstanding option or stock appreciation right; (ii) the cancellation of any outstanding option or stock appreciation right and the grant in substitution therefore of other awards, cash, or other consideration; or (iii) any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options.

ISOs and NSOs are granted under stock option agreements adopted by the administrator. The administrator will determine the exercise price for stock options, within the terms and conditions of our 2020 Plan, except the exercise price of a stock option generally will not be less than 100% of the fair market value of our Class A common stock on the date of grant. Options granted under our 2020 Plan will vest at the rate specified in the stock option agreement as will be determined by the administrator.

The administrator will determine the term of stock options granted under our 2020 Plan, up to a maximum of 10 years. Unless the terms of an optionholder's stock option agreement, or other written agreement between us and the recipient, provide otherwise, if an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

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

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

Tax Limitations on ISOs.

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

Restricted Stock Unit Awards.

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

Restricted Stock Awards.

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

Stock Appreciation Rights.

Stock appreciation rights are granted under stock appreciation right agreements adopted by the administrator. The administrator will determine the purchase price or strike price for a stock appreciation right, which generally will not be less than 100% of the fair market value of our Class A common stock on the date of grant. A stock appreciation right granted under our 2020 Plan will vest at the rate specified in the stock appreciation right agreement as will be determined by the administrator. Stock appreciation rights may be settled in cash or shares of our Class A common stock or in any other form of payment as determined by our board of directors and specified in the stock appreciation right agreement.

The administrator will determine the term of stock appreciation rights granted under our 2020 Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate upon the termination date. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards.

Our 2020 Plan will permit the grant of performance awards that may be settled in stock, cash or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, our Class A common stock.

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

Other Stock Awards.

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

Non-Employee Director Compensation Limit.

The aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including awards granted and cash fees paid by us to such non-employee director, will not exceed $ in total value, except such amount will increase to $ for the first year for newly appointed or elected non-employee directors.

Changes to Capital Structure.

In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (i) the class and maximum number of shares reserved for issuance under our 2020 Plan, (ii) the class and maximum number of shares by which the share reserve may increase automatically each year, (iii) the class and maximum number of shares that may be issued on the exercise of ISOs, and (iv) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions.

In the event of a corporate transaction (as defined below), unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the administrator at the time of grant, any stock awards outstanding under our 2020 Plan may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by us with respect to the stock award may be assigned to the successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then (i) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full (or, in the case of performance awards with multiple vesting levels depending on the level of performance, vesting will accelerate at 100% of the target level) to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction); and (ii) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

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

Under our 2020 Plan, a "corporate transaction" is generally the consummation of (i) a sale or other disposition of all or substantially all of our consolidated assets; (ii) a sale or other disposition of at least 50% of our outstanding securities; (iii) a merger, consolidation or similar transaction following which we are not the surviving corporation; or (iv) a merger, consolidation or similar transaction following which we are the surviving corporation but the shares of our Class A common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

Change in Control.

Stock awards granted under our 2020 Plan may be subject to acceleration of vesting and exercisability upon or after a change in control (as defined below) as may be provided in the applicable stock award agreement or in any other written

agreement between us or any affiliate and the participant, but in the absence of such provision, no such acceleration will automatically occur.

Under our 2020 Plan, a "change in control" is generally (i) the acquisition by any person or company of more than 50% of the combined voting power of our then outstanding stock; (ii) a merger, consolidation or similar transaction in which our stockholders immediately before the transaction do not own, directly or indirectly, more than 50% of the combined voting power of the surviving entity (or the parent of the surviving entity) in substantially the same proportions as their ownership immediately prior to such transaction; (iii) stockholder approval of a complete dissolution or liquidation; (iv) a sale, lease, exclusive license or other disposition of all or substantially all of our assets other than to an entity more than 50% of the combined voting power of which is owned by our stockholders in substantially the same proportions as their ownership of our outstanding voting securities immediately prior to such transaction; or (v) when a majority of our board of directors becomes comprised of individuals who were not serving on our board of directors on the date of the underwriting agreement related to this offering, or the incumbent board, or whose nomination, appointment, or election was not approved by a majority of the incumbent board still in office.

Plan Amendment or Termination.

Our board of directors has the authority to amend, suspend, or terminate our 2020 Plan at any time, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopts our 2020 Plan. No stock awards may be granted under our 2020 Plan while it is suspended or after it is terminated.

2020 Employee Stock Purchase Plan

Prior to the completion of this offering, our board of directors intends to adopt, and we expect our stockholders will approve, our 2020 Employee Stock Purchase Plan, or the ESPP. Our ESPP will become effective immediately prior to and contingent upon the date of the underwriting agreement related to this offering. The purpose of our ESPP will be to secure the services of new employees, to retain the services of existing employees, and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. Our ESPP will include two components. One component will be designed to allow eligible U.S. employees to purchase our Class A common stock in a manner that may qualify for favorable tax treatment under Section 423 of the Code. The other component will permit the grant of purchase rights that do not qualify for such favorable tax treatment in order to allow deviations necessary to permit participation by eligible employees who are foreign nationals or employed outside of the U.S. while complying with applicable foreign laws.

Share Reserve.

Following this offering, our ESPP will authorize the issuance of shares of our Class A common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our Class A common stock reserved for issuance will automatically increase on of each year for a period of ten years, beginning on , 2021 and continuing through , 2030, by the lesser of (i) % of the total number of shares of our Class A common stock outstanding on of the immediately preceding year; and (ii) shares, except before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii).

Administration.

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

Payroll Deductions.

Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, will be eligible to participate in our ESPP and to contribute, normally through payroll deductions, up to % of their earnings (as

defined in our ESPP) for the purchase of our Class A common stock under our ESPP. Unless otherwise determined by our board of directors, Class A common stock will be purchased for the accounts of employees participating in our ESPP at a price per share equal to the lesser of (i) 85% of the fair market value of a share of our Class A common stock on the first day of an offering; or (ii) 85% of the fair market value of a share of our Class A common stock on the date of purchase.

Limitations.

Employees may have to satisfy one or more of the following service requirements before participating in our ESPP, as determined by our board of directors: (i) being customarily employed for more than 20 hours per week; (ii) being customarily employed for more than five months per calendar year; or (iii) continuous employment with us or one of our affiliates for a period of time (not to exceed two years). No employee will be permitted to purchase shares under our ESPP at a rate in excess of $25,000 worth of our Class A common stock (based on the fair market value per share of our Class A common stock at the beginning of an offering) for each calendar year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under our ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value under Section 424(d) of the Code.

Changes to Capital Structure.

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

Corporate Transactions.

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

Under our ESPP, a "corporate transaction" is generally the consummation of (i) a sale or other disposition of all or substantially all of our consolidated assets; (ii) a sale or other disposition of at least 50% of our outstanding securities; (iii) a merger, consolidation or similar transaction following which we are not the surviving corporation; or (iv) a merger, consolidation or similar transaction following which we are the surviving corporation but the shares of our Class A common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

Amendment or Termination.

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

Amended and Restated 2012 Equity Incentive Plan

Our board of directors adopted, and our stockholders approved, our 2012 Plan in July 2012. Our 2012 Plan was most recently amended in November 2019. No further stock awards will be granted under our 2012 Plan on or after the effectiveness of our 2020 Plan; however, awards outstanding under our 2012 Plan will continue to be governed by their existing terms.

Stock Awards

Our 2012 Plan provides for the grant of incentive stock options, or ISOs, to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory options, or NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other forms of stock awards to our employees, directors and consultants and any of our affiliates' employees and consultants.

Authorized Shares

As of July 31, 2020, we had reserved 338,357,777 shares of our Class A common stock for issuance under our 2012 Plan, all of which could be issued on the exercise of ISOs. As of July 31, 2020, there were stock options to purchase 193,621,256 shares of our Class A common stock outstanding under our 2012 Plan and 47,146,302 shares of our Class A common stock remained available for issuance under our 2012 Plan.

Prior to the effectiveness of our 2020 Plan, the expiration or termination of a stock award without all of the shares covered by the stock award being issued or settlement of a stock award for cash will not reduce or offset the number of shares of our Class A common stock that may be issued under our 2012 Plan, and any shares issued pursuant to a stock award that are forfeited back to or repurchased by us due to the failure to vest or reacquired to satisfy tax withholding obligations on, or the exercise or purchase price of, a stock award will again become available for issuance under our 2012 Plan. We expect that upon and following the effectiveness of our 2020 Plan, any such shares will be added to the shares available for issuance under our 2020 Plan as shares of our Class A common stock. In addition, we expect that upon the effectiveness of our 2020 Plan, the shares reserved but not issued or subject to outstanding awards under our 2012 Plan, if any, will be added to the shares available for issuance under our 2020 Plan as shares of our Class A common stock.

Plan Administration

Our board of directors, or a duly authorized committee of our board of directors, administers our 2012 Plan. The administrator has the authority to construe and interpret our 2012 Plan and stock awards granted under it and to make all other determinations necessary or expedient for the administration of our 2012 Plan. Under our 2012 Plan, the administrator also has the authority to effect, with the consent of any adversely affected participant, (1) the reduction of the exercise, purchase, or strike price of any outstanding stock award; (2) the cancellation of any outstanding stock award and the grant in substitution therefore of other awards, cash, or other consideration; or (3) any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options

ISOs and NSOs are granted under stock option agreements adopted by the administrator. The administrator determines the exercise price for stock options, within the terms and conditions of our 2012 Plan, except the exercise price of a stock option generally will not be less than 100% of the fair market value of our Class B common stock on the date of grant. Options granted under our 2012 Plan vest at the rate specified in the stock option agreement as determined by the administrator.

The administrator determines the term of stock options granted under our 2012 Plan, up to a maximum of 10 years. Unless the terms of an optionholder's stock option agreement, or other written agreement between us and the optionholder, provide otherwise, if an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended if exercise of the option is prohibited by certain securities laws or our insider trading policy. If an optionholder's service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder's estate or certain other persons may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

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

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

Tax Limitations on ISOs

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

Restricted Stock Awards

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

Changes to Capital Structure

If there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, the administrator will appropriately and proportionately adjust (1) the class(es) and maximum number of shares reserved for issuance under our 2012 Plan; (2) the class(es) and maximum number of shares that may be issued on the exercise of ISOs; and (3) the class(es) and number of shares and price per share, if applicable, of stock subject to outstanding stock awards.

Corporate Transaction

Our 2012 Plan provides that in the event of a corporate transaction (as defined below), unless otherwise provided in an award agreement or other written agreement between us and the participant, the administrator may take one or more of the following actions with respect to outstanding stock awards:

- arrange for the assumption, continuation, or substitution of a stock award by the surviving or acquiring corporation or its parent company;
- arrange for the assignment of any reacquisition or repurchase rights held by us to the surviving or acquiring corporation or its parent company;
- accelerate the vesting, in whole or in part, of the stock award and, if applicable, the time at which the stock award may be exercised, to a date prior to the effective time of the corporate transaction and provide for its termination if not exercised (if applicable) at or prior to the effective time of the corporate transaction;
- arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by us;
- cancel the stock award, to the extent not vested or not exercised prior to the effective time of the corporate transaction, in exchange for such cash consideration, if any, as the administrator deems appropriate; and
- make a payment, in such form as determined by the administrator, equal to the excess, if any, of the value of the property the participant would have received upon the exercise of the stock award immediately prior to the effective time of the corporate transaction over any exercise price payable by the holder in connection with such exercise.

The administrator is not obligated to treat all stock awards or portions of stock awards in the same manner and is not obligated to treat all participants in the same manner.

Under our 2012 Plan, a "corporate transaction" is generally the consummation of (1) a sale or other disposition of all or substantially all of our consolidated assets; (2) a sale or other disposition of at least 90% of our outstanding securities; (3) a

merger, consolidation or similar transaction following which we are not the surviving corporation; or (4) a merger, consolidation or similar transaction following which we are the surviving corporation but the shares of our common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

Change in Control

A stock award under our 2012 Plan may be subject to additional acceleration of vesting and exercisability upon or after a change in control (as defined below) as may be provided in the award agreement or any other written agreement between us and the participant, but in the absence of such provision, no such acceleration will occur.

Under our 2012 Plan, unless specified otherwise in a written agreement between us and a participant with respect to such participant's stock awards, a "change in control" is generally (1) the acquisition by any person or entity (or group of persons and/or entities) of more than 50% of the combined voting power of our then outstanding securities other than by merger, consolidation, or similar transaction; (2) a merger, consolidation or similar transaction in which our stockholders immediately before the transaction do not own, directly or indirectly, more than 50% of the combined voting power of the surviving entity (or the parent of the surviving entity) in substantially the same proportions as their ownership immediately prior to such transaction; (3) approval of a plan of complete dissolution or liquidation of our company by our stockholders or board of directors (except for a liquidation into a parent corporation); (4) a sale, lease, exclusive license or other disposition of all or substantially all of our consolidated assets other than to an entity more than 50% of the combined voting power of which is owned by our stockholders in substantially the same proportions as their ownership of our outstanding voting securities immediately prior to such transaction; or (5) the individuals who made up our board of directors on the date that the 2012 Plan was adopted, or the incumbent board, ceasing for any reason to constitute at least a majority of the members of our board of directors, except if the appointment or election of any new board member was approved or recommended by a majority vote of the incumbent board then still in office, such new member will, for purposes of the 2012 Plan, be considered as a member of the incumbent board.

Plan Amendment and Termination

The administrator may amend, suspend, or terminate our 2012 Plan at any time, provided that such action does not impair the existing rights of any participant without such participant's written consent. Certain material amendments of our 2012 Plan also require the approval of our stockholders. As noted above, no further awards will be granted under our 2012 Plan on or after the effectiveness of our 2020 Plan; however, awards outstanding under our 2012 Plan will continue to be governed by their existing terms.

Limitations of Liability and Indemnification Matters

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

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

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

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will be in effect upon the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect upon the completion of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be

permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in connection with any action, proceeding or investigation. We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

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

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

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, the following describes transactions since May 1, 2017 and each currently proposed transaction in which:

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

Sale of Series F and Series G Convertible Preferred Stock

Between January and February 2018, we sold shares of our Series F convertible preferred stock, and between February and April 2019, we sold shares of our Series G convertible preferred stock, to certain holders of more than 5% of our capital stock, our directors, officers or their respective affiliates, each as set forth below.

Name	Shares of Series F Convertible Preferred Stock	Series F Aggregate Purchase Price	Shares of Series G Convertible Preferred Stock	Series G Aggregate Purchase Price
Entities affiliated with TPG(1)(2)	22,951,220	$ 74,999,997.75	15,132,255	$ 49,999,996.97
The Siebel Living Trust u/a/d 7/27/1993, as amended(3)	7,511,524	$ 24,546,158.13	—	$ —
Patricia A. House(4)	306,016	$ 999,999.09	300,201	$ 991,924.15

(1) Entities associated with TPG holding shares of our Series F convertible preferred stock whose shares are aggregated for purposes of reporting share ownership information are The Rise Fund Cadia, L.P. and TPG Growth III Cadia, L.P.
(2) Nehal Raj, a member of our board of directors since August 2016, serves as a Partner at TPG.
(3) Thomas M. Siebel, our Chief Executive Officer and Chairman of the Board, controls The Siebel Living Trust u/a/d 7/27/1993. Such shares of Series F convertible preferred stock were purchased in exchange for a full recourse promissory note of $24.5 million, bearing an interest rate of 2.18%, which note has been repaid in full in the amount of approximately $26.0 million, including the payment of the outstanding principal and accrued interest.
(4) Ms. House is a member of our board of directors.

Transactions with Baker Hughes

In June 2019, we sold 57,178,576 shares of our Class B common stock and 7,700,000 shares of our Series G convertible preferred stock to Baker Hughes Holdings LLC, or Baker Hughes, a holder of more than 5% of our outstanding capital stock, at a purchase price of $0.77 per share and $3.3042 per share, respectively.

In June 2019, we also entered into agreements with Baker Hughes under which Baker Hughes received a three-year subscription to use our offerings for internal use and development of applications on the C3 AI Suite, as well as the exclusive right to resell our offerings worldwide in the oil and gas market and non-exclusively in other markets. This arrangement was revised in June 2020 to extend the term to a total of five years with an expiration date in the fiscal year ending April 30, 2024 and to modify the annual contractual amount of Baker Hughes' commitments to $53.3 million, $75.0 million, $125.0 million, and $150.0 million, which are inclusive of their revised direct subscription fees of $27.2 million per year over the fiscal years ending April 30, 2021, 2022, 2023, and 2024, respectively. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

Lorenzo Simonelli, a member of our board of directors, serves as Chairman, President, and Chief Executive Officer of Baker Hughes. Mr. Simonelli was appointed to our board in connection with the strategic collaboration agreements described above. Concurrently with the execution of such agreements, we entered into a voting agreement with Thomas M. Siebel, our founder and Chief Executive Officer, and Baker Hughes, which provides that we will nominate and Mr. Siebel will vote all shares held by him and his affiliates so as to elect one individual designated by Baker Hughes, provided that such person is reasonably approved by the board.

Tender Offer

In September and October 2019, as part of a tender offer to employees, we repurchased the following options to purchase shares of common stock and shares of Class B common stock from the following related parties:

Name	Options to Purchase Shares of Class B Common Stock	Shares of Class B Common Stock	Aggregate Net Proceeds
Edward Y. Abbo(1)	728,750	608,625	$ 6,665,488.94
Houman Behzadi(2)	720,351	—	$ 3,557,453.41
Persons affiliated with Thomas M. Siebel(3)	82,400	—	$ 384,028.40

(1) Mr. Abbo is our Chief Technology Officer.
(2) Mr. Behzadi is our Chief Product Officer.
(3) A son of Thomas M. Siebel is employed by us and participated in the tender offer.

Secondary Sales

In October 2019, Thomas M. Siebel (1) sold to TPG an aggregate of 12,500,000 shares of our Class B-1 common stock, Series C* convertible preferred stock, and Series D convertible preferred stock for an aggregate purchase price of approximately $50.0 million, and (2) sold to another existing stockholder an aggregate of 11,276,805 shares of our Series D convertible preferred stock and Series E convertible preferred stock for an aggregate purchase price of approximately $50.0 million.

Travel Expense Reimbursement

Our board of directors has approved an aircraft reimbursement policy which provides for reimbursement for an eligible executive who uses his or her own aircraft for business travel at a rate determined by the audit committee to be below market rates for the charter of similar aircraft. Thomas M. Siebel owns aircraft which he uses from time to time for business travel. Pursuant to this policy an aggregate of $9.0 million was paid in March 2020 to Mr. Siebel with respect to such business travel from 2012 through April 2020, representing reimbursement for such nine-year period of business-related travel. Due to the fact that the hourly reimbursement rate for the use of the aircraft is less than the actual operational costs incurred by Mr. Siebel as owner of the aircraft, Mr. Siebel does not profit from the use of the aircraft.

Transactions with Immediate Family

A son of Thomas M. Siebel is employed by us. He does not share a household with Mr. Siebel, is not one of our executive officers and does not report to any of our executive officers. His compensation was established by us in accordance with its compensation practices applicable to employees with comparable qualifications and responsibilities and holding similar positions and without the involvement of Mr. Siebel. His total cash compensation in each of fiscal 2020 and 2019 was less than $315,000, exclusive of proceeds received in connection with the tender offer described above. He has received and continues to be eligible for equity awards on the same general terms and conditions as applicable to employees in similar positions who do not have such family relationship.

Registration Rights Agreement

We are party to an amended and restated registration rights agreement, or the Registration Rights Agreement, with certain holders of our capital stock, including entities affiliated with each of Thomas M. Siebel, TPG, and Baker Hughes. The Registration Rights Agreement provides the holders of our convertible preferred stock with certain registration rights, including the right to demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing, including the registration statement related to this offering. In connection with this offering, the holders of up to 317,001,986 shares of our Class A common stock issuable on conversion of outstanding preferred stock will be entitled to rights with respect to the registration of their shares under the Securities Act under the Registration Rights Agreement. For a description of these registration rights, see the section titled “Description of Capital Stock—Registration Rights.”

Investors’ Rights Agreement

We are party to an amended and restated investors’ rights agreement, or the IRA, with certain holders of our capital stock, including entities affiliated with each of Thomas M. Siebel, TPG, and Baker Hughes. The IRA provides the holders of

our convertible preferred stock with information rights and a right of first refusal with regard to certain issuances of our capital stock, which will not apply to this offering. Both the information rights and right of right of first refusal will terminate upon the completion of this offering.

Co-Sale Agreement

We are party to an amended and restated co-sale agreement, or the Co-Sale Agreement, with certain holders of our capital stock, including entities affiliated with each of Thomas M. Siebel, TPG, and Baker Hughes. The Co-Sale Agreement provides that entities affiliated with TPG, and Baker Hughes have a right to purchase shares of our capital stock which entities affiliated with Thomas M. Siebel propose to sell or transfer to other parties. This right will terminate upon the completion of this offering.

Rights of First Refusal

Pursuant to our amended and restated bylaws, equity compensation plans and certain agreements with our stockholders, we or our assignees have a right to purchase shares of our capital stock which stockholders propose to sell to other parties. Since May 2019, we have waived our right of first refusal in connection with the sale of certain shares of our capital stock, including sales by certain of our executive officers, resulting in the purchase of such shares by certain of our stockholders, including related persons. See the section titled “Principal Stockholders” for additional information regarding beneficial ownership of our capital stock.

Indemnification

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect upon the completion of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the completion of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board.

Policies and Procedures for Related Person Transactions

Prior to the completion of this offering, our board of directors will adopt a related person transaction policy to be effective in connection with this offering. Pursuant to this policy, our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock, and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the approval or ratification of our board of directors or our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock, or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds $120,000 and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration, and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our capital stock as of July 31, 2020, and as adjusted to reflect the sale of our Class A common stock offered by us in this offering assuming no exercise of the underwriters' option to purchase additional shares, for:

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

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

Applicable percentage ownership before the offering is based on shares of Class A common stock and 21,000,000 shares of Class B common stock outstanding as of July 31, 2020, assuming (1) the automatic conversion of all outstanding shares of our convertible preferred stock, other than shares of our Series A* Preferred Stock, as of July 31, 2020, into shares of our Class A common stock and (2) the conversion of all outstanding shares of our Series A* Preferred Stock, as of July 31, 2020, into 21,000,000 shares of our Class B common stock immediately prior to the completion of this offering. Applicable percentage ownership after the offering is based on shares of Class A common stock and shares of Class B common stock outstanding immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable within 60 days of July 31, 2020. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o C3.ai, Inc., 1300 Seaport Blvd, Suite 500, Redwood City, California 94063.

	Shares Beneficially Owned Prior to Offering					Shares Beneficially Owned After Offering				
	Class A Common Stock		Class B Common Stock		% of Total Voting Power†	Class A Common Stock		Class B Common Stock		% of Total Voting Power†
Name of Beneficial Owner	Shares	%	Shares	%		Shares	%	Shares	%	
5% Stockholders										
Entities affiliated with Thomas M. Siebel(1)(2)	172,019,505	33.90%	20,554,832	97.88%	75.83%					
Entities affiliated with TPG(3)	97,239,809	22.62	—	—	6.57					
Baker Hughes Holdings LLC(4)	64,878,576	15.09	—	—	4.38					
Named Executive Officers and Directors										
Thomas. M. Siebel(1)	171,964,209	33.89	17,554,832	83.59	65.69					
Shares subject to voting proxy(2)	55,296	*	3,000,000	14.29	10.14					
Total	172,019,505	33.90	20,554,832	97.88	75.83					
Edward Y. Abbo(5)	12,481,873	2.86	—	—	*					
Houman Behzadi(6)	8,364,527	1.91	—	—	*					
Patricia A. House(7)	9,185,754	2.13	3,000,000	14.29	10.60					
Richard Levin(8)	3,264,799	*	—	—	*					
Michael G. McCaffery(9)	7,062,675	1.64	—	—	*					
Nehal Raj(10)	97,239,809	22.62	—	—	6.57					
Condoleezza Rice(11)	3,369,121	*	—	—	*					
S. Shankar Sastry(12)	3,264,799		—	—	*					
Bruce Sewell(13)	1,872,727	*	—	—	*					
Lorenzo Simonelli(4)	64,878,576	15.09	—	—	4.38					
Stephen M. Ward. Jr.(14)	6,372,207	1.47	—	—	*					
All directors and officers as a group	401,569,576	87.15	20,554,832	97.88	88.54					

* Represents beneficial ownership of less than 1%.

† Represents the voting power with respect to all shares of our Class A common stock and Class B common stock, voting together as a single class. Each share of Class A common stock will be entitled to one vote per share, and each share of Class B common stock will be entitled to 50 votes per share. The Class A common stock and Class B common stock will vote together on all matters (including the election of directors) submitted to a vote of stockholders, except under limited circumstances described in "Description of Capital Stock—Class A and Class B Common Stock—Voting Rights."

(1) Consists of (a) 55,296 shares of Class A common stock held of record by First Virtual Holdings, LLC, (b) 13,054,000 shares of Class A common stock held of record by Thomas M. Siebel, (c) 1,021,770 shares of Class A common stock held of record by Siebel Asset Management, L.P., (d) 436,176 shares of Class A common stock held of record by Siebel Asset Management III, L.P., (e) 7,422,699 shares of Class A common stock held of record by The Siebel 2011 Irrevocable Children's Trust, (f) 72,345,176 shares of Class A common stock held of record by The Siebel Living Trust u/a/d 7/27/1993, (g) 77,629,092 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, of which 27,844,364 shares of Class A common stock are vested as of such date, (viii) 3,000,000 shares of Class B common stock held of record by First Virtual Holdings, LLC, (h) 12,304,730 shares of Class B common stock held of record by The Siebel Living Trust u/a/d 7/27/1993 and (i) the following shares over which Mr. Siebel has sole dispositive power: (i) 1 share of Class B common stock held of record by The Siebel 2012 Annuity Trust I u/a/d 9/8/2012, (ii) 1 share of Class B common stock held of record by The Siebel 2012 Annuity Trust II u/a/d 9/8/2012, (c) 260,270 shares of Class B common stock held of record by The Siebel 2013 Annuity Trust I u/a/d 10/8/2013, (iii) 260,270 shares of Class B common stock held of record by The Siebel 2013 Annuity Trust II u/a/d 10/8/2013, (iv) 495,496 shares of Class B common stock held of record by The Siebel 2014 Annuity Trust I u/a/d 10/22/2014, (v) 495,496 shares of Class B common stock held of record by The Siebel 2014 Annuity Trust II u/a/d 10/22/2014, (vi) 143,488 shares of Class B common stock held of record by The Siebel 2017 Annuity Trust I u/a/d 11/28/2017, (vii) 143,488 shares of Class B common stock held of record by The Siebel 2017 Annuity Trust II u/a/d 11/28/2017, (viii) 111,738 shares of Class B common stock held of record by The Siebel 2018 Annuity Trust I u/a/d 12/13/2018, (ix) 111,738 shares of Class B common stock held of record by The Siebel 2018 Annuity Trust II u/a/d 12/13/2018, (x) 114,058 shares of Class B common stock held of record by The Siebel 2020 Annuity Trust I u/a/d 3/4/2020 and (xi) 114,058 shares of Class B common stock held of record by The Siebel 2020 Annuity Trust II u/a/d 3/4/2020,

(2) Consists of 55,296 shares of Class A Common Stock and 3,000,000 shares of Class B Common stock over which Mr. Siebel holds an irrevocable proxy pursuant to a voting agreement between Mr. Siebel and Patricia A. House. We do not believe that the parties to these voting agreements constitute a "group" under Section 13 of the Securities Exchange Act of 1934, as amended, as Mr. Siebel exercises voting control over these shares. For more information about the voting agreements, see the section titled "Description of Capital Stock—Voting Agreement."

(3) Consists of (a) 25,910,248 shares of Class A common stock held of record by The Rise Fund Cadia, L.P., a Delaware limited partnership, (b) 58,829,561 shares of Class A common stock held of record by TPG Growth III Cadia, L.P., a Delaware limited partnership, and (c) 12,500,000 shares of Class A common stock held of record by TPG Tech Adjacencies Cadia, L.P., a Delaware limited partnership (together with TPG Growth III Cadia, L.P. and The Rise Fund Cadia, L.P., the "TPG Funds"). The general partner of TPG Growth III Cadia, L.P. is TPG Growth GenPar III, L.P., a Delaware limited partnership, whose general partner is TPG Growth GenPar III Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership ("TPG Holdings I"), whose general partner is TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, whose general partner TPG Group Holdings (SBS) Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS) Advisors, Inc., a Delaware corporation. The general partner of The Rise Fund Cadia, L.P. is The Rise Fund GenPar, L.P., a Delaware limited partnership, whose general partner is The Rise Fund GenPar Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I. The general partner of TPG Tech

Adjacencies Cadia, L.P. is TPG Tech Adjacencies SPV GP, LLC, a Cayman limited liability company, whose sole member is TPG Tech Adjacencies GenPar, L.P., a Delaware limited partnership, whose general partner is TPG Tech Adjacencies GenPar Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I. David Bonderman and James G. Coulter are sole stockholders of TPG Group Holdings (SBS) Advisors, Inc. and may therefore be deemed to beneficially own the securities held by the TPG Funds. Messrs. Bonderman and Coulter disclaim beneficial ownership of the securities held by the TPG Funds except to the extent of their pecuniary interest therein. The address of TPG Group Holdings (SBS) Advisors, Inc. and Messrs. Bonderman and Coulter is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.

(4) Consists of 64,878,576 shares of Class A common stock held of record by Baker Hughes Holdings LLC, or Baker Hughes. The address for Baker Hughes is 17021 Aldine Westfield Road, Houston, Texas 77073.

(5) Consists of (a) 4,609,694 shares of Class A common stock held of record by Mr. Abbo, (b) 6,800,648 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 4,292,313 of which are vested as of such date, (c) 327,999 shares of Class A common stock held of record by Abbo 2012 Children's Trust, and (d) 743,532 shares of Class A common stock held of record by Edward Y. Abbo and Alison C. Abbo 2001 Family Trust.

(6) Consists of (a) 103,000 shares of Class A common stock held of record by Mr. Behzadi and (b) 8,261,527 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 5,352,192 of which are vested as of such date.

(7) Consists of (a) 1,383,912 shares of Class A common stock held of record by Ms. House, (b) 2,307,335 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 918,013 of which are vested as of such date, (c) 5,494,507 shares of Class A common stock held of record by Patricia A. House, as Trustee of The Patricia A. House 2018 2-Year GRAT created UTA dated June 18, 2018, and (d) 3,000,000 shares of Class B common stock held of record by Ms. House. Includes 55,296 shares of Class A Common stock and 3,000,000 shares of Class B Common stock over which Mr. Siebel holds an irrevocable proxy pursuant to a voting agreement between Mr. Siebel and Patricia A. House. See Footnote (2) for additional details.

(8) Consists of (a) 2,449,072 shares of Class A common stock held of record by Mr. Levin and (b) 815,727 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 122,359 of which are vested as of such date.

(9) Consists of (a) 2,691,374 shares of Class A common stock held of record by Mr. McCaffery, (b) 1,223,591 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 183,539 of which are vested as of such date, and (c) 3,147,710 shares of Class A common stock held of record by McCaffery Family Trust as amended 12/18/00.

(10) Consists of (a) 446,322 shares of Class A common stock held of record by Ms. Rice and (b) 2,922,799 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 1,573,827 of which are vested as of such date.

(11) Consists of (a) 379,440 shares of Class A common stock held of record by Ms. Sastry and (b) 2,885,359 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 1,415,011 of which are vested as of such date.

(12) Consists of 1,872,727 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 669,309 of which are vested as of such date.

(13) Consists of (a) 2,897,530 shares of Class A common stock held of record by Mr. Ward and (b) 3,474,677 shares of Class A common stock subject to options exercisable within 60 days of July 31, 2020, 2,424,625 of which are vested as of such date.

DESCRIPTION OF CAPITAL STOCK

General

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

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

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

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

After giving effect to the conversion of all outstanding shares of preferred stock, other than shares of our Series A* Preferred Stock, and all outstanding shares of Class B common stock, Class B-1 common stock, and Class C common stock into shares of Class A common stock immediately upon the completion of this offering, there would have been shares of Class A common stock outstanding on July 31, 2020, held by 512 stockholders of record. After giving effect to the conversion of all outstanding shares of Series A* Preferred Stock into shares of Class B common stock immediately upon the completion of this offering, there would have been 21,000,000 shares of Class B common stock outstanding on July 31, 2020, held by 23 stockholders of record. As of July 31, 2020, we had outstanding options to acquire 193,621,256 shares of Class A common stock under Amended and Restated 2012 Equity Incentive Plan, or the 2012 Plan.

Class A and Class B Common Stock

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

Voting Rights

Holders of Class A common stock will be entitled to one vote per share on all matters to be voted upon by the stockholders, and holders of Class B common stock will be entitled to 50 votes per share on all matters to be voted upon by the stockholders. The holders of our Class A common stock and Class B common stock will generally vote together as a single class on all matters submitted to a vote of our stockholders, unless otherwise required by Delaware law or our amended and restated certificate of incorporation. Delaware law could require either holders of our Class A common stock or Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our amended and restated certificate of incorporation to increase or decrease the number of authorized shares of a class of our capital stock, then that class would be required to vote separately to approve the proposed amendment;
- if we were to seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of a class of our capital stock, then that class would be required to vote separately to approve the proposed amendment; and

- if we were to seek to amend our amended and restated certificate of incorporation in a manner that alters or changes the powers, preferences, or special rights of a class of our capital stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

As a result, in these limited instances, the holders of a majority of the Class A common stock could defeat an amendment to our amended and restated certificate of incorporation.

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

Dividend Rights

Holders of Class A common stock and Class B common stock will be entitled to ratably receive dividends if, as and when declared from time to time by our board of directors at its own discretion out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock, if any. Under Delaware law, we can only pay dividends either out of "surplus" or out of the current or the immediately preceding year's net profits. Surplus is defined as the excess, if any, at any given time, of the total assets of a corporation over its total liabilities and statutory capital. The value of a corporation's assets can be measured in a number of ways and may not necessarily equal their book value.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our Class A common stock and Class B common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Conversion

Each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. In addition, each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except certain transfers to entities, to the extent the transferor retains sole dispositive power and exclusive voting control with respect to the shares of Class B common stock, and certain other transfers described in our amended and restated certificate of incorporation. All outstanding shares of our Class B common stock will convert into shares of our Class A common stock upon the earliest of (1) , (2) , (3) , and (4) .

Other Matters

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

Preferred Stock

As of July 31 30, 2020, there were 222,773,375 shares of convertible preferred stock outstanding. Immediately upon the completion of this offering, (1) each outstanding share of convertible preferred stock, other than shares of our Series A* Preferred Stock will convert into one share of our Class A common stock and (2) each outstanding share of our Series A* Preferred Stock will convert into one share of our Class B common stock.

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

Options

As of July 31, 2020, we had outstanding options under our equity compensation plans to purchase an aggregate of 193,621,256 shares of our Class A common stock under the 2012 Plan, with a weighted-average exercise price of $0.5659 per share.

Voting Agreement

Thomas M. Siebel, our Chief Executive Officer, has entered into a voting agreement, or the Voting Agreement, with Patricia A. House, a member of our board of directors, that will remain in effect after the completion of this offering. This voting agreement covers 55,296 shares of Class A Common Stock and 3,000,000 shares of Class B common stock held by Ms. House, or the House Shares, which will represent approximately % of the outstanding voting power of our capital stock after our initial public offering.

Under the Voting Agreement, Ms. House agreed to vote the House Shares as directed by, and granted an irrevocable proxy to, Mr. Siebel at his discretion on all matters to be voted upon by stockholders. Such proxy and power granted by Ms. House to Mr. Siebel will survive the death, incompetency or disability of Ms. House. The Voting Agreement will terminate (1) upon the closing of an Acquisition (as defined in our amended and restated certificate of incorporation, as may be amended from time to time) or (2) at such time as Mr. Siebel terminates the Voting Agreement by written action.

We do not believe that the parties to these voting agreements constitute a "group" under Section 13 of the Exchange Act, as Mr. Siebel exercises voting control over the shares held by these stockholders.

Registration Rights

We are party to an amended and restated registration rights agreement, or the Registration Rights Agreement, that provides that certain holders of our preferred stock and certain shares of our preferred stock, including certain holders of at least 1% of our outstanding capital stock, have certain registration rights as set forth below. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, not to exceed $25,000, of the shares registered by the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire three years after the completion of this offering, of which this prospectus is a part, or with respect to any particular stockholder, (1) such time after the completion of this offering that such stockholder can sell all of its shares entitled to registration rights under Rule 144 of the Securities Act during any 90-day period or (2) such time that such stockholder owns less than 1% of our outstanding Class A Common Stock as converted pursuant to this offering.

Demand Registration Rights

The holders of an aggregate of 317,001,986 shares of our Class A common stock will be entitled to certain demand registration rights. At any time beginning 180 days after the completion of this offering, the holders of a majority of these shares may request that we register all or a portion of their shares. We are obligated to effect only two such registrations.

Piggyback Registration Rights

In connection with this offering, the holders of an aggregate of 317,001,986 shares of our Class A common stock were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, if we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a registration relating solely to employee benefit plans, (2) a registration relating to the offer and sale of debt securities, (3) a registration relating to a corporate reorganization or other Rule 145 transaction, or (4) a registration on any registration form that does not permit secondary sales, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

The holders of an aggregate of 317,001,986 shares of Class A common stock will be entitled to certain Form S-3 registration rights. The holders of these shares can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate gross proceeds of the shares offered would equal or exceed $1.0 million.

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

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain or will contain provisions that could make the following transactions more difficult: (1) an acquisition of us by means of a tender offer; (2) an acquisition of us by means of a proxy contest or otherwise; (3) or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

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

Dual Class Stock

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

Stockholder Meetings

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

Requirements for Advance Notification of Stockholder Nominations and Proposals

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

Elimination of Stockholder Action by Written Consent

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

Staggered Board

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

Removal of Directors

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

Stockholders Not Entitled to Cumulative Voting

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

Delaware Anti-Takeover Statute

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

Choice of Forum

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees, or agents to us or our stockholders; (3) any action asserting a claim against us arising pursuant to any provision of the General Corporation Law of the State of Delaware or our certificate of incorporation or bylaws; (4) any action to interpret, apply, enforce, or determine the validity of our certificate of incorporation or bylaws; or (5) any action asserting a claim governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act, or any other claim for which the U.S. federal courts have exclusive jurisdiction. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act, and an investor cannot waive compliance with the federal securities laws and the rules and regulations thereunder, there is uncertainty as to whether a court would enforce such a provision. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation provides that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

Amendment of Charter Provisions

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

The provisions of Delaware law, our amended and restated certificate of incorporation, and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers, and as a consequence, they may also inhibit temporary fluctuations in the market price of our Class A common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board

and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock and Class B common stock will be .

Exchange Listing

Our Class A common stock is currently not listed on any securities exchange. We have applied to have our Class A common stock listed on the New York Stock Exchange under the symbol “AI.”

SHARES ELIGIBLE FOR FUTURE SALE

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

Following the completion of this offering, based on the number of shares of our Class A common stock and Class B common stock outstanding as of July 31, 2020 and assuming (1) the conversion of all outstanding shares of our convertible preferred stock, other than shares of our Series A* Preferred Stock into shares of our Class A common stock immediately prior to the completion of this offering, (2) the conversion of all outstanding shares of our Series A* Preferred Stock into 21,000,000 shares of our Class B common stock immediately prior to the completion of this offering, and (3) no exercise of the underwriters' option to purchase additional shares of Class A common stock, we will have outstanding an aggregate of approximately shares of Class A common stock and 21,000,000 shares of Class B common stock.

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

The outstanding shares of Class A common stock not sold in this offering and the Class B common stock outstanding after this offering will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, each of which is summarized below. All of these shares will be subject to a lock-up period under the lock-up agreements and market standoff agreements described below.

In addition, of the 193,621,256 shares of our Class A common stock that were subject to stock options outstanding under the Amended and Restated 2012 Equity Incentive Plan, or the 2012 Plan, as of July 31, 2020, of which options to purchase 75,678,732 shares of Class A common stock were vested as of such date, upon exercise, these shares will be eligible for sale subject to the lock–up agreements described below and Rules 144 and 701 under the Securities Act.

Lock-Up Agreements and Market Standoff Provisions

We, and all of our directors, executive officers and the holders of substantially all of our common stock and securities exercisable for or convertible into our Class A common stock and Class B common stock outstanding immediately on the completion of this offering, have agreed, or will agree, with the underwriters that, until 180 days after the date of this prospectus, or the restricted period, subject to certain exceptions, we and they will not, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any of our shares of common stock, any options or warrants to purchase any of our shares of common stock or any securities convertible into or exchangeable for or that represent the right to receive shares of our common stock; provided that such restricted period will end with respect to 20% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have issued a quarterly earnings release announced by press release through a major news service, or on a report on Form 8-K and (2) the last reported closing price of our Class A common stock is at least 33% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive trading days, ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days of a trading black-out period, the above referenced early expiration period will be the sixth trading day immediately preceding the commencement of the trading black-out period. In addition, with respect to shares not released as a result of such early release, if 180 days after the date of this prospectus occurs within five trading days of a trading black-out period, the restricted period will expire on the sixth trading day immediately preceding the commencement of the trading black-out period. These agreements are described in the section titled "Underwriters." Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC may release any of the securities subject to these lock-up agreements at any time, subject to applicable notice requirements.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with all of our security holders that contain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

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

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

After the offering, certain of our employees, including our executive officers, and/or directors may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Securities Act. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to the offering described above.

Rule 144

Affiliate Resales of Restricted Securities

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

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

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

Non-Affiliate Resales of Restricted Securities

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

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

Rule 701

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

Form S-8 Registration Statement

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of Class A common stock subject to outstanding stock options and Class A common stock issued or issuable under the 2020 Equity

Incentive Plan, or 2020 Plan, the 2012 Plan and the 2020 Employee Stock Purchase Plan, or the ESPP. We expect to file the registration statement covering shares offered pursuant to these stock plans shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

Registration Rights

As of July 31, 2020, holders of up to 317,001,986 shares of our Class A common stock, which includes all of the shares of Class A common stock issuable upon the automatic conversion of our convertible preferred stock, other than shares of our Series A* Preferred Stock, immediately prior to the completion of this offering, or their transferees, will be entitled to various rights with respect to the registration of these shares under the Securities Act upon the completion of this offering and the expiration of lock-up agreements. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See the section titled “Description of Capital Stock—Registration Rights” for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

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

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

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

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

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds our Class A common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships holding our Class A common stock and the partners in such partnerships are urged to consult their tax advisors about the particular U.S. federal income tax consequences to them of holding and disposing of our Class A common stock.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR CLASS A COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS.

Definition of Non-U.S. Holder

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

- an individual who is a citizen or resident of the United States;
- a corporation (or any entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Distributions on Our Class A Common Stock

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

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

If a non-U.S. holder holds our Class A common stock in connection with the conduct of a trade or business in the United States, and dividends paid on our Class A common stock are effectively connected with such holder's U.S. trade or business (and are attributable to such holder's permanent establishment or fixed base in the United States if required by an applicable tax treaty), the non-U.S. holder will be exempt from U.S. federal withholding tax. To claim the exemption, the non-U.S. holder must generally furnish a valid IRS Form W-8ECI (or applicable successor form) to the applicable withholding agent.

However, any such effectively connected dividends paid on our Class A common stock generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Non-U.S. holders that do not provide the required certification on a timely basis, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Gain on Disposition of Our Class A Common Stock

Subject to the discussions below regarding backup withholding and FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale or other disposition of our Class A common stock, unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our Class A common stock constitutes a "United States real property interest" by reason of our status as a United States real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-U.S. holder's holding period for our Class A common stock, and our Class A common stock is not regularly traded on an established securities market (as defined in applicable Treasury Regulations).

Determining whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our foreign real property interests. We believe that we are not currently and do not anticipate becoming a USRPHC for U.S. federal income tax purposes, although there can be no assurance we will not in the future become a USRPHC.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Gain described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), but may be offset by certain U.S.-source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses. Gain described in the third bullet point above will generally be subject to U.S. federal income tax in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business (subject to any provisions under an applicable income tax treaty), except that the branch profits tax generally will not apply. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Annual reports are required to be filed with the IRS and provided to each non-U.S. holder indicating the amount of dividends on our Class A common stock paid to such holder and the amount of any tax withheld with respect to those dividends. These information reporting requirements apply even if no withholding was required because the dividends were effectively connected with the holder's conduct of a U.S. trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding, currently at a 24% rate, generally will not apply to payments to a non-U.S. holder of dividends on or the gross proceeds of a disposition of our Class A common stock provided the non-U.S. holder furnishes the required certification for its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI (or applicable successor form), or certain other requirements are met. Backup withholding may apply if the payor has actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, the non-U.S. holder should consult with a U.S. tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the non-U.S. holder's U.S. federal income tax liability, if any.

Withholding on Foreign Entities

Sections 1471 through 1474 of the Code, commonly referred to as FATCA, impose a U.S. federal withholding tax of 30% on certain payments made to a "foreign financial institution" (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or an exemption applies. FATCA also generally will impose a U.S. federal withholding tax of 30% on certain payments made to a non-financial foreign entity unless such entity either certifies that it does not have any "substantial United States owners" as defined in the Code or provides the withholding agent a certification identifying certain direct and indirect U.S. owners of the entity or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. FATCA currently applies to dividends paid on our Class A common stock. FATCA would have applied to payments of gross proceeds from the sale or other disposition of stock, but under proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on such proposed regulations pending finalization), no withholding would apply with respect to payments of gross proceeds.

Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our Class A common stock.

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and BofA Securities, Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
J.P. Morgan Securities LLC	
BofA Securities, Inc.	
Deutsche Bank Securities Inc.	
Canaccord Genuity LLC	
JMP Securities LLC	
KeyBanc Capital Markets Inc.	
Needham & Company, LLC	
Piper Sandler & Co.	
Total:	

The underwriters are offering the shares of Class A common stock subject to their receipt and acceptance of the shares from us and subject to prior sale and the underwriters' right to reject any order in whole or in part. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class A common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of Class A common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' option to purchase additional shares of Class A common stock described below.

The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per share under the public offering price. After the initial offering of the shares of Class A common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of Class A common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Class A common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of Class A common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of Class A common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of Class A common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by:			
Us	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of Class A common stock offered by them.

We have applied to have our Class A common stock listed on the New York Stock Exchange under the trading symbol "AI."

We and all directors and officers and the holders of all of our outstanding stock and stock options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, on behalf of the underwriters, subject to certain exceptions, we and they will not, and will not publicly disclose an intention to, during the period ending 180 days after the date of this prospectus, or the restricted period:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;

- file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

- engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) that is designed or intended, or which could reasonably be expected, to lead to or result in a sale or disposition of any shares of common stock, or of securities convertible into or exercisable or exchangeable for common stock, or that otherwise transfers to another, in whole or in part, any of the economic consequences of ownership of common stock.

  whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise; provided that such restricted period will end with respect to 20% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have issued a quarterly earnings release announced by press release through a major news service or on a report on Form 8-K and (2) the last reported closing price of our Class A common stock is at least 33% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive trading days ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days of a trading black-out period, the above referenced early expiration period will be the sixth trading day immediately preceding the commencement of the trading black-out period. In addition, with respect to shares not released as a result of such early release, if 180 days after the date of this prospectus occurs within five trading days of a trading black-out period, the restricted period will expire on the sixth trading day immediately preceding the commencement of the trading black-out period. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph are subject to specified exceptions, including, without limitation, the following:

- transfers of shares of common stock acquired in open market transactions after the completion of this offering provided that no filing under Section 16 of the Exchange Act would be required or voluntarily made;

- sales of shares of Class A common stock pursuant to the underwriting agreement;

- transfers of shares of common stock or any security convertible into or exercisable or exchangeable for common stock (1) as bona fide gifts, charitable contributions or for bona fide estate planning purposes; (2) upon death, by will or intestate succession; (3) to an immediate family member or a trust for the direct or indirect benefit of the lock-up party or the immediate family of the lock-up party; or (4) by a lock-up party that is a trust to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust;

- transfers or distributions of shares of common stock or any security convertible into or exercisable or exchangeable for common stock by a lock-up party that is a corporation, partnership, limited liability company, trust or other

business entity (1) to limited partners, members, stockholders or holders of similar equity interests in the undersigned (or in each case its nominee or custodian) or (2) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate of the lock-up party, or to any investment fund or other entity controlled or managed by the lock-up party or affiliates of the lock-up party;

- transfers of shares of common stock or any security convertible into or exercisable or exchangeable for common stock that occurs by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement; provided that any filing required by Section 16 of the Exchange Act shall clearly indicate in the footnotes thereto the nature and conditions of such transfer and that such transfer occurred by operation of law, court order, or in connection with a divorce settlement, as the case may be; provided further that no other public announcement or filing shall be required or shall be voluntarily made during the restricted period;

- (1) the receipt by the lock-up party of shares of common stock upon the exercise, vesting or settlement of options, restricted stock units or other equity awards granted under a stock incentive plan or other equity award plan, which plan is described in this prospectus, or (2) the transfer of shares of common stock or any securities convertible into common stock to us upon a vesting or settlement event of our restricted stock units or other securities or upon the exercise of options to purchase our securities on a “cashless” or “net exercise” basis to the extent permitted by the instruments representing such options (and any transfer to us necessary in respect of such amount needed for the payment of taxes, including estimated taxes and withholding tax and remittance obligations, due as a result of such vesting, settlement or exercise whether by means of a “net settlement” or otherwise) so long as such vesting, settlement, “cashless” exercise or “net exercise” is effected solely by the surrender of outstanding options (or the common stock issuable upon the exercise thereof) or shares of common stock to us and our cancellation of all or a portion thereof to pay the exercise price and/or withholding tax and remittance obligations in connection with the vesting, settlement or exercise of the restricted stock unit, option or other equity award; provided that the shares received upon vesting, settlement or exercise of the restricted stock unit, option or other equity award are subject to a lock-up agreement with the underwriters, and that in the case of (1) or (2), no public announcement or filing under Section 16 of the Exchange Act, or any other public filing or disclosure or such receipt or transfer, shall be required or shall be voluntarily made by or on behalf of the lock-up party within 60 days after the date of this prospectus, and thereafter, any filing required under Section 16 of the Exchange Act to be made during the remainder of the restricted period shall include a statement to the effect that (A) such transaction reflects the circumstances described in (1) or (2), as the case may be, (B) such transaction was only with the Company and (C) in the case of (1) the shares of common stock received upon exercise or settlement of the option, restricted stock units or other equity awards are subject to the lock-up agreement with the underwriters;

- transfers to us of shares of common stock or any security convertible into or exercisable or exchangeable for common stock in connection with the repurchase by us from the lock-up party of shares of common stock or any security convertible into or exercisable or exchangeable for common stock pursuant to a repurchase right arising upon the termination of the lock-up party’s employment;

- with us; provided that such repurchase right is pursuant to contractual agreements with us; provided further that any filing required by Section 16 of the Exchange Act shall clearly indicate in the footnotes thereto that the such transfer is being made pursuant to the circumstances described in this bullet point and that no shares or securities were sold by the reporting person; provided further that no other public announcement or filing shall be required or shall be voluntarily made during the restricted period;

- transfers of shares of common stock or any security convertible into or exercisable or exchangeable for common stock pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction involving a change of control which occurs after the consummation of this offering that is approved by our board of directors and made to all holders of capital stock of the Company, is open to all holders of our capital stock; provided that in the event that such tender offer, merger, consolidation or other such transaction is not completed, the securities held by the lock-up party shall remain subject to the provisions of the lock-up agreement;

- the establishment of a trading plan on behalf of a stockholder, officer or director pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock; provided that (1) such plan does not provide for the transfer of common stock during the restricted period and (2) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the lock-up party or us regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period; or

- (1) to the conversion of outstanding preferred stock into shares of common stock in connection with the consummation of this offering or (2) any conversion or reclassification of common stock as described in this prospectus (including the conversion of shares of Class B common stock into Class A common stock), provided that such shares of common stock received upon conversion remain subject to the terms of the lock-up agreement; provided further that in the case of (2) any filing required by Section 16 of the Exchange Act shall clearly indicate in the footnotes thereto the nature and conditions of such conversion or reclassification.

provided that:

- in the case of any transfer or distribution pursuant to the third through fifth bullets above, each donee, trustee, distributee or transferee shall sign and deliver a lock-up letter agreement; and

- in the case of any transfer or distribution pursuant to the third and fourth bullets above, (1) no public announcement or filing under Section 16 of the Exchange Act, or any other public filing or disclosure shall be required or shall be voluntarily made during the restricted period, and (2) such transfer or distribution shall not involve a disposition for value.

Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time provided that, if the stockholder is one of our officers or directors, Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC will notify us of the impending release or waiver at least three business days before the release or waiver, and we have agreed to announce the impending release or waiver at least two business days before the release or waiver, except where the release or waiver is effected solely to permit a transfer of securities that is not for consideration and where the transferee has agreed in writing to be bound by the same lock-up agreement terms in place for the transferor.

In order to facilitate the offering of the Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option. The underwriters can close out a covered short sale by exercising the option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the option. The underwriters may also sell shares in excess of the option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of Class A common stock in the open market to stabilize the price of the Class A common stock. These activities may raise or maintain the market price of the Class A common stock above independent market levels or prevent or retard a decline in the market price of the Class A common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of Class A common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses. Certain of the underwriters and their respective affiliates are our customers or have been customers from time to time and may be customers in the future in arm’s length transactions on market competitive terms.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and

financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours. After the public offering of the shares of our Class A common stock, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

Selling Restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the shares of Class A common stock offered by this prospectus in any jurisdiction where action for that purpose is required. The shares of Class A common stock offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom, or each a Relevant State, no shares of our Class A common stock have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to shares of our Class A common stock which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of shares of our Class A common stock may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of our Class A common stock shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares of our Class A common stock in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our Class A common stock to be offered so as to enable an investor to decide to purchase any shares of our Class A common stock, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended).

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed at qualified investors who are (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (2) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

Canada

The shares of Class A common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of Class A common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

Shares of our Class A common stock may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (2) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation, or document relating to shares of our Class A common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our Class A common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of our Class A common stock may not be circulated or distributed, nor may the shares of our Class A common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA) (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where shares of our Class A common stock are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust

shall not be transferable for six months after that corporation or that trust has acquired shares of our Class A common stock under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Solely for purposes of the notification requirements under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore. The shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended), or the FIEL, has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of Class A common stock.

Accordingly, the shares of Class A common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors, or QIIs

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of Class A common stock constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of Class A common stock. The shares of Class A common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of Class A common stock constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of Class A common stock. The shares of Class A common stock may only be transferred en bloc without subdivision to a single investor.

Switzerland

This prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Class A common stock. The Class A common stock may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act, or FinSA, and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to, the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the Class A common stock constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the Class A common stock or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, or the Class A common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Class A common stock will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of Class A common stock has not been and will not be authorized

under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Class A common stock.

Australia

No placement document, prospectus, product disclosure statement, or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to this offering. This prospectus does not constitute a prospectus, product disclosure statement, or other disclosure document under the Corporations Act 2001 (the Corporations Act) and does not purport to include the information required for a prospectus, product disclosure statement, or other disclosure document under the Corporations Act.

Any offer in Australia of our Class A common stock may only be made to persons, or Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act), or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer our Class A common stock without disclosure to investors under Chapter 6D of the Corporations Act.

The Class A common stock applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring securities must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation, or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Brazil

The offer and sale of our Class A common stock has not been, and will not be, registered (or exempted from registration) with the Brazilian Securities Commission (Comissão de Valores Mobiliários – CVM) and, therefore, will not be carried out by any means that would constitute a public offering in Brazil under Law No. 6,385, of December 7, 1976, as amended, under CVM Rule No. 400, of December 29, 2003, as amended, or under CVM Rule No. 476, of January 16, 2009, as amended. Any representation to the contrary is untruthful and unlawful. As a consequence, our Class A common stock cannot be offered and sold in Brazil or to any investor resident or domiciled in Brazil. Documents relating to the offering of our Class A common stock, as well as information contained therein, may not be supplied to the public in Brazil, nor used in connection with any public offer for subscription or sale of Class A common stock to the public in Brazil.

China

This prospectus will not be circulated or distributed in the People's Republic of China, or PRC, and the Class A common stock will not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to any residents of the PRC except pursuant to any applicable laws and regulations of the PRC. Neither this prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with applicable laws and regulations.

France

Neither this prospectus nor any other offering material relating to the Class A common stock offered by this prospectus has been and will not be submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The Class A common stock has not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the Class A common stock has been or will be:

(a) released, issued, distributed or caused to be released, issued or distributed to the public in France;

(b) used in connection with any offer for subscription or sale of the notes to the public in France.

Such offers, sales and distributions will be made in France only:

(c) to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case acting for their own account, or otherwise in circumstances in which no offer to the public occurs, all as defined in and in accordance with Articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;

(d) to investment services providers authorized to engage in portfolio management on behalf of third parties; or

(e) in a transaction that, in accordance with Article L.411-2-I-1°-or-2° -or 3° of the French Code monétaire et financier and Article 211-2 of the General Regulations (Règlement Général) of the Autorité des Marchés Financiers, does not constitute a public offer (offre au public).

The Class A common stock may not be distributed directly or indirectly to the public except in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier and applicable regulations thereunder.

Kuwait

The Class A common stock has not been authorized or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this prospectus and the offering and sale of the Class A common stock in the State of Kuwait is restricted by law unless a license is obtained from the Kuwait Ministry of Commerce and Industry in accordance with Law 31 of 1990. Persons into whose possession this prospectus comes are required by us and the international underwriters to inform themselves about and to observe such restrictions. Investors in the State of Kuwait who approach us or any of the international underwriters to obtain copies of this prospectus are required by us and the international underwriters to keep such prospectus confidential and not to make copies thereof or distribute the same to any other person and are also required to observe the restrictions provided for in all jurisdictions with respect to offering, marketing and the sale of the Class A common stock.

Qatar

The Class A common stock described in this prospectus have not been, and will not be, offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. This prospectus has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. This prospectus is intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority, or CMA, pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended, or the CMA Regulations. The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

United Arab Emirates

The Class A common stock has not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

LEGAL MATTERS

The validity of the shares of Class A common stock being offered by this prospectus will be passed upon for us by Cooley LLP, Palo Alto, California. As of the date of this prospectus, a partner in Cooley LLP beneficially owns 225,000 shares of our Series B* convertible preferred stock, 48,363 shares of our Series B-1A* convertible preferred stock, and 25,513 shares of our Series D convertible preferred stock, which collectively represent less than 1% of our outstanding shares of capital stock. Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California, is acting as counsel to the underwriters in connection with this offering.

EXPERTS

The consolidated financial statements as of April 30, 2019 and April 30, 2020 and for each of the years then ended have been included in this Prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act, with respect to the shares of Class A common stock being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the Class A common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov.

Upon the completion of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934 and we will file reports, proxy statements and other information with the SEC. We also maintain a website at C3.ai, at which, following the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on or accessible through our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of C3.ai, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of C3.ai, Inc. and subsidiaries (the "Company") as of April 30, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock, redeemable convertible B-1 common stock and stockholders' deficit, cash flows, and the related notes for each of the two years in the period ended April 30, 2020 (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended April 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 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/ DELOITTE & TOUCHE LLP

San Jose, California
September 18, 2020

We have served as the Company's auditor since 2018.

C3.AI, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)

	April 30,		July 31,	Pro Forma Stockholders' Equity July 31,
	2019	2020	2020	2020
			(unaudited)	(unaudited)
Assets				
Current assets				
Cash and cash equivalents	$ 98,607	$ 33,104	128,979	
Short-term investments	57,910	211,874	139,018	
Accounts receivable, net of allowance of $755, $755, and $755 (unaudited) as of April 30, 2019 and 2020 and July 31, 2020, respectively[1]	63,486	30,827	60,416	
Prepaid expenses and other current assets	3,824	5,400	4,835	
Total current assets	223,827	281,205	333,248	
Property and equipment, net	7,303	8,723	8,246	
Goodwill	625	625	625	
Long-term investments	33,505	725	725	
Other assets, non-current	2,225	13,830	12,925	
Total assets	$ 267,485	$ 305,108	355,769	
Liabilities, redeemable convertible preferred stock, redeemable convertible Class B-1 common stock and stockholders' (deficit) equity				
Current liabilities				
Accounts payable	$ 5,660	$ 4,726	4,382	
Accrued compensation and employee benefits	13,042	13,693	8,646	
Deferred revenue, current[2]	80,197	53,537	102,681	
Accrued and other current liabilities	3,301	9,083	8,703	
Total current liabilities	102,200	81,039	124,412	
Deferred revenue, non-current	11,028	6,758	4,563	
Other long-term liabilities	926	6,001	12,468	
Total liabilities	114,154	93,798	141,443	
Commitments and contingencies (note 7)				
Redeemable convertible preferred stock, $0.001 par value. 218,861,813, 233,107,379 and 233,107,379 shares authorized as of April 30, 2019 and 2020, and July 31, 2020 (unaudited), respectively; 205,149,787, 222,773,375 and 222,773,375 shares issued and outstanding as of April 30, 2019 and 2020 and July 31, 2020 (unaudited), respectively; Liquidation preference of $300,734, $376,178, and $376,178 as of April 30, 2019 and 2020 and July 31, 2020 (unaudited), respectively, no shares authorized, issued or outstanding as of July 31, 2020, pro forma (unaudited)	299,965	375,207	375,207	—
Redeemable convertible class B-1 common stock, $0.001 par value. 40,000,000 shares authorized, issued and outstanding as of April 30, 2019 and 2020 and July 31, 2020 (unaudited); Liquidation preference of $18,800 as of April 30, 2019 and 2020 and July 31, 2020 (unaudited), no shares authorized, issued or outstanding as of July 31, 2020, pro forma (unaudited)	18,800	18,800	18,800	—
Stockholders' (deficit) equity				
Class A common stock, $0.001 par value. 670,000,000, 700,000,000 and 700,000,000 shares authorized as of April 30, 2019 and 2020 and July 31, 2020 (unaudited), respectively; 18,720,399 shares issued and outstanding as of April 30, 2019 and 2020 and July 31, 2020 (unaudited), shares authorized, issued and outstanding as of July 31, 2020, pro forma (unaudited)	19	19	19	
Class B common stock, $0.001 par value. 185,000,000, 405,000,000 and 405,000,000 shares authorized as of April 30, 2019 and 2020 and July 31, 2020 (unaudited); 100,166,215, 167,083,647 and 167,863,605 share issued and outstanding as of April 30, 2019 and 2020 and July 31, 2020 (unaudited), respectively; no shares authorized, issued or outstanding as of July 31, 2020, pro forma (unaudited)	98	163	164	—
Class C common stock, $0.001 par value. 1,789,159 shares authorized as of April 30, 2019 and 2020 and July 31, 2020 (unaudited); 1,456,909 share issued and outstanding as of April 30, 2019 and 2020 and July 31, 2020 (unaudited), respectively; no shares authorized, issued, or outstanding as of July 31, 2020 pro forma (unaudited)	1	1	1	—
Class B common stock, $0.001 par value; no shares authorized as of April 30, 2019 and 2020 and July 31, 2020; no share issued and outstanding as of April 30, 2019 and 2020 and July 31, 2020, respectively; shares authorized, 21,000,000 shares issued and outstanding as of July 31, 2020 pro forma (unaudited)	—	—	—	21
Additional paid-in capital	58,633	110,333	113,364	

	April 30,		July 31,	Pro Forma Stockholders' Equity July 31,
	2019	2020	2020	2020
Accumulated other comprehensive income	74	424	257	257
Accumulated deficit	(224,259)	(293,637)	(293,486)	(293,486)
Total stockholders' (deficit) equity	(165,434)	(182,697)	(179,681)	214,326
Total liabilities, redeemable convertible preferred stock, redeemable convertible Class B-1 common stock and stockholders' (deficit) equity	$ 267,485	$ 305,108	355,769	$ 355,769

(1) Including amounts from a related party of $20,000, $250 and $241 (unaudited) as of April 30, 2019 and 2020 and July 31, 2020, respectively.
(2) Including amounts from a related party of $19,944, $1,499 and $22,689 (unaudited) as of April 30, 2019 and 2020 and July 31, 2020, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

C3.AI, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
			(unaudited)	
Revenue				
Subscription[1]	$ 77,472	$ 135,394	$ 30,976	$ 35,695
Professional services[2]	14,133	21,272	3,914	4,788
Total revenue	91,605	156,666	34,890	40,483
Cost of revenue				
Subscription	24,560	31,479	6,643	8,587
Professional services	5,826	7,308	1,575	1,912
Total cost of revenue	30,386	38,787	8,218	10,499
Gross profit	61,219	117,879	26,672	29,984
Operating expenses				
Sales and marketing	37,882	94,974	11,637	14,358
Research and development	37,318	64,548	10,918	13,264
General and administrative	22,061	29,854	5,080	5,687
Total operating expenses	97,261	189,376	27,635	33,309
Loss from operations	(36,042)	(71,497)	(963)	(3,325)
Interest income	3,508	4,251	979	580
Other (expense) income, net	(546)	(1,752)	(252)	3,018
Net income (loss) before provision for income taxes	(33,080)	(68,998)	(236)	273
Provision for income taxes	266	380	87	123
Net income (loss)	$ (33,346)	$ (69,378)	$ (323)	$ 150
Net income (loss) per share attributable to common stockholders, basic and diluted	$ (0.22)	$ (0.32)	(0.00)	$ 0.00
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic and diluted	151,973	214,799	194,613	223,746
Pro forma net income (loss) per share, basic and diluted (unaudited)				
Weighted-average shares used in computing pro forma net income (loss) per share, basic and diluted (unaudited)				

(1) Including related party revenue of $56, $40,425, $10,453 (unaudited) and $6,810 (unaudited) for the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, respectively.
(2) Including related party revenue of $0, $292, $20 (unaudited) and nil (unaudited) for the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

C3.AI, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
			(unaudited)	
Net income (loss)	(33,346)	(69,378)	$ (323)	$ 150
Other comprehensive income				
Unrealized gains and losses on investment securities, net of tax	75	350	48	(167)
Total comprehensive income (loss)	(33,271)	(69,028)	(275)	(17)

The accompanying notes are an integral part of these consolidated financial statements.

C3.AI, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK, REDEEMABLE CONVERTIBLE CLASS B-1 COMMON STOCK AND STOCKHOLDERS' DEFICIT
(In thousands)

	Redeemable Convertible Preferred Stock		Redeemable Convertible B-1 Common Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of April 30, 2018	189,488	$248,471	40,000	$ 18,800	111,408	$ 106	$ 50,912	$ (1)	$ (190,847)	$ (139,830)
Issuance of Series G Preferred Stock, net of issuance costs of $257	15,662	51,494	—	—	—	—	—	—	—	—
Issuance of Class B common stock upon exercise of stock options	—	—	—	—	8,936	7	1,832	—	—	1,839
Vesting of early exercised Class B common stock options	—	—	—	—	—	5	1,556	—	—	1,561
Stock-based compensation expense	—	—	—	—	—	—	4,267	—	—	4,267
Cumulative-effect adjustment related to the adoption of ASU 2016-09	—	—	—	—	—	—	66	—	(66)	—
Other comprehensive income	—	—	—	—	—	—	—	75	—	75
Net loss	—	—	—	—	—	—	—	—	(33,346)	(33,346)
Balance as of April 30, 2019	205,150	299,965	40,000	18,800	120,344	118	58,633	74	(224,259)	(165,434)
Issuance of Series G Preferred Stock, net of issuance costs $34	7,700	25,406	—	—	—	—	—	—	—	—
Issuance of Class B common stock	—	—	—	—	57,179	57	43,970	—	—	44,027
Issuance of Series H Preferred Stock, net of issuance costs $164	9,923	49,836	—	—	—	—	—	—	—	—
Issuance of Class B common stock upon exercise of stock options	—	—	—	—	10,720	7	2,314	—	—	2,321
Vesting of early exercised Class B common stock options	—	—	—	—	—	2	653	—	—	655
Tender offer repurchases	—	—	—	—	(982)	(1)	(3,547)	—	—	(3,548)
Stock-based compensation expense	—	—	—	—	—	—	8,310	—	—	8,310
Other comprehensive income	—	—	—	—	—	—	—	350	—	350
Net loss	—	—	—	—	—	—	—	—	(69,378)	(69,378)
Balance as of April 30, 2020	222,773	$375,207	40,000	$ 18,800	187,261	$ 183	$110,333	$ 424	$ (293,637)	$ (182,697)

The accompanying notes are an integral part of these consolidated financial statements.

C3.AI, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK, REDEEMABLE CONVERTIBLE CLASS B-1 COMMON STOCK AND STOCKHOLDERS' DEFICIT
(In thousands)

	Redeemable Convertible Preferred Stock		Redeemable Convertible B-1 Common Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of April 30, 2019	205,150	299,965	40,000	18,800	120,344	118	58,633	74	(224,259)	(165,434)
Issuance of Series G Preferred Stock, net of issuance costs $34 (unaudited)	7,700	25,406	—	—	—	—	—	—	—	—
Issuance of Class B common stock (unaudited)	—	—	—	—	57,179	57	43,970	—	—	44,027
Issuance of Class B common stock upon exercise of stock options (unaudited)	—	—	—	—	2,701	3	735	—	—	738
Vesting of early exercised Class B common stock options (unaudited)	—	—	—	—	—	—	145	—	—	145
Stock-based compensation expense (unaudited)	—	—	—	—	—	—	1,532	—	—	1,532
Other comprehensive income (unaudited)	—	—	—	—	—	—	—	48	—	48
Net loss (unaudited)	—	—	—	—	—	—	—	—	(323)	(323)
Balance as of July 31, 2019 (unaudited)	212,850	325,371	40,000	18,800	180,224	178	105,015	122	(224,582)	(119,267)

	Redeemable Convertible Preferred Stock		Redeemable Convertible B-1 Common Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of April 30, 2020	222,773	$375,207	40,000	$ 18,800	187,261	$ 183	$110,333	$ 424	$ (293,637)	$ (182,697)
Issuance of Class B common stock (unaudited)	—	—	—	—	791	1	334			$ 335
Vesting of early exercised Class B common stock options (unaudited)	—	—	—	—	—	1	217	—	—	$ 218
Stock-based compensation expense (unaudited)	—	—	—	—	—	—	2,480	—	—	$ 2,480
Other comprehensive income (unaudited)	—	—	—	—	—	—	—	(167)	—	$ (167)
Net income (unaudited)	—	—	—	—	—	—	—	—	150	$ 150
Balance as of July 31, 2020 (unaudited)	222,773	375,207	40,000	18,800	188,052	185	113,364	257	(293,487)	$ (179,681)

The accompanying notes are an integral part of these consolidated financial statements.

C3.AI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
			(unaudited)	
Cash flows from operating activities:				
Net income (loss)	$ (33,346)	$ (69,378)	$ (323)	$ 150
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Depreciation and amortization	550	1,302	169	1,028
Non-cash operating lease cost	—	3,052	742	842
Stock-based compensation expense	4,267	8,310	1,532	2,480
Impairment on investment	—	1,025	—	—
Other	534	(657)	(46)	(100)
Changes in operating assets and liabilities				
Accounts receivable[1]	(46,144)	32,659	37,694	(29,588)
Prepaid expenses, other current assets and other assets	(1,677)	(4,265)	(1,184)	556
Accounts payable	48	(1,219)	962	(169)
Accrued compensation and employee benefits	4,170	651	(6,378)	(5,047)
Lease liability	—	(3,174)	(758)	(886)
Other liabilities	(533)	1,343	(366)	847
Deferred revenue[2]	37,255	(30,930)	4,633	46,949
Net cash provided by (used in) operating activities	(34,876)	(61,281)	36,677	17,062
Cash flows from investing activities:				
Purchase of property and equipment	(6,811)	(2,298)	(431)	(654)
Capitalized software development costs	—	(581)	—	—
Purchase of investments	(166,303)	(219,853)	—	(36,970)
Maturity and sale of investments	76,886	98,659	18,739	109,759
Net cash provided by (used in) investing activities	(96,228)	(124,073)	18,308	72,135
Cash flows from financing activities:				
Proceeds from issuance of Series G, net of issuance costs	51,567	25,333	25,497	—
Proceeds from issuance of Series H, net of issuance costs	—	49,836	—	—
Repurchase of common stock and options in tender offer	—	(3,548)	—	—
Proceeds from Payroll Protection Program loan	—	—	—	6,343
Proceeds from issuance of common stock	—	44,027	44,028	—
Proceeds from exercise of Class B common stock options	2,905	4,203	701	335
Net cash provided by financing activities	54,472	119,851	70,226	6,678
Net increase (decrease) in cash, cash equivalents and restricted cash	(76,632)	(65,503)	125,211	95,875
Cash, cash equivalents and restricted cash at beginning of period	175,739	99,107	99,107	33,604
Cash, cash equivalents and restricted cash at end of period	$ 99,107	$ 33,604	$ 224,318	$ 129,479
Cash and cash equivalents	98,607	33,104	223,818	128,979
Restricted cash included in other assets	500	500	500	500
Total cash, cash equivalents and restricted cash	$ 99,107	$ 33,604	$ 224,318	$ 129,479
Supplemental disclosures of cash flow information—cash paid for income taxes	$ 131	$ 660	$ 25	$ 138
Supplemental disclosure of non-cash investing and financing activity:				
Purchases of property and equipment included in accounts payable and accrued liabilities	$ 60	$ 417	$ 666	$ 243
Purchases of capitalized software included in accounts payable and accrued liabilities	$ —	$ —	$ 443	$ —
Series G issuance cost included in accounts payable	$ 73	$ —	$ 163	$ —
Series H issuance cost included in accounts payable	$ —	$ —	$ 1	$ —
Vesting of early exercised stock options	$ 1,561	$ 655	$ 146	$ 218

(1) Including changes in related party balances of $(20,000), $19,750, $19,995 (unaudited) and $9 (unaudited) for the years ended April 30, 2019 and 2020 and for the three months ended July 31, 2019 and 2020, respectively.

(2) Including changes in related party balances of $19,944, $(18,445), $11,533 (unaudited) and $21,190 (unaudited) for the years ended April 30, 2019 and 2020 and for the three months ended July 31, 2019 and 2020, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of Business and Significant Accounting Policies

Business

C3.ai, Inc. and subsidiaries, or collectively, C3 or the Company, is an enterprise artificial intelligence, or AI, software provider for accelerating digital transformation. The C3 AI Suite supports the value chain in various industries with prebuilt and configurable AI applications for business use cases including predictive maintenance, fraud detection, sensor network health, supply network optimization, energy management, anti-money laundering, and customer engagement. The Company supports customers in the United States, Europe, and the rest of the world. The Company was initially formed as a limited liability company in Delaware on January 8, 2009 and converted to a Delaware corporation in June 2012.

Basis of Presentation and Principles of Consolidation

The Company prepares its consolidated financial statements in accordance with generally accepted accounting principles in the United States, or GAAP. The consolidated financial statements include the accounts of C3.ai, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Actual results and outcomes could differ significantly from the Company's estimates, judgments, and assumptions. Significant estimates include determining standalone selling price for performance obligations in contracts with customers and estimating variable consideration, the estimated expected benefit period for deferred contract acquisition costs, the useful lives of long-lived assets, the value of common stock and other assumptions used to measure stock-based compensation, and the valuation of deferred income tax assets and uncertain tax positions. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods. As future events and their effects cannot be determined with precision, actual results could materially differ from those estimates and assumptions.

Fiscal Year

The Company's fiscal year ends on April 30. References to fiscal 2019 and 2020 relate to the fiscal years ended April 30, 2019 and 2020, respectively.

Unaudited Interim Consolidated Financial Information

The accompanying interim consolidated balance sheet as of July 31, 2020, the consolidated statements of operations, comprehensive income (loss), redeemable convertible preferred stock, redeemable convertible Class B-1 Common stock and stockholders' deficit, and cash flows for the three months ended July 31, 2019 and 2020, and the related footnote disclosures are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with GAAP. In management's opinion, the unaudited interim consolidated financial statements include all adjustments necessary to state fairly the Company's financial position as of July 31, 2020 and its results of operations and cash flows for the three months ended July 31, 2019 and 2020. The financial data and the other information disclosed in the notes to these consolidated financial statements related to the three-month periods are unaudited. The results of operations for the three months ended July 31, 2020 are not necessarily indicative of the results expected for the year ending April 30, 2021 or any other future period.

Unaudited Pro Forma Consolidated Balance Sheet Information

Unaudited pro forma consolidated balance sheet information as of July 31, 2020 has been presented to show the assumed effect to the consolidated balance sheet for the automatic conversion of the outstanding redeemable convertible preferred stock upon the consummation of a qualified initial public offering, or IPO, as described in Note 8 as if such conversion had

occurred on July 31, 2020. Upon the consummation of a qualified IPO, all outstanding shares of Series A convertible preferred stock will automatically convert into 21,000,000 shares of Class B common stock and the remaining convertible preferred stock, redeemable convertible Class B-1 common stock, Class B common stock, and Class C common stock will convert into shares of Class A common stock. The unaudited pro forma consolidated balance sheet information does not give effect to the shares of common stock issuable and the proceeds expected to be received upon the closing of a qualified IPO.

Unaudited Pro Forma Net Loss Per Share

Unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended April 30, 2020 and the three months ended July 31, 2020 has been presented to give effect to the automatic conversion of Series A convertible preferred stock into Class B common stock and all remaining convertible preferred stock, Class B common stock, redeemable convertible Class B-1 common stock, and Class C common stock into Class A common stock upon the consummation of a qualified IPO as of the beginning of the period or the original date of issuance, if later. The unaudited pro forma basic and diluted net loss per share attributable to common stockholders does not give effect to the shares of common stock issuable upon the completion of a qualified IPO.

Concentration of Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents, investments and accounts receivable. The majority of the Company's cash and cash equivalents are held by one financial institution. The Company is exposed to that financial institution to the extent that its cash balance with that financial institution is in excess of Federal Deposit Insurance Company, or FDIC, insurance limits. The Company's investment policy is to invest in securities with a minimum rating of P1 by Moody's, A1 by Standard & Poor's, F-1 by Fitch's or higher for short-term investments, and minimum rating of A2 by Moody's, A by Standard & Poor's, or A by Fitch's or higher for long-term investments.

All of the Company's customers consist of corporate and governmental entities. A limited number of customers have accounted for a large part of the Company's revenue and accounts receivable to date. Two separate customers accounted for 14% and 12%, respectively, of revenues for the year ended April 30, 2019. Two separate customers accounted for 26% and 10%, respectively, of revenues for the year ended April 30, 2020. Two separate customers accounted for 30% and 11%, respectively, of revenues for the three months ended July 31, 2019. Two separate customers accounted for 17% and 11%, respectively, of revenues for the three months ended July 31, 2020. Three separate customers accounted for 32%, 27%, and 16% of accounts receivable at April 30, 2019. Three separate customers accounted for 33%, 19%, and 15% of accounts receivable at April 30, 2020. Four separate customers accounted for 20%, 19%, 18% and 12% of accounts receivable at July 31, 2020.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Company's cash equivalents consisted of investments in money market funds as of April 30, 2019 and 2020 and July 31, 2020.

Restricted Cash

The Company had restricted cash pledged as security deposits at April 30, 2019 and 2020 and July 31, 2020 of $0.5 million, $0.5 million, and $0.5 million, respectively, primarily representing a security deposit required by certain leases. The balance of restricted cash as of April 30, 2019 and 2020 and July 31, 2020 was recorded as long-term other assets on the consolidated balance sheets.

Investments

The Company determines the appropriate classification of investments at the time of purchase and reevaluates such determination at each period-end. The Company's investments, comprised of money market funds, U.S. treasury securities, certificates of deposit, commercial paper and corporate debt securities, are classified as available-for-sale.

Such securities are carried at estimated fair values and reported in cash equivalents, short-term investments or long-term investments. Unrealized gains and losses, net of tax, are reported in other comprehensive income (loss) as a separate

component on the consolidated statements of comprehensive loss. Fair value is determined based on quoted market rates when observable or by utilizing data points that are observable, such as quoted prices, interest rates and yield curves. Declines in fair value judged to be other-than-temporary on securities available for sale are recorded within other expense, net on the consolidated statements of comprehensive income (loss). In order to determine whether a decline in value is other-than-temporary, the Company evaluates, among other factors, the duration and extent to which the fair value has been less than the carrying value and its intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value. The cost of securities sold is based on the specific-identification method. Interest on securities classified as available-for-sale is included in interest income (expense) on the consolidated statements of operations.

Non-marketable equity securities without readily determinable fair values are recorded at cost, less impairment, and adjusted to fair value within other expense, net if there are observable price changes for identical or similar securities. Non-marketable equity securities are recorded within long-term investments. Impairment loss is recorded in other expense, net on the consolidated statements of operations. Prior to the adoption of ASU 2016-01 in the fiscal year beginning May 1, 2019, investments in non-marketable equity securities were recorded at cost less impairment, if any, with any losses resulting from an impairment recognized in other expense, net.

Accounts Receivable

Accounts receivable consist of current trade receivables from customers. The Company records accounts receivable at their net realizable value. Judgment is required in assessing the realization of these receivables, including the current creditworthiness of each customer and related aging of the past-due balances. Management evaluates all accounts periodically, and an allowance for doubtful accounts may be established based on specific identification using the best facts available and reevaluated and adjusted as additional information is received. An allowance for doubtful accounts balance of $0.8 million, $0.8 million, and $0.8 million was recorded as of April 30, 2019 and 2020 and July 31, 2020, respectively. Accounts receivable as of April 30, 2019 and 2020 and July 31, 2020 included contract assets of $0.2 million, $0.5 million, and $0.7 million, respectively.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2—Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly.

Level 3—Inputs that are unobservable for the asset or liability.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of the Company’s financial instruments, including cash, cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued expenses, approximate their fair value due to their short maturities. The fair value of the company’s investments is discussed in Note 3.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are comprised primarily of prepaid cloud subscriptions, other receivables, costs to obtain and fulfill a contract, prepaid software subscriptions, prepaid rent, and prepaid health insurance premiums.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Assets are depreciated using the straight-line method over useful lives of three to five years. Leasehold improvements and certain furniture and fixtures are amortized using the straight-line method over the lesser of the remaining respective lease term or useful lives.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets or asset groups for impairment whenever events indicate that the carrying value of an asset or asset group may not be recoverable based on expected future cash flows attributable to that asset or asset group. Recoverability of assets held and used is measured by comparing the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds estimated undiscounted future cash flows, then an impairment charge would be recognized based on the excess of the carrying amount of the asset or asset group over its fair value. Assets to be disposed of are reported at the lower of their carrying amount or fair value less costs to sell. There were no impairment charges recognized related to long-lived assets during the during the years ended April 30, 2019 and 2020 and the three months ended July 31, 2020.

Goodwill

Goodwill is the amount by which the cost of acquired net assets in a business combination exceeds the fair value of the net identifiable assets on the date of purchase and is carried at its historical cost. The Company tests goodwill for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company performs its annual impairment test of goodwill as of February 1, and whenever events or circumstances indicate that the asset might be impaired. The tests did not result in an impairment to goodwill during the years ended April 30, 2019 and 2020 and the three months ended July 31, 2020.

Deferred Offering Costs

Deferred offering costs consist primarily of accounting, legal, and other fees related to the Company's proposed IPO. The deferred offering costs will be recorded against IPO proceeds upon the consummation of the IPO. If the IPO is abandoned, deferred offering costs will be expensed in the period the IPO is abandoned. There were no deferred offering costs as of April 30, 2019 or 2020 or July 31, 2020.

Leases

The Company has lease arrangements that include lease and non-lease components. The Company has elected to not account for the lease and non-lease components separately. For leases that commenced before the Company's adoption date of Accounting Standards Codification, or ASC, Topic 842, Leases, the Company elected the practical expedient to not reassess the following: (1) whether any expired or existing contracts contain leases; (2) the lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases. For short-term leases, defined as leases with a lease term of 12 months or less, the Company elected to not recognize an associated lease liability and right-of-use, or ROU, asset. Lease payments for short-term leases are expensed on a straight-line basis over the lease term.

The Company does not have financing leases. Operating lease ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term. The Company uses the rate implicit in the lease when readily determinable at lease inception. If the implicit rate is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the adoption date for leases that commenced prior to the adoption date and the commencement date for leases that commenced after the adoption date. The incremental borrowing rate assumptions include the lease term and the Company's credit risk. The operating lease ROU asset also includes any advance lease payments made and excludes lease incentives. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis as operating expense in the statements of operations over the lease term. Refer to Note 6 for more information.

Deferred Revenue

Deferred revenue consists of billings or cash received for services in advance of revenue recognition and is recognized as revenue when all of the Company's revenue recognition criteria are met. The portion of deferred revenue that is anticipated to be recognized as revenue during the succeeding twelve-month period is recorded as deferred revenue, current and the remaining portion is recorded as deferred revenue, non-current.

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, Revenue From Contracts With Customers for all periods presented. The core principle of ASC 606 is to recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. This principle is achieved by applying the following five-step approach:

Identification of the Contract, or Contracts, with a Customer. A contract with a customer exists when (1) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (2) the contract has commercial substance and (3) the Company determines that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

Identification of the Performance Obligations in the Contract. Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the goods or services either on their own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods or services, the Company applies judgment to determine whether promised goods or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation.

Determination of the Transaction Price. The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods or services to the customer, net of sales taxes or value-added taxes. If the transaction price includes variable consideration, the Company includes an estimate of the amount it expects to receive if it is probable that a significant reversal of cumulative revenue recognized will not occur. Usage-based fees earned in exchange for the use of the Company's software licenses and subscription services are subject to the usage-based royalty and series guidance variable consideration estimation exceptions, respectively.

Allocation of the Transaction Price to the Performance Obligations in the Contract. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price, or SSP. When appropriate, the Company determines SSP based on the price at which the performance obligation has previously been sold through past transactions, taking into account internally approved pricing guidelines related to the performance obligations. When the SSP of a license or subscription and bundled maintenance and support services is highly variable and the contract also includes additional performance obligations with observable SSP, the Company first allocates the transaction price to the performance obligations with established SSPs and then applies the residual approach to allocate the remaining transaction price to the license or subscription and bundled maintenance and support services. If applying the residual approach results in zero or very little consideration being allocated to the combined performance obligation, or to a bundle of goods or services, the Company will consider all reasonably available data to determine an appropriate allocation of the transaction price. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation.

Recognition of Revenue when, or as, Performance Obligations are Satisfied. The Company satisfies substantially all of its performance obligations over time, as discussed in further detail below. Revenue is recognized at the time the related performance obligation is satisfied with the transfer of a promised good or service to a customer over time.

Subscriptions Revenue

Subscriptions relate to software licenses and software-as-a-service, or SaaS, offerings for the Company's C3 AI Suite and/or C3 AI Applications and include maintenance and support services. Licenses represent a contractual right for a customer to take possession of the software and it is feasible for the customer to host the software independently. SaaS represents a right for a customer to access the software through the Company's cloud environment and the customer does not have the right to take possession of the software. Maintenance and support services include critical and continuous updates to the software that are integral to maintaining the intended utility of the software over the contractual term. The Company's software and maintenance and support services are highly interdependent and interrelated and represent a single distinct performance obligation within the context of the contract satisfied over time.

Determining whether the software license and maintenance and support services are considered distinct performance obligations that should be accounted for separately or as one combined performance obligation may require significant judgment. In reaching its conclusion, the Company considered the nature of its promise to provide the customer real time analytics and machine learning algorithms that require regular re-training to maintain and improve prediction accuracy. The Company fulfills this promise by providing real time data feeds to the machine learning model and by providing regular tuning, optimization and critical updates to the constantly changing type system. Accordingly, the Company has determined that the software license and maintenance and support services fulfill a single promise to the customer under the contract.

The Company's subscriptions are generally offered under renewable, multi-year, fixed fee contracts where payments are typically due annually in advance. A time-elapsed output method is used to measure progress because the nature of the promise is a stand-ready service. The Company also offers premium stand-ready C3 Center of Excellence, or COE, support services, hosting services and trial services, which are distinct performance obligations. A description of the Company's offerings are as follows:

- *C3 AI Suite* is a comprehensive suite that allows for the design, deployment, and operation of AI, predictive analytics, and applications at enterprise scale. The C3 AI Suite provides data scientists and application developers robust advantages for rapid application and analytics development and deployment. Customers primarily pay for the C3 AI Suite via fixed annual fees based on the number of development users allowed to access the C3 AI Suite. The AI Suite offering is primarily a term subscription but at times has been sold as a perpetual license and generates additional runtime subscription fees, a type of usage-based royalty revenue based on compute and storage resources required to run the C3 AI Suite.

- *C3 AI Applications* are production applications that address a wide range of predictive analytics use cases. C3 AI Applications are industry-tested and proven enterprise-grade applications built on a cohesive suite architecture that is designed to integrate and process highly dynamic data sets from sensor networks and enterprise and extraprise information systems, and enable advanced machine learning capabilities. C3 AI Applications sold without the C3 AI Suite can be in the form of term or perpetual licenses or subscriptions and earn revenue through a fixed fee and/or usage-based royalties.

- *C3 Maintenance and Support Services* are provided for the C3 AI Suite and the C3 AI Applications that are selected by the customer. This support includes standard monitoring, performance monitoring, database maintenance, security monitoring, upgrading, backup and restore, patching, etc. provided by the Company. The Company continuously provides updates that are critical to the continued utility of the software.

- *COE Support Services.* COE Support Services provide premium development services and support by an available pool of resources. The purpose of the COE is to provide the following stand-ready support services over the term of the COE agreement: (1) support and guidance on overall software application architecture; (2) data integration, data science, and application development support on the C3 AI Suite; (3) training on the C3 AI Suite and C3 AI Applications to the customer project team members; and (4) support to help address any developmental issues faced by the customer. COE Support Services are generally offered under renewable, multi-year, fixed fee contracts whereby payments are primarily due annually in advance and in most cases are co-terminus with the C3 AI Suite subscription term. COE Support Services represent a stand-ready performance obligation comprised of a series of distinct days of service that is satisfied and recognized in revenue ratably over the term of the COE agreement. Revenue for COE Support Services is included within subscription revenue in the consolidated statements of operations.

- *Trials.* Trial projects typically consist of several phases including project kickoff, design, data integration, configuration, validation and final demonstration. These trials are typically fixed-price eight to 16-week production pilots during which the Company works with customers to define a specific business problem or use case and address the use case using AI-based predictive analytics. During the trial, the Company integrates data, configures machine learning algorithms supporting the use case, and configures a user interface to present the resulting insights. At the end of a trial, the Company demonstrates a working application that shows the utility, benefit, and economic value to be gained from a production deployment of big data, analytics, and machine learning applications. These paid trials are solely meant to demonstrate the feasibility of the Company's offering to the customer and provide them with a level of confidence to encourage them to enter into a large, multi-year arrangement with the Company. Trial revenue is recognized ratably over time during the production pilot period.

- *Hosting Services*. For certain customers, the Company provides access to the C3 AI Suite and/or C3 AI Applications in the Company's cloud environment. The customer consumes and receives benefit throughout the hosting period from the entity's performance of hosting and providing access to the hosted software, which the customer would otherwise have to undertake itself or obtain another party to do. The Company recognizes hosting services over time based on the consumption patterns of the customers. Customers who choose to install the C3 AI Suite and/or C3 AI Applications in their own cloud environments do not subscribe to the Company's hosting services. Hosting services are generally offered as part of the subscription for C3 AI Suite and/or C3 Application arrangements and the amount of revenue recognized on a monthly basis varies based on actual consumption by the customer.

Professional Services

The Company's professional services primarily includes implementation services and training. The Company offers a complete range of professional service support both onsite and remotely, including training, application design, project management, system design, data modeling, data integration, application design, development support, data science, and application and AI Suite administration support. Professional services fees are based on the level of effort required to perform such tasks and are typically a fixed-fee engagement with a duration of less than 12 months. The Company recognizes revenue for its professional services over time on an input basis as the performance obligations are satisfied.

The Company typically invoices customers for subscription fees in annual increments upon execution of the initial contract or subsequent renewal, payable within 30 to 60 days, and providing customers access to C3 AI Suite and/or C3 AI Applications. Monthly usage-based runtime and hosting charges are billed as they are delivered. Certain government contracts are cancelable during the subscription term depending on the future fiscal funding available to the contract. The Company has not experienced any cancellation due to the funding constraint related to such contracts.

The timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable are recorded at the invoiced amount, net of an allowance for doubtful accounts. A receivable is recognized in the period the Company delivers goods or provides services, or when the Company's right to consideration is unconditional. In situations where revenue recognition occurs before invoicing, an unbilled receivable is recorded, which represents a contract asset. Accounts receivable as of April 30, 2019 and 2020 and July 31, 2020 included contract assets of $0.2 million, $0.5 million, and $0.7 million, respectively.

While the timing of revenue recognition usually differs from the timing of payment, the Company has determined the contracts generally do not include a significant financing component, because the period between when the Company transfers its software and services to a customer and when the customer pays for the software and service is one year or less. The primary purpose of the invoicing terms is to provide customers with simplified and predictable ways of purchasing the Company's software and services, not to receive financing from the customers or to provide customers with financing.

Costs to Obtain and Fulfill a Contract

The Company's customer acquisition costs are primarily related to sales commissions earned by its sales force if such costs are incremental costs to obtain a contract without a service condition.

Sales commissions are deferred and then amortized taking into consideration the pattern of transfer to which assets relate. If the commissions paid on the initial and renewal contracts are not commensurate, the Company amortizes the commissions paid on the initial contract over an expected period of benefit, including expected renewals, which is determined to be approximately five years. In arriving at the average period of benefit the Company considered the duration of the

Company's relationships with customers and the Company's technology. Sales commissions for renewal contracts are deferred and amortized over the contract period. Sales commissions for non-recurring contracts with a duration of one year or less are expensed when incurred.

Costs to obtain and fulfill a contract that will amortize within the succeeding 12-month period are classified as current and included in prepaid expenses and other current assets on the consolidated balance sheets. The remaining balance is classified as non-current and are included in other assets.

Cost of Revenue

Cost of subscription revenue consists primarily of costs related to compensation, including salaries, bonuses, benefits, stock-based compensation and other related expenses for the production environment, support and COE staff, hosting of our AI Suite, including payments to outside cloud service providers, and allocated overhead and depreciation for facilities.

Cost of professional services revenue consists primarily of compensation, including salaries, bonuses, benefits, stock-based compensation and other related costs associated with our professional service personnel, and allocated overhead and depreciation for facilities.

Warranties

The Company's offerings are warranted to perform in a manner consistent with industry standards.

The Company's arrangements generally include provisions for indemnifying customers against liabilities if its services infringe on a third party's intellectual property rights. They also generally include service-level agreements warranting defined levels of uptime reliability and performance.

To date, the Company has incurred immaterial costs as a result of its warranties and indemnifications. There are no accrued liabilities related to these obligations on the consolidated financial statements.

Stock-Based Compensation

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

Software Development Costs

The Company capitalizes certain software development costs subsequent to the establishment of technological feasibility. Based on the Company's product development process and substantial development risks, technological feasibility, defined as a working prototype, is established for the Company's products when they are made available for general release. Other assets, non-current as of April 30, 2019 and 2020 and July 31, 2020 included capitalized software development costs of nil, $0.4 million, and $0.3 million, respectively.

Advertising Expenses

Advertising expenses of $5.2 million and $29.2 million incurred during the years ended April 30, 2019 and 2020, respectively, and advertising expenses of $2.5 million and $2.0 million incurred during the three months ended July 31, 2019 and 2020, respectively, were expensed as incurred as a component of sales and marketing expenses on the consolidated statements of operations.

401(k) Plan

The Company has a 401(k) tax deferred savings plan under which eligible employees may elect to have a portion of their salary deferred and contributed to the plan. Employer matching contributions are determined by the Company and are

discretionary. During the years ended April 30, 2019 and 2020 and the three months ended July 31, 2020, the Company did not match any employee contributions.

Foreign Currency

The functional currency of the Company's foreign subsidiaries is the U.S. dollar. Accordingly, monetary assets and liabilities of the Company's foreign subsidiaries are remeasured into U.S. dollars at the exchange rates in effect at the reporting date, non-monetary assets and liabilities are re-measured at historical rates, and revenue and expenses are re-measured at average exchange rates in effect during each reporting period. Foreign currency transaction gains and losses have been immaterial in the periods presented.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it is able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company records an adjustment to the deferred tax asset valuation allowance, which reduces the provision for income taxes.

Tax benefits from uncertain tax positions are recognized only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Company's consolidated financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized. Interest and penalties are recognized associated with tax matters as part of the income tax provision and include accrued interest and penalties with the related income tax liability on the Company's consolidated balance sheets.

Net Loss Per Share Attributable to Common Stockholders

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. The Company considers all series of its redeemable convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to common stockholders is not allocated to the redeemable convertible preferred stock as the holders of its redeemable convertible preferred stock do not have a contractual obligation to share in the Company's losses. Net income is attributed to common stockholders and participating securities based on their participation rights. Basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share attributable to common stockholders adjusts basic earnings per share for the potentially dilutive impact of stock options and redeemable convertible preferred stock. As the Company has reported losses for all periods presented, all potentially dilutive securities are antidilutive and accordingly, basic net loss per share equals diluted net loss per share.

Other Comprehensive Loss

Other comprehensive loss during the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, related to unrealized gains or losses from available-for-sale investments.

Segment Information

Operating segments are defined as components of an entity where discrete financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. The Company has identified its Chief Executive Officer as the chief operating decision maker. The Company operates in one operating segment. The Company's chief operating decision maker allocates resources and assesses performance at the consolidated level.

Revenue by geographical region can be found in the revenue recognition disclosures in Note 2. The Company's property and equipment, net, are primarily located in the United States. No single other country accounted for more than 10% of total property and equipment, net as of April 30, 2019 and 2020 and July 31, 2020.

Contribution Accounting

The Company entered into an agreement establishing the C3.ai Digital Transformation Institute, or C3.ai DTI, a program established to attract the world's leading scientists to join in a coordinated and innovative effort to advance the digital transformation of business, government, and society. As part of the agreement, the Company issued cash grants to C3.ai DTI which are conditional in nature and subject to execution of the program in line with specific requirements on an annual basis. The cash grants do not represent an exchange transaction since there is not a commensurate transfer of resources at fair value, resulting in the application of the contribution accounting model. Contributions are allocated between sales and marketing and research and development based on the estimated benefits received by the Company. The Company recognized nil and $5.7 million of expense related to the contribution in sales and marketing for the years ended April 30, 2019 and 2020, respectively. Additionally, the Company recognized nil and $5.7 million of expense related to the contribution in research and development for the years ended April 30, 2019 and 2020, respectively. The Company did not make any contributions during the three months ended July 31,2019 and 2020.

Recent Accounting Pronouncements

The Company currently qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Accordingly, the Company is provided the option to adopt new or revised accounting guidance either (1) within the same periods as those otherwise applicable to public business entities or (2) within the same time periods as private companies, including early adoption when permissible.

The Company has elected to adopt new or revised accounting guidance within the same time period as private companies, as indicated below.

Recently Adopted Accounting Standards—In January 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which makes targeted improvements to the accounting for, and presentation and disclosure of, financial instruments. ASU No. 2016-01 requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. ASU No. 2016-01 does not affect the accounting for equity investments that would otherwise be consolidated or accounted for under the equity method. The new standard also affects financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The Company adopted this guidance in the fiscal year beginning May 1, 2019 using the modified retrospective transition method for investments in marketable securities and the prospective transition method for investments in non-marketable securities. Adoption of this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, that supersedes ASC Topic 840, Leases. Subsequently, the FASB issued several updates to ASU No. 2016-02, codified in ASC Topic 842. The Company early adopted ASC 842, Leases, on May 1, 2019 using the modified retrospective method for all leases not substantially completed as of the date of adoption. The consolidated financial statements as of and for the year ended April 30, 2020 reflect the application of ASC 842 guidance while the consolidated financial statements as of and for the year ended April 30, 2019 were prepared under the previous guidance of ASC 840. The cumulative impact of the adoption of ASC 842 was not material, therefore, the Company did not record any adjustments to retained earnings. As a result of adopting ASC 842, the Company recorded operating lease ROU assets of $11.5 million, operating lease liabilities of $12.4 million, and a reduction of $0.9 million to deferred rent, primarily related to the corporate office lease, based on the present value of the future lease payments on the date of adoption. The Company determines if an arrangement is a lease or contains an embedded lease at inception if it contains the right to control the use of an identified asset. The Company determines whether a contract conveys the right to control the use of an identified asset for a period of time if the contract contains both the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies the accounting and reporting of share-based payment transactions, including adjustments to how excess tax benefits and payments for tax withholdings should be classified. In addition, entities are permitted to make an accounting policy election for the impact of forfeitures on the recognition of

expense for share-based payment awards. Forfeitures can be estimated or recognized when they occur. The Company adopted this guidance in the fiscal year beginning May 1, 2018. The Company elected to account for forfeitures as they occur and adopted this provision on a modified retrospective basis. The adoption impact to beginning accumulated deficit was not material. The amendments related to the accounting for income taxes and the classification of excess tax benefits on the consolidated statement of cash flows were adopted prospectively. Adoption of all other changes in this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The ASU addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain transactions are classified in the consolidated statement of cash flows. The Company adopted this guidance in the fiscal year beginning May 1, 2019 using a retrospective transition method. Adoption of this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*, which requires that entities show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the consolidated statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the consolidated statement of cash flows. The Company early adopted this guidance in the fiscal year beginning May 1, 2018 using a retrospective transition method. Accordingly, prior period consolidated statements of cash flows was recast to conform to the current presentation.

In May 2017, the FASB issued ASU 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting*. The update provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting under Topic 718. The Company adopted the guidance as of May 1, 2018 using a prospective transition method. Adoption of this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting*, which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees and to account for awards to non-employees using the grant date fair value without subsequent periodic measurement. The Company early adopted this guidance in the fiscal year beginning May 1, 2018 using a modified retrospective transition method. Adoption of this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The guidance also limits the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and requires the reversal of previously recognized credit losses if fair value increases. The guidance is effective for the fiscal year beginning May 1, 2023 with early adoption permitted. The Company early adopted the guidance as of May 1, 2020 using a prospective transition method. Adoption of this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* ASU 2018-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. The guidance is effective for the fiscal year beginning May 1, 2023 with early adoption permitted. The Company early adopted the guidance as of May 1, 2020 using a prospective transition method. Adoption of this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

In July 2017 the FASB issued ASU No. 2017-11, *Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815) I. Accounting for Certain Financial Instruments with Down Round Features II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*. Part I of this standard applies to entities that issue financial instruments such as warrants, convertible debt or redeemable convertible preferred stock that contain down-round features. Part II of this standard replaces the indefinite deferral for certain mandatorily redeemable noncontrolling interests and mandatorily redeemable financial instruments of nonpublic entities contained within ASC Topic 480 with a scope exception and does not impact the accounting for these mandatorily redeemable instruments. The Company

adopted the guidance as of May 1, 2020 using a prospective transition method. Adoption of this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

In August 2018 the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements with respect to Level 3 rollforwards, timing of liquidation of investments in certain entities that calculate net asset value, and measurement uncertainty. The Company adopted the guidance as of May 1, 2020 using a prospective transition method. Adoption of this guidance did not have a material impact to the Company's consolidated financial statements and related disclosures.

Recently Issued Accounting Standards Not Yet Adopted—In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*, which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to defer and recognize as an asset. The guidance is effective for the fiscal year beginning May 1, 2021. Early adoption is permitted. The Company is currently evaluating the effect that this guidance will have on the consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes*. The amendments in this update simplify various aspects of the accounting for income tax by eliminating certain exceptions to the general approach under existing accounting guidance provided by ASC 740, Income Taxes, and clarifies certain aspects of the existing guidance to promote more consistent application. The amendments in this new standard include, the elimination of exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill and that single-member limited liability companies and similar disregarded entities that are not subject to income tax are not required to recognize an allocation of consolidated income tax expense in their separate financial statements, but could elect to do so. The guidance is effective for the Company beginning May 1, 2022. Early adoption is permitted. The Company is currently evaluating the effect that this guidance will have on the consolidated financial statements and related disclosures.

2. Revenue

Disaggregation of Revenue

The following table presents revenue by geographical region (in thousands):

	Year Ended April 30,		As of July 31	
	2019	2020	2019	2020
			(unaudited)	
North America (1)	$ 61,314	$ 121,485	$ 26,033	$ 28,805
Europe, the Middle East and Africa (1)	27,629	33,086	8,626	10,253
Asia Pacific (1)	2,662	2,095	231	1,425
Total revenue	$ 91,605	$ 156,666	$ 34,890	$ 40,483

(1) The United States comprised 66%, 78%, 75% and 71% of the Company's revenue in the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, respectively. France comprised 15%, 10.5%, 11% and 11% of the Company's revenue in the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, respectively. No other country comprised 10% or greater of the Company's revenue for each of the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020.

Deferred Revenue

The following table reflects the deferred revenue balance (in thousands):

	As of April 30,		As of July 31
	2019	2020	2020
			(unaudited)
Deferred revenue, current	$ 80,197	$ 53,537	$ 102,681
Deferred revenue, non-current	11,028	6,758	4,563
Total deferred revenue	$ 91,225	$ 60,295	$ 107,244

Significant changes in the deferred revenue balances during the years ended April 30, 2019 and 2020 and the three months ended July 31, 2020 were as follows (in thousands):

	Deferred Revenue
May 1, 2018	$ 53,974
Performance obligations satisfied during the year that were included in the deferred revenue balance at the beginning of the year	(45,140)
Increases due to invoicing prior to satisfaction of performance obligations	82,391
April 30, 2019	91,225
Performance obligations satisfied during the year that were included in the deferred revenue balance at the beginning of the year	(83,093)
Increases due to invoicing prior to satisfaction of performance obligations	52,163
April 30, 2020	$ 60,295
Performance obligations satisfied during the period that were included in the deferred revenue balance at the beginning of the year (unaudited)	$ (24,337)
Increases due to invoicing prior to satisfaction of performance obligations (unaudited)	$ 71,286
July 31, 2020 (unaudited)	$ 107,244

Remaining Performance Obligation

Remaining performance obligations are committed and represent non-cancellable contracted revenue that has not yet been recognized and will be recognized as revenue in future periods. Some contracts allow customers to cancel the contracts without a significant penalty, and the cancellable amount of contract value is not included in the remaining performance obligations.

The Company excludes amounts related to performance obligations and usage-based royalties that are billed and recognized as they are delivered. This primarily consists of monthly usage-based runtime and hosting charges in the duration of some revenue contracts.

Revenue expected to be recognized from remaining performance obligations was approximately $239.7 million and $275.1 million as of April 30, 2020 and July 31, 2020, respectively of which $132.3 million and $132.0 million is expected to be recognized over the next 12 months and the remainder thereafter, respectively.

Costs to Obtain and Fulfill a Contract

As of April 30, 2019 and 2020 and July 31, 2020, the amount of costs to obtain and fulfill a contract included in prepaid expenses and other current assets was $0.8 million, $0.9 million, and $0.9 million, respectively. The amount of costs to obtain and fulfill a contract included in other assets as of April 30, 2019 and 2020 and July 31, 2020 was $0.9 million, $1.2 million, and $1.7 million, respectively. Expense recognized for costs to obtain and fulfill a contract for the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020, was $1.1 million, $1.0 million $0.2 million, and $0.3 million, respectively, and is included in sales and marketing expenses on the consolidated statements of operations. There were no impairments related to costs to obtain and fulfill a contract for the years ended April 30, 2019 and 2020 and the three months ended July 31, 2020, respectively.

3. Fair Value Measurements

The Company's financial instruments consist primarily of cash and cash equivalents, marketable debt securities, accounts receivable, non-marketable equity securities, and accounts payable. Cash and cash equivalents and marketable debt securities are reported at their respective fair values on the consolidated balance sheets. Non-marketable equity securities are reported at cost less impairment. The remaining financial instruments are reported on the consolidated balance sheets at amounts that approximate current fair values.

The following table summarizes the types of assets measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	As of April 30, 2019				As of April 30, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Money market funds	$ 50,101	$ —	$ —	$ 50,101	$ 10,260	$ —	$ —	$ 10,260
U.S. treasury securities	—	4,489	—	4,489	—	11,500	—	11,500
Certificate of deposit	—	1,000	—	1,000	—	28,477	—	28,477
U.S. government agencies securities	—	5,675	—	5,675	—	10,074	—	10,074
Commercial paper	—	4,735	—	4,735	—	94,397	—	94,397
Corporate debt securities	—	74,766	—	74,766	—	68,425	—	68,425
	$ 50,101	$ 90,665	$ —	$ 140,766	$ 10,260	$ 212,873	$ —	$ 223,133

	As of July 31, 2020			
	Level 1	Level 2	Level 3	Total
	(unaudited)			
Money market funds	$ 88,781	$ —	$ —	$ 88,781
U.S. treasury securities	—	36,989	—	36,989
Certificate of deposit	—	12,013	—	12,013
U.S. government agencies securities	—	10,038	—	10,038
Commercial paper	—	40,006	—	40,006
Corporate debt securities	—	40,972	—	40,972
	$ 88,781	$ 140,018	$ —	$ 228,799

The estimated fair value of securities classified as Level 2 financial instruments was determined based on third-party pricing services. The pricing services utilize industry standard valuation models, including both income- and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. Inputs used for

fair value measurement categorized as Level 2 include benchmark yields, reported trades, broker or dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications.

4. Investments

Available-for-Sale Marketable Securities

The following table summarizes the Company's available-for-sale marketable securities (in thousands):

	As of April 30, 2019				As of April 30, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Money market funds	$ 50,101	$ —	$ —	$ 50,101	$ 10,260	$ —	$ —	10,260
U.S. treasury securities	4,489	—	—	4,489	11,489	11	—	11,500
Certificate of deposit	1,000	—	—	1,000	28,476	1	—	28,477
U.S. government agencies securities	5,676	—	(1)	5,675	9,995	79	—	10,074
Commercial paper	4,735	—		4,735	94,242	155	—	94,397
Corporate debt securities	74,690	76	—	74,766	68,246	179	—	68,425
	$ 140,691	$ 76	$ (1)	$ 140,766	$ 222,708	$ 425	$ —	$ 223,133

	As of July 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(unaudited)		
Money market funds	$ 88,781	$ —	$ —	$ 88,781
U.S. treasury securities	36,981	8	—	36,989
Certificate of deposit	12,000	13	—	12,013
U.S. government agencies securities	9,997	41	—	10,038
Commercial paper	39,961	45	—	40,006
Corporate debt securities	40,820	152	—	40,972
	$ 228,540	$ 259	$ —	$ 228,799

The following table summarizes the classification of the Company's available-for-sale investment securities in the Company's consolidated balance sheets (in thousands):

	As of April 30,		As of July 31,
	2019	2020	2020
			(unaudited)
Cash and cash equivalents	$ 51,101	$ 11,259	$ 89,781
Short-term investments	57,910	211,874	139,018
Long-term investments	31,755	—	—
Total	$ 140,766	$ 223,133	$ 228,799

Cash and cash equivalents in the table above excludes cash of $47.5 million as of April 30, 2019, $21.8 million as of April 30, 2020, and $39.2 million as of July 31, 2020.

The following table summarizes the Company's available-for-sale debt securities by contractual maturity (in thousands):

	As of April 30, 2019		As of April 30, 2020		As of July 31, 2020	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
					(unaudited)	
Within one year	$ 58,916	$ 58,910	$ 212,449	$ 212,873	$ 139,760	$ 140,018
After one year through five years	31,674	31,755	—	—	—	—
Total	$ 90,590	$ 90,665	$ 212,449	$ 212,873	$ 139,760	$ 140,018

The following table summarizes the fair values and unrealized losses of the Company's available-for-sale marketable securities classified by length of time that the securities have been in a continuous unrealized loss position but were not deemed to be other-than-temporarily impaired, as of April 30, 2019 and 2020 and July 31, 2020 (in thousands):

	As of April 30, 2019					
	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. treasury securities	$ —	$ 2,495	$ —	$ —	$ —	$ 2,495
U.S. government agencies securities	(1)	4,176	—	—	(1)	4,176
Certificate of deposit	—	—	—	—	—	—
Commercial paper	(1)	3,488	—	—	(1)	3,488
Corporate debt securities	(15)	31,466	—	—	(15)	31,466
Total	$ (17)	$ 41,625	$ —	$ —	$ (17)	$ 41,625

	As of April 30, 2020					
	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. treasury securities	$ —	$ —	$ —	$ —	$ —	$ —
U.S. government agencies securities	—	—	—	—	—	—
Certificate of deposit	(7)	10,995	—	—	(7)	10,995
Commercial paper	(5)	18,495	—	—	(5)	18,495
Corporate debt securities	(14)	14,921	—	—	(14)	14,921
Total	$ (26)	$ 44,411	$ —	$ —	$ (26)	$ 44,411

	As of July 31, 2020					
	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
			(unaudited)			
U.S. treasury securities	$ —	$ —	$ —	$ —	$ —	$ —
U.S. government agencies securities	—	—	—	—	—	—
Certificate of deposit	(1)	2,000	—	—	(1)	2,000
Commercial paper	—	—	—	—	—	—
Corporate debt securities	—	—	—	—	—	—
Total	$ (1)	$ 2,000	$ —	$ —	$ (1)	$ 2,000

As of April 30, 2019, the Company had 24 investment positions that were in an unrealized loss position. As of April 30, 2020, the Company had 16 investment positions that were in an unrealized loss position. As of July 31, 2020, the Company had one investment position that was in an unrealized loss position. The Company had no other-than-temporary impairments on available-for-sale investment securities as of April 30, 2019 and 2020 and July 31, 2020 because the Company does not intend to sell these securities or believe that it will be required to sell these securities before the recovery of their amortized cost basis.

Non-Marketable Equity Securities

Non-marketable equity securities carried at cost of $1.8 million, $0.7 million and $0.7 million as of April 30, 2019 and 2020 and July 31, 2020, respectively, were recorded in long-term investments. The Company recognized an impairment on the non-marketable equity securities of $1.0 million, included in other expense, net, during the year ended April 30, 2020.

5. Balance Sheet Details

Property and Equipment

Property and equipment consisted of the following at April 30, 2019 and 2020 and July 31, 2020 (in thousands):

	Useful Life (in months)	As of April 30, 2019	As of April 30, 2020	As of July 31, 2020
				(unaudited)
Leasehold improvements	*	$ 6,650	$ 8,215	$ 8,574
Computer equipment	36	1,082	2,028	2,109
Office furniture and equipment	60	336	339	378
Property and equipment-gross		8,068	10,582	11,061
Less accumulated depreciation		(765)	(1,859)	(2,815)
Property and equipment—net		$ 7,303	$ 8,723	$ 8,246

* Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the remaining lease term.

Depreciation expense was $0.5 million, $1.2 million, $0.2 million and $1.0 million for the years ended April 30, 2019 and 2020, and three months ended July 31, 2019 and 2020, respectively.

Accrued Compensation and Employee Benefits

Accrued compensation and employee benefits consisted of the following at April 30, 2019 and 2020 (in thousands):

	As of April 30, 2019	As of April 30, 2020	As of July 31, 2020
			(unaudited)
Accrued bonus	$ 8,892	$ 8,356	$ 3,055
Accrued vacation	1,850	2,823	3,282
Accrued payroll taxes and benefits	1,011	1,397	1,055
Accrued commission	838	515	806
Accrued salaries	451	602	448
Accrued compensation and employee benefits	$ 13,042	$ 13,693	$ 8,646

Accrued and Other Current Liabilities

Accrued and other current liabilities include $1.0 million, $2.2 million and $2.0 million paid for common stock exercised prior to vesting as of April 30, 2019, 2020 and July 31, 2020, respectively. Current liabilities that transferred to stockholders' deficit upon vesting were $1.6 million, $0.7 million, and $0.2 million for the years ended April 30, 2019 and 2020, and three months ended July 31, 2020, respectively. Common stock exercised in advance of the vesting period is subject to the Company's repurchase right in the event that the holder no longer provides services to the Company. Additionally, this balance includes $0.7 million, $1.5 million, and $2.3 million of accrued general expenses as of April 30, 2019 and 2020, and July 31, 2020, respectively. Accrued and other current liabilities also reflect the current portion of operating lease liabilities. Refer to Note 6 for more information.

6. Leases

The Company's lease liability at April 30, 2020 and July 31, 2020 is primarily comprised of future payments related to the Company's various operating lease agreements for office space. Total operating lease cost for the year ended April 30, 2019 was $4.7 million. The components of total lease costs, including variable lease costs, for the year ended April 30, 2020 were as follows:

Lease Cost	Year Ended April 30, 2020
Operating lease cost	$ 3,825
Short term lease cost	1,324
Variable lease cost	1,542
Total lease cost	$ 6,691

Variable lease costs are primarily related to payments made to the Company's landlords for common area maintenance, property taxes, insurance, and other operating expenses. Short-term lease cost primarily represents payments related to marketing arrangements that contain embedded short-term leases of billboards. Supplemental cash flow information related to leases was as follows:

	Year Ended April 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 3,946
Right-of-use assets obtained in exchange for new lease liabilities:	
Operating leases	$ —

The following table presents the lease balances within the balance sheet, weighted-average remaining lease term, and weighted-average discount rates related to the Company's operating leases:

Operating leases		As of April 30, 2020
Right of use assets	Other assets	$ 8,409
Lease liabilities, current	Other current liabilities	3,533
Lease liabilities, non-current	Other long-term liabilities	5,647
Total operating lease liabilities		$ 9,180

Operating lease	As of April 30, 2020
Weighted average remaining lease term (in months)	28.9
Weighted average discount rate	7.3 %

Maturities of operating lease liabilities as of April 30, 2020 were as follows:

	As of April 30, 2020
Fiscal 2021	$ 4,063
Fiscal 2022	4,171
Fiscal 2023	1,756
Fiscal 2024	—
Fiscal 2025 and thereafter	—
Total future minimum lease payments	9,990
Less: Leases not yet commenced	—
Less: Imputed interest	(810)
Total operating lease liabilities	$ 9,180

Future minimum operating lease payments as of April 30, 2019 were as follows:

	As of April 30, 2019
Fiscal 2020	$ 3,947
Fiscal 2021	4,063
Fiscal 2022	4,171
Fiscal 2023	1,756
Fiscal 2024	—
Fiscal 2025 and thereafter	—
Total future minimum lease payments	$ 13,937

7. Commitments and Contingencies

Noncancelable Purchase Commitments

The Company entered into a noncancelable arrangement with a web-hosting services provider in November 2019. Under the arrangement, the Company committed to spend an aggregate of at least $30.0 million between November 2019 and November 2022, with a minimum amount of $10.0 million in each of the three years, on services with this vendor. The Company has incurred costs totaling $4.4 million and $2.6 million under the arrangement during the year ended April 30, 2020 and three months ended July 31, 2020.

C3.ai Digital Transformation Institute Grants

In February 2020, the Company entered into an agreement establishing C3.ai DTI, a program established to attract the world's leading scientists to join in a coordinated and innovative effort to advance the digital transformation of business, government, and society. As part of the agreement, the Company has agreed to issue grants to C3.ai DTI, which are subject to compliance with certain obligations. The grants shall be paid by the Company over five years in the form of cash, publicly traded securities, or other property of equivalent net value. As of April 30, 2020 and July 31, 2020 the total potential remaining contributions are $45.8 million. The future grant payments are conditional in nature and subject to execution of the program in line with specific requirements on an annual basis.

Legal Proceedings

The Company is involved in various legal proceedings and periodically receives claims arising in the ordinary course of business. In the Company's opinion, resolution of these matters is not expected to have a material adverse impact on its consolidated statement of operations, cash flows, or balance sheet.

Blattman et al. v. Siebel et al., 15-cv-00530 (D. Del.)

On October 28, 2014, Eric Blattman and other former unitholders of E2.0 LLC (E2.0) filed suit in federal court against Thomas M. Siebel and David Schmaier, alleging violation of Section 10(b) of the Securities Exchange Act of 1934 and common law fraud based on alleged misrepresentations made during negotiations leading up to an April 30, 2012 merger between E2.0 and the Company. Plaintiffs thereafter amended their complaint to add the Company as a defendant, and to add breach of contract claims based on alleged violations of certain earn-out and indemnification provisions in the parties' merger agreement. A bench trial was held in February 2019, and in a January 29, 2020 opinion the court ruled in favor of defendants the Company, Siebel and Schmaier on all claims. The court also awarded defendants their reasonable attorneys' fees in defending the action.

In February 2020, Plaintiffs appealed only the portion of the district court's ruling related to the alleged breach of contract indemnification claim to the Third Circuit Court of Appeals, seeking damages of approximately $2.5 million. Plaintiffs also seek to overturn the district court's ruling that defendants are entitled to attorneys' fees, and contend that plaintiffs instead should recover their attorneys' fees. No appeal was taken with respect to the ruling in Defendants' favor on the remaining claims.

The appeal was fully briefed as of August 2020. The Company believes that the district court's ruling was correct and the appeal is without merit. It intends to vigorously defend against plaintiffs' appeal and thereafter seek to recover its attorneys' fees as previously awarded by the district court.

8. Redeemable Convertible Preferred Stock, Redeemable Convertible B-1 Common Stock and Common Stock

Redeemable Convertible Preferred Stock, Redeemable Convertible B-1 Common Stock and Common Stock

Redeemable convertible preferred stock outstanding as of April 30, 2019 and 2020 and July 31, 2020, respectively, consisted of the following (in thousands, except share amounts):

	As of April 30, 2019			
	Shares		Liquidation Amount	Carrying Value
	Authorized	Outstanding		
Series A	21,000,000	21,000,000	$ 7,000	$ 7,000
Series B	27,360,000	27,360,000	9,120	9,120
Series B-1A	14,583,945	14,583,945	15,853	15,717
Series B-1B	556,680	556,680	1,210	1,210
Series C	16,678,511	16,678,511	19,014	18,980
Series D	73,670,824	73,670,824	103,662	103,531
Series E	3,240,060	3,240,060	11,803	11,756
Series F	42,701,251	32,397,511	81,322	81,157
Series G	19,070,542	15,662,256	51,750	51,494
Total convertible preferred stock	218,861,813	205,149,787	$ 300,734	$ 299,965

	As of April 30, 2020			
	Shares		Liquidation Amount	Carrying Value
	Authorized	Outstanding		
Series A	21,000,000	21,000,000	$ 7,000	$ 7,000
Series B	27,360,000	27,360,000	9,120	9,120
Series B-1A	14,583,945	14,583,945	15,853	15,717
Series B-1B	556,680	556,680	1,210	1,210
Series C	16,678,511	16,678,511	19,014	18,980
Series D	73,670,824	73,670,824	103,662	103,531
Series E	3,240,060	3,240,060	11,803	11,756
Series F	42,701,251	32,397,511	81,322	81,157
Series G	23,392,520	23,362,256	77,194	76,900
Series H	9,923,588	9,923,588	50,000	49,836
Total convertible preferred stock	233,107,379	222,773,375	$ 376,178	$ 375,207

	As of July 31, 2020			
	Shares		Liquidation Amount	Carrying Value
	Authorized	Outstanding		
	(unaudited)			
Series A	21,000,000	21,000,000	$ 7,000	$ 7,000
Series B	27,360,000	27,360,000	9,120	9,120
Series B-1A	14,583,945	14,583,945	15,853	15,717
Series B-1B	556,680	556,680	1,210	1,210
Series C	16,678,511	16,678,511	19,014	18,980
Series D	73,670,824	73,670,824	103,662	103,531
Series E	3,240,060	3,240,060	11,803	11,756
Series F	42,701,251	32,397,511	81,322	81,157
Series G	23,392,520	23,362,256	77,194	76,900
Series H	9,923,588	9,923,588	50,000	49,836
Total convertible preferred stock	233,107,379	222,773,375	$ 376,178	$ 375,207

Series G Preferred Stock

In February 2019, the Company authorized the issuance of 19,070,542 shares of Series G Preferred Stock. From February through April 2019, the Company issued 15,662,256 shares of Series G Preferred Stock at $3.3042 per share for total cash proceeds of $51.5 million, net of issuance cost of $0.3 million.

In June 2019, the Company authorized an additional 4,321,978 shares of Series G Preferred Stock and issued 7,700,000 shares of Series G Preferred Stock at $3.3042 per share for total cash proceeds of $25.4 million, net of issuance costs of less than 0.1 million.

Series H Preferred Stock

In August 2019, the Company authorized and issued 9,923,588 shares of Series H Preferred Stock at $5.0385 per share for total cash proceeds of $49.8 million, net of issuance cost of $0.2 million.

The holders of Series D, Series E, Series F, Series G, and Series H preferred stock receive senior liquidation preferences that equal to the original issuance price of Series D, Series E, Series F, Series G, and Series H preferred stock respectively, plus all declared and unpaid dividends on a pari passu basis.

Series A, Series B, Series B-1A, and Series B-1B are referred herein as Early Preferred. Early Preferred, Series C, Series D, Series E, Series F, Series G, and Series H are referred herein as Series Preferred.

Conversion

Upon an IPO where the per share offering price multiplied by the outstanding shares of the Company is not less than $50.0 million and the gross cash proceeds to the Company are at least $30.0 million (a Qualified Public Offering), or upon the affirmative election of the holders of a majority of outstanding shares, Series A Preferred will automatically be converted into Class B common stock. All remaining Early Preferred and Series C preferred stock shall automatically be converted into shares of Class A common stock.

Upon an IPO where the per share offering price is not less than $1.4071 and the gross cash proceeds to the Company are at least $75.0 million, or upon the affirmative election of the holders of a majority of outstanding shares, Series D, F, G and H preferred stock shall automatically be converted into shares of Class A common stock, and Series E preferred stock shall automatically be converted into shares of Class B common stock.

Upon the affirmative vote or written consent of a majority of the shares of common stock and preferred stock voting together as a single class on an as-if-converted to Class A common stock basis, or upon the closing of a qualified IPO, all shares of Class B common stock, Class B-1 common stock and Class C common stock may be converted into fully paid and nonassessable shares of Class A common stock on a one to one basis.

The initial conversion price for the redeemable convertible preferred stock is $0.333 for Series A preferred stock, $0.333 for Series B preferred stock, $1.087 for the Series B-1A preferred stock, $2.173 for Series B-1B preferred stock, $1.14 for Series C preferred stock, $1.407 for Series D preferred stock, $3.643 for Series E preferred stock, $3.268 for the Series F preferred stock,$3.3042 for Series G preferred stock, and $5.0385 for Series H preferred stock.

Protective Provisions

In connection with a public offering, in which the price per share of the Company’s common stock is less than $4.9017 (adjusted for stock splits, stock dividends, and the like), or if any shares of Series F, Series G, or Series H Preferred Stock, or collectively the Ratchet Preferred, convert to Class A common stock outside of a public offering and any company equity securities are listed with volume-weighted average closing sale price of less than $4.9017 (adjusted for stock splits, stock dividends, and the like), effective immediately prior to the completion of such public offering or conversion, the Ratchet Preferred conversion price will be adjusted so that, the product of (1) the number of shares of common stock issuable upon conversion of such share of Ratchet Preferred at such adjusted Ratchet Preferred conversion price multiplied by (2) the public offering price, equal $4.9017 (adjusted for stock splits, stock dividends, and the like).

If the Company issues or sells additional common stock (outside of stock split, stock dividends, and the like), at a price less than the then effective Ratchet Preferred conversion price or Series E preferred conversion price, the then existing Ratchet Preferred conversion price or Series E preferred conversion price shall be reduced by a fraction with the numerator being (1) the number of shares of common stock deemed outstanding, as defined, immediately prior to such issue or sale, plus

(2) the number of shares of common stock that the aggregate consideration received or deemed received by the Company for the total number of additional shares of common stock so issued would purchase at such then-existing Series E Preferred Conversion Price or Ratchet Preferred Conversion Price, as applicable, and the denominator being the number of shares of common stock deemed outstanding immediately prior to such issue or sale plus the total number of additional shares of common stock so issued. No adjustment shall be made to the Series E or Ratchet Preferred conversion price in an amount less than 1% of such conversion price, but shall be otherwise included in any subsequent adjustment. As of April 30, 2020 and July 31, 2020, there have been no adjustments made pursuant to these provisions.

Liquidation Rights

If a merger or acquisition, change of control, sale of the Company, liquidation or winding of the business, the holders of Series D, Series E, Series F, Series G, and Series H shall be entitled to receive, in preference of Early Preferred, Series C Preferred Stock, and common stocks, an amount per share of $1.4071, $3.6429, $3.2678, $3.3042, and $5.0385 respectively, plus any declared but unpaid dividends prior to any other distributions, on a pari passu basis. After the distribution to Series D, Series E, Series F, and Series G, holders of Series C shall be entitled to receive, in preference of Early Preferred and common stocks, an amount of $1.14 per share, plus any declared but unpaid dividends. After the distribution to Series G, Series F, Series E, Series D, and Series C, the holders of Early Preferred are entitled to receive an amount of $0.333, $0.333, $1.087, and $2.173 per share respectively, plus any declared but unpaid dividends, on a pari passu basis.

After the distribution to Series Preferred, the holders of Class B-1 common stock, in preference of Class A, Class B, and Class C common stock, shall be entitled to receive an amount of $0.47 per share. After the distribution to Series Preferred and Class B-1 common stock set forth above, the remaining assets of the Company shall be distributed ratably to the holders of all common stock and preferred stock on an as-if-converted to Class A common basis or Class B common basis, as applicable.

In the event that, after distributions set forth above, the holders of Series D, Series F, Series G, and Series H Preferred Stock have not received an amount per share of $2.1107, $4.9017, $4.9563, and $7.5578 respectively, the holders of Series D, Series F, Series G, and Series H Preferred Stock shall be entitled to receive additional amounts per share until they receive an amount per share of $2.1107, $4.9017, $4.9563, and $7.5578 respectively, by (1) reducing common stock, Early Preferred, Series C and Series E ratably in proportion to their full amounts; (2) reducing Class B-1 common ratably in proportion to their full amounts; (3) reducing Early Preferred ratably in proportion to their full amounts; (4) reducing Series C ratably in proportion to their full amounts; and (5) reducing Series E ratably in proportion to their full amounts.

Redeemable Convertible Preferred Stock Balance Sheet Classifications

As the shares of redeemable convertible preferred stock are redeemable upon a deemed liquidation event as discussed in the Liquidation Rights, and because the Company determined that such a deemed liquidation would be outside of its control, the redeemable convertible preferred stock is recorded at issuance date fair value outside of stockholders' deficit in the Redeemable Convertible Preferred Stock section of the balance sheet. As it is uncertain as to when a redemption event may occur, if ever, the carrying amounts of the redeemable convertible preferred stock are not accreted to their redemption value until such event were to become probable.

Redeemable Convertible Class B-1 Common Stock

Redeemable convertible Class B-1 common stock outstanding as of April 30, 2019 and 2020 and July 31, 2020, respectively, consisted of the following (in thousands, except share amounts):

	As of April 30, 2019			
	Shares		Liquidation Amount	Carrying Value
	Authorized	Outstanding		
Class B-1 common stock	40,000,000	40,000,000	$ 18,800	$ 18,800

	As of April 30, 2020			
	Shares		Liquidation Amount	Carrying Value
	Authorized	Outstanding		
Class B-1 common stock	40,000,000	40,000,000	$ 18,800	$ 18,800

	As of July 31, 2020			
	Shares		Liquidation Amount	Carrying Value
	Authorized	Outstanding		
	(unaudited)			
Class B-1 common stock	40,000,000	40,000,000	$ 18,800	$ 18,800

As noted above the series Class B-1 common stock has similar rights and privileges upon a liquidation event as the redeemable convertible preferred stock.

Common Stock

As of April 30, 2019, there were 670,000,000, 185,000,000, 40,000,000 and 1,789,159 shares of common stock authorized for Class A, Class B, Class B-1, and Class C common stock, of which 18,720,399, 100,166,215, 40,000,000, and 1,456,909 shares were outstanding, respectively

As of April 30, 2020, there were 700,000,000, 405,000,000, 40,000,000, and 1,789,159 shares of common stock authorized for Class A, Class B, Class B-1, and Class C common stock, of which 18,720,399, 167,083,647, 40,000,000, and 1,456,909 shares were outstanding, respectively.

As of July 31, 2020, there were 700,000,000, 405,000,000, 40,000,000, and 1,789,159 shares of common stock authorized for Class A, Class B, Class B-1, and Class C common stock, of which 18,720,399, 167,863,605, 40,000,000, and 1,456,909 shares were outstanding, respectively.

In June 2019, the Company authorized and issued 57,178,576 shares of Class B common stock at $0.77 per share for total cash proceeds of $44.0 million.

Dividends

Each share of preferred stock and common stock shall have the right to receive cash dividends, when and if declared by the board of directors. Prior and in preference to dividends on common stock, the holders of Series Preferred stock are entitled to receive non-cumulative cash dividends, at a rate of 6% of the original issue price of $0.333, $0.333, $1.087, $2.173, $1.140, $1.4071, $3.6429, $3.2678, $3.3042, and $5.0385 per share for Series A, B, B-1A, B-1B, C, D, E, F, G, and H Preferred Stock, respectively, as adjusted for stock dividends, combinations, splits, recapitalizations and the like, per annum, out of any assets at the time legally available therefor, when, as and if declared by the board of directors. If dividends are paid on any share of common stock, the Company shall pay equivalent additional dividend on all outstanding shares of Series Preferred stock on an as-if-converted to common stock basis.

No dividends on preferred stock or common stock have been declared by the board of directors as of April 30, 2019 and 2020 and July 31, 2020.

Voting Rights

Each holder of Series A preferred stock has full voting rights equivalent to 100 multiplied by the number of shares of Class A common into which the shares of Series A* preferred stock could then be converted and each holder of Class A common that is a holder of Series A* preferred stock has full voting rights equivalent to 100 multiplied by the number of shares held. In the event of a qualified public offering in which Series A preferred stock converts to Class B, Class B will have full voting rights equivalent to 100 multiplied by the number of shares held. Each holder of Series B, B-1A, B-1B, C, D, E, F, G, and H preferred stock and Class A common stock that is not a holder of Series A has full voting rights equivalent to the number of shares held. All voting securities shall vote together and not as a separate class. The Class B common, Class B-1 common, and Class C common stock have no voting rights except as required by law.

Common Stock Subject to Repurchase

Under the Company's 2012 Incentive Plan, optionholders are allowed to exercise stock options to purchase Class B common stock prior to vesting. The Company has the right to repurchase at the original purchase price any unvested but outstanding common shares upon termination of service of the optionholder. The consideration received for an early exercise of a stock option is considered to be a deposit of the exercise price and the related amount is recorded as a liability. The net proceeds during fiscal years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020 were $1.1 million, $1.9 million, nil and nil, respectively. The liability is reclassified into equity on a ratable basis as the stock options vest. The Company has recorded a current liability of $1.0 million, $2.2 million, and $2.0 million as of April 30, 2019 and

2020 and July 31, 2020, respectively. Unvested Class B common stock of 2,748,634, 3,982,576, and 3,465,233 at April 30, 2019 and 2020 and July 31, 2020 were subject to such repurchase right and are legally issued and outstanding as of each period presented. See Note 9 for more information.

Third-Party Stock Transactions

In October 2019, the Company announced and completed a tender offer to repurchase Class B common stock of 982,112 shares and vested stock options of 4,867,133 shares from employees and officers at a price of $5.0385 per share. The repurchase transactions for vested stock options were conducted as net cash settlements where the holders of vested stock options received the difference between the repurchase price and the respective option exercise price. The total net transaction price was $28.5 million. The Company recognized $24.9 million in compensation expense related to the shares repurchased for the difference between the repurchase price and the fair value of the Company's common stock at the time of repurchase.

9. Stock-Based Compensation

On June 29, 2012, the Company adopted the C3, Inc. 2012 Incentive Plan. Under the 2012 Incentive Plan, the Company may grant stock options, restricted stock, and other stock awards to employees, directors, and service providers at prices not less than the fair market value at date of grant.

Stock Options to Acquire Class B Common Stock

These stock options generally expire 10 years from the date of grant, or earlier if services are terminated. Generally, each stock option for common stock is subject to a vesting schedule that, one fifth of the award vests after the first-year anniversary, and one-sixtieth of the award vests each month thereafter over the remaining four years, subject to continuous service.

As of April 30, 2019 and 2020 and July 31, 2020, the 2012 Incentive Plan authorized 235,202,868 shares, 338,357,777 shares, and 338,357,777 shares of Class B common stock, respectively, to be reserved for issuance on the exercise of stock options to purchase common stock, of which the right to purchase 8,878,453 shares, 44,282,235 shares, and 47,146,302 shares remained available for issuance, respectively.

A summary of the Company's option activity during the periods indicated was as follows:

	Options Outstanding			
	Number of Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
	(in thousands)			(in thousands)
Balance as of April 30, 2018	114,428	$ 0.30	8.26	$ 19,322
Granted	47,953	0.64		
Exercised	(9,176)	0.32		
Cancelled	(12,970)	0.38		
Balance as of April 30, 2019	140,235	$ 0.41	7.98	$ 50,679
Granted	99,711	0.81		
Exercised	(10,854)	0.39		
Cancelled	(31,827)	0.64		
Balance as of April 30, 2020	197,265	$ 0.58	8.03	$ 116,962
Granted (unaudited)	4,557	$ 0.76		
Exercised(unaudited)	(791)	$ 0.42		
Cancelled (unaudited)	(7,410)	$ 1.00		
Balance as of July 31, 2020 (unaudited)	193,621	$ 0.57	7.56	$ 40,897
Vested and exercisable as of April 30, 2020	66,599	$ 0.37	6.57	$ 53,386
Vested and expected to vest as of April 30, 2020	199,131	$ 0.58	8.05	$ 117,535
Vested and exercisable as of July 31, 2020 (unaudited)	75,680	$ 0.40	6.42	$ 27,464
Vested and expected to vest as of July 31, 2020 (unaudited)	194,252	$ 0.57	7.56	$ 40,252

The weighted average grant date fair value of options granted during the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020 was $0.32, $0.37, $0.32, and $0.54, respectively. Aggregate intrinsic value represents the difference between the estimated fair value of the underlying common stock and the exercise price of outstanding in-the-money options. The total intrinsic value of options exercised during the years ended April 30, 2019 and 2020 and three months ended July 31, 2019 and 2020 was $2.5 million, $4.2 million, $1.3 million, and $0.3 million, respectively. The total grant date fair value of options vested during the years ended April 30, 2019 and 2020 and the three months ended July 31, 2019 and 2020 was $3.7 million, $6.8 million, $1.4 million, and $2.7 million, respectively.

As of April 30, 2019 and 2020 and July 31, 2020, there was $19.4 million, $40.2 million, and $35.6 million of unrecognized compensation cost related to stock options which are expected to be recognized over an estimated weighted-average period of 4.1, 4.0, and 3.6 years, respectively.

The grant-date fair value of the options issued for the years ended April 30, 2019 and 2020 and July 31, 2020 is estimated on the date of grant using the Black-Scholes-Merton option pricing model. The weighted average assumptions underlying the fair value estimation are provided in the following table:

	Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
			(unaudited)	
Valuation assumptions:				
Expected dividend yield	— %	— %	— %	— %
Expected volatility	39.7 %	38.6 %	39.0 %	42.6 %
Expected term (years)	6.3	6.3	6.3	6.2
Risk-free interest rate	2.8 %	1.7 %	2.0 %	0.4 %

The following table summarizes the effects of stock-based compensation on the Company's consolidated statements of operations (in thousands):

	Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
			(unaudited)	
Cost of subscription	$ 149	$ 370	$ 61	$ 184
Cost of professional services	69	122	33	48
Sales and marketing	1,739	3,074	580	855
Research and development	781	1,223	297	458
General and administrative	1,529	3,521	561	935
Total stock-based compensation expense	$ 4,267	$ 8,310	$ 1,532	$ 2,480

Shareholder Loan

In January 2018, in connection with the Series F preferred stock financing, the Company issued 7,511,524 shares of Series F Preferred Stock in exchange for a note receivable of $24.5 million with the CEO. The underlying shares are legally outstanding though are not included in the carrying amounts of preferred stock as the note receivable is treated as an equity classified stock-based option grant. In September 2020, the Company's CEO paid the outstanding full recourse promissory note and accrued interest in the amount of $26.0 million. During the year ended April 30, 2018, the Company recorded stock-based compensation expense of $3.9 million and $3.8 million related to the note within general and administrative expense and sales and marketing expense, respectively on the consolidated statement of operations. Valuation assumptions underlying the fair value estimation of the option grant include expected dividend yield of zero, expected volatility of 38.0%, expected term of 4.4 years, and a risk-free interest rate of 2.3%. No interest income was recorded for the note. Refer to Note 12 for more information.

10. Net Loss Per Share Attributable to Common Stockholders

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. Class A, B, and C common shares have identical liquidation and distribution rights. Class B-1 has a liquidation preference, but is legal form common stock and participates in losses equally with all common stockholders. The net loss is allocated on a proportionate basis to participating securities and the resulting net loss per share attributable to common stockholders was the same for Class A, Class B, Class B-1, and Class C common shares. The Company considers all convertible preferred stock to be participating securities because they participate in any dividends declared on the Company's common stock on an as-if-converted basis. Convertible preferred does not participate in the net loss per share with common stockholders as the holders of the convertible preferred do not have a contractual obligation to share in the Company's losses. Basic net loss per share attributable to common stockholders is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. The diluted net loss per share attributable to common stockholders is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, the convertible preferred, stock options, and early exercised stock options subject to repurchase are considered to be potential common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is anti-dilutive. Basic net (loss) income per share was the same as diluted net (loss) income per share for the periods presented because the Company was in a loss position for the years ended April 30, 2019 and 2020, and the quarter ended July 31, 2019 and all net income for the quarter ended July 31, 2020 was allocated to noncumulative dividends on preferred stock.

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders:

	Year Ended April 30,		Three Months Ended July 31,	
	2019	2020	2019	2020
			(unaudited)	
Numerator				
Net loss attributable to common stockholders	$ (33,346)	$ (69,378)	$ (323)	$ 150
Denominator				
Basic and diluted weighted-average Class A common shares outstanding	18,720	18,720	18,720	18,720
Basic and diluted weighted-average Class B common shares outstanding	91,796	154,622	134,436	163,569
Basic and diluted weighted-average Class B-1 common shares outstanding	40,000	40,000	40,000	40,000
Basic and diluted weighted-average Class C common shares outstanding	1,457	1,457	1,457	1,457
Basic and diluted net loss per share attributable to common stockholders				
Basic and diluted net loss per Class A common shares outstanding	$ (0.22)	$ (0.32)	(0.00)	$ 0.00
Basic and diluted net loss per Class B common shares outstanding	$ (0.22)	$ (0.32)	(0.00)	$ 0.00
Basic and diluted net loss per Class B-1 common shares outstanding	$ (0.22)	$ (0.32)	(0.00)	$ 0.00
Basic and diluted net loss per Class C common shares outstanding	$ (0.22)	$ (0.32)	(0.00)	$ 0.00

At April 30, 2019 and 2020 and July 31, 2019 and 2020, the Company's potentially dilutive securities were convertible preferred stock and stock options, which have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share attributable to common stockholders. Based on the amounts outstanding at April 30, 2019 and 2020 and July 31, 2019 and 2020, the potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the period presented because including them would have had an antidilutive effect are as follows:

	As of April 30		As of July 31,	
	2019	2020	2019	2020
			(unaudited)	
Convertible preferred stock				
Series A	21,000,000	21,000,000	21,000,000	21,000,000
Series B	27,360,000	27,360,000	27,360,000	27,360,000
Series B-1A	14,583,945	14,583,945	14,583,945	14,583,945
Series B-1B	556,680	556,680	556,680	556,680
Series C	16,678,511	16,678,511	16,678,511	16,678,511
Series D	73,670,824	73,670,824	73,670,824	73,670,824
Series E	3,240,060	3,240,060	3,240,060	3,240,060
Series F	32,397,511	32,397,511	32,397,511	32,397,511
Series G	15,662,256	23,362,256	23,362,256	23,362,256
Series H	—	9,923,588	—	9,923,588
Stock options	142,929,227	201,200,277	157,730,115	197,155,504

Unaudited Pro Forma Net Loss Per Share

The Company has presented the unaudited pro forma basic and diluted net loss per share which has been computed to give effect to the conversion of the Company's convertible preferred into common stock (using the if-converted method) as though the conversion had occurred as of the beginning of the period or the original date of issuance, if later. The unaudited pro forma net loss per share does not include shares being offered in the assumed IPO. The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net loss per share:

	Year Ended April 30, 2020	Three Months Ended July 31, 2020
	(unaudited)	
Numerator		
Net loss and pro forma net loss	$ (69,378)	$ 150
Denominator(1)		
Basic and diluted weighted-average Class B common shares outstanding	—	—
Pro forma adjustment to reflect assumed conversion of Series A Preferred	21,000	21,000
Number of shares for used pro forma basic net loss share computation	21,000	21,000
Basic and diluted weighted-average Class A common shares outstanding	18,720	18,720
Pro forma adjustment to reflect assumed conversion of Class B, B-1, and C	196,079	205,026
Pro forma adjustment to reflect assumed conversion of Series B through H		
Number of shares for used pro forma basic net loss share computation		
Basic and diluted weighted-average Class B common shares outstanding	154,622	163,569
Pro forma adjustment to reflect assumed conversion of Class B	(154,622)	(163,569)
Number of shares for used pro forma basic net loss share computation	—	—
Basic and diluted weighted-average Class B-1 common shares outstanding	40,000	40,000
Pro forma adjustment to reflect assumed conversion of Class B-1	(40,000)	(40,000)
Number of shares for used pro forma basic net loss share computation	—	—
Basic and diluted weighted-average Class C common shares outstanding	1,457	1,457
Pro forma adjustment to reflect assumed conversion of Class C	(1,457)	(1,457)
Number of shares for used pro forma basic net loss share computation	—	—
Class A Pro forma basic and diluted net loss per share		
Class B Pro forma basic and diluted net loss per share		

(1) Class B and Class C common stock and all series of redeemable convertible preferred stock, with the exception of Series A* redeemable convertible preferred stock are presented as converted into Class A common stock upon the consummation of a qualified IPO. The Series A* redeemable convertible preferred stock is presented as converted into Class B common stock upon the consummation of a qualified IPO.

11. Income Taxes

The components of the Company's net loss before provision for income taxes for the years ended April 30, 2019 and April 30, 2020 was as follows (in thousands):

	As of April 30, 2019	As of April 30, 2020
Domestic	$ (33,868)	$ (69,887)
Foreign	788	889
Net loss before provision for income taxes	$ (33,080)	$ (68,998)

The components of the Company's provision for income taxes for the years ended April 30, 2019 and April 30, 2020 was as follows (in thousands):

	As of April 30,	
	2019	2020
Current expense		
Federal	—	—
State	$ 2	$ 113
Foreign	264	267
Total	266	380
Deferred expense		
Federal	—	—
State	—	—
Foreign	—	—
Total	—	—
Total provision for income taxes	$ 266	$ 380

The reconciliation of U.S. federal statutory rate to the Company's effective tax rate was follows (in thousands):

	As of April 30,	
	2019	2020
Expected benefit at federal statutory rate	$ (6,947)	$ (14,489)
State tax expense—net of federal benefit	2	113
Impact of foreign operations	306	85
Federal research and development credit	(389)	(530)
Change in valuation allowance	6,587	14,837
Stock-based compensation	337	(23)
Meals and entertainment	207	242
Other permanent items	163	145
Total provision for income taxes	$ 266	$ 380

The difference in the Company's effective tax rate and the U.S. federal statutory tax rate is primarily due to recording a full valuation allowance on the Company's U.S. deferred tax assets.

The components of deferred tax assets and liabilities as of April 30, 2019 and April 30, 2020 was as follows (in thousands):

	As of April 30,	
	2019	2020
Deferred tax assets		
Accrued payroll	$ 1,772	$ 2,081
Other accruals & reserves	497	3,174
Operating lease liability	—	2,235
Deferred revenue	8,226	2,959
Depreciation	1,070	1,365
Net operating losses	22,471	40,242
R&D tax credit	2,707	3,617
Stock based compensation	1,522	2,628
Other	33	(7)
Gross deferred tax assets	38,298	58,294
Valuation allowance	(37,955)	(55,812)
Total deferred tax assets	343	2,482
Deferred tax liabilities		
Prepaid expenses	(343)	(436)
Operating lease right-of-use asset	—	(2,046)
Total deferred tax liabilities	(343)	(2,482)
Net deferred tax assets/(liabilities)	$ —	$ —

In determining the need for a valuation allowance, the Company weighs both positive and negative evidence in the various jurisdictions in which it operates to determine whether it is more likely than not that its deferred tax assets are recoverable. In assessing the ultimate realizability of its net deferred tax assets, the Company considers all available evidence, including cumulative losses since inception and expected future losses and as such, management does not believe it is more likely than not that the deferred tax assets will be realized. Accordingly, a full valuation allowance has been established in the U.S. and no deferred tax assets and related tax benefit have been recognized in the accompanying financial statements. The valuation allowance as of April 30, 2019 and 2020 was $38.0 million and $55.8 million, respectively. The net change in the valuation allowance for the year was an increase of $17.8 million. The increase in the Company's valuation allowance compared to the prior year was primarily due to an increase in deferred tax assets arising from net operating loss.

As of April 30, 2019 and 2020, the Company had net operating loss carryforwards for federal income tax purposes of approximately $95.4 million and $168.6 million, respectively. The federal net operating loss carryforwards will expire, if not utilized, beginning in year 2029. Federal research and development tax credit carryforwards of approximately $4.0 million, will expire beginning in 2032 if not utilized. Federal charitable contribution carryforwards of approximately $11.6 million will expire beginning in 2021 if not utilized.

In addition, as of April 30, 2019 and 2020, the Company had net operating loss carryforwards for state income tax purposes of approximately $34.1 million and $73.2 million, respectively. The state net operating loss carryforwards will expire, if not utilized, beginning in the year 2032. The Company had state research and development tax credit carryforwards of approximately $4.1 million. The state research and development tax credits do not expire.

The Tax Reform Act of 1986 and similar California legislation impose substantial restrictions on the utilization of net operating losses and tax credit carryforwards if there is a change in ownership as provided by Section 382 of the Internal Revenue Code and similar state provisions. Such a limitation could result in the expiration of the net operating loss carryforwards and tax credits before utilization.

A reconciliation of the beginning and ending amount of the Company's total gross unrecognized tax benefits was as follows (in thousands):

	As of April 30,	
	2019	2020
Balance as of May 1	$ 2,229	$ 3,037
Increases for tax positions related to the prior year	37	—
Increases for tax positions related to the current year	771	1,011
Balance as of April 30	$ 3,037	$ 4,048

As of April 30, 2020, no amount of unrecognized tax benefits, if recognized, would impact the Company's effective income tax rate, given the Company's full valuation allowance position. The Company does not expect any unrecognized tax benefits to be recognized within the next 12 months.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of April 30, 2019 and 2020, the Company has no cumulative interest and penalties related to unrecognized tax benefits. The Company does not anticipate a significant change in the unrecognized tax benefits over the next 12 months.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, was signed into law in the United States. The Company has assessed the relevant provisions and concluded the tax provisions of the CARES Act did not have a material impact to the Company's consolidated financial statements for the fiscal year ended April 30, 2020.

For the Three Months Ended July 31, 2019 and 2020

Accounting for income taxes for interim periods generally requires the provision for income taxes to be determined by applying an estimate of the annual effective tax rate for the full fiscal year to income or loss before income taxes, adjusted for discrete items, if any, for the reporting period. The Company updates its estimate of the annual effective tax rate each quarter and makes a cumulative adjustment in such period.

The Company recorded income tax expense of $0.1 million and $0.1 million for the three months ended July 31, 2019 and 2020, respectively. Income tax expense consists primarily of income taxes in foreign jurisdictions in which the Company conducts business. Due to the Company's history of losses in the United States, a full valuation allowance on substantially all of the Company's deferred tax assets, including net operating loss carryforwards, research and development tax credits, and other book versus tax differences, was maintained.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted by the United States on March 27, 2020. The CARES Act did not have a material impact on the Company's provision for income taxes for the three months ended July 31, 2020.

12. Related Party Transactions

Shareholder Loan

In January 2018, the Company issued 7,511,524 shares of Series F Preferred Stock in exchange for a non-recourse promissory note to Thomas M. Siebel, the Company's CEO, in the amount of $24.5 million. The promissory note has a term of five years with the ability to renew for up to four successive one year periods and bears interest at a rate of 2.18% per annum, compounded annually. In September 2020, the Company's CEO paid the outstanding full recourse promissory note and accrued interest in the amount of $26.0 million. Refer to Note 9 for more information.

Secondary Transactions

In October 2019, two secondary transactions occurred for total proceeds of $50.0 million each. The CEO sold 10,115,872 shares of Series D preferred and 1,160,933 shares of Series E preferred, each at a price of $4.4339 per share, to an existing stockholder. Additionally, the CEO sold 3,508,772 shares of Series C preferred, 4,950,074 shares of Series D preferred, and 4,041,154 shares of redeemable convertible Class B-1 common stock at a price of $4.0000 per share to an existing stockholder. Stock-based compensation expense was not recognized in connection with these secondary transactions as the purchase price was equal to fair value in respect of the redemption and liquidation features of the shares sold at the time of sale.

In October 2019, the Company also completed a tender offer to repurchase Class B common stock and vested stock options from employees, including officers, at a price of $5.0385 per share. Refer to Note 8 for more information.

Revenue Transactions with a Certain Investor

In June 2019, the Company entered into multiple agreements with an investor under which they received a three-year subscription to use the Company's software. These agreements were revised in June 2020 to extend the term to five years and modify the subscription fees due. Under the revised agreements, the investor has made minimum, non-cancelable revenue commitments, which are inclusive of their direct subscription fees and third party revenue generated through the joint marketing arrangement with the investor, in the amount of $46.7 million in fiscal year 2020, $53.3 million in fiscal year 2021, $75.0 million in fiscal year 2022, $125.0 million in fiscal year 2023, and $150.0 million in fiscal year 2024. During the year ended April 30, 2020, the Company recognized total revenue of $46.7 million related to this arrangement. For future periods, any shortfalls against the total annual revenue commitment made to us by the investor will be assessed and recorded at the end of the fourth quarter of each fiscal year. The Company recognized subscription revenue from direct subscription fees from this investor of $0.1 million and $40.4 million during the years ended April 30, 2019 and 2020 and $10.5 million and $6.8 million for the three months ended July 31, 2019 and 2020, respectively. As of April 30, 2019 and 2020 and July 31, 2020, accounts receivable, net included $20.0 million, $0.2 million, and $0.2 million and deferred revenue, current included $19.9 million, $1.5 million, and $22.7 million associated with this investor, respectively.

Under the joint marketing arrangement, the Company is also obligated to pay the investor a sales commission on subscriptions and services offerings it resells in excess of these minimum revenue commitments. The Company did not incur any sales commission related to this arrangement during the year ended April 30, 2020 and the three months ended July 31, 2020.

13. Subsequent Events

Cares Act Loan

On May 1, 2020, the Company entered into Paycheck Protection Program Promissory Note and Agreement with Bank of America, pursuant to which the Company received loan proceeds of $6.3 million, or PPP Loan. The PPP Loan was made under, and was subject to the terms and conditions of, the PPP which was established under the CARES Act and is administered by the U.S. Small Business Administration. The term of the PPP Loan was two years with a maturity date of May 1, 2022 and contains a favorable fixed annual interest rate of 1.00%. Payments of principal and interest on the PPP Loan were deferred for the first six months of the term of the PPP Loan until November 1, 2020. Principal and interest were payable monthly and could be prepaid by the Company at any time prior to maturity with no prepayment penalties. On August 18, 2020, the Company repaid in full the PPP loan outstanding, including accrued interest of $0.1 million, in the amount of $6.4 million.

Contractual Arrangement Modification

In June 2019, the Company entered into multiple agreements with an investor under which they received a three-year subscription to use the Company's software. In June 2020, certain of the arrangements were modified. Refer to Note 12 for more information.

Payment of Promissory Note

On September 17, 2020, the Company's CEO paid the outstanding full recourse promissory note and accrued interest in the amount of $26.0 million.

The Company has evaluated the effects of subsequent events through September 18, 2020, the date the consolidated financial statements were issued.

14. Subsequent Events (Unaudited)

For its unaudited interim consolidated financial statements as of July 31, 2020 and the three-month period then ended, the Company has evaluated the effects of subsequent events through October 23, 2020, which is the date that these unaudited interim consolidated financial statements were available to be issued.

Enterprise AI

Part II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the SEC registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the exchange listing fee.

	Amount
SEC registration fee	$ 10,910
FINRA filing fee	15,500
Exchange listing fee	*
Accountants' fees and expenses	*
Legal fees and expenses	*
Transfer agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous	*
Total expenses	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws that will be in effect upon the completion of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

At present, there is no pending litigation or proceeding involving a director or officer of C3.ai, Inc. regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Exchange Act that might be incurred by any director or officer in his or her capacity as such.

Item 15. Recent Sales of Unregistered Securities.

Since May 1, 2017, we have issued the following unregistered securities:

- Between January and February 2018, we sold 32,397,511 shares of our Series F convertible preferred stock at a purchase price of $3.2678 per share, for an aggregate purchase price of approximately $105.9 million, including 7,511,524 shares of Series F convertible preferred stock issued to a stockholder in exchange for a note receivable of $24.5 million.
- Between February and April 2019, we sold 15,662,256 shares of our Series G convertible preferred stock at a purchase price of $3.3042 per share, for an aggregate purchase price of approximately $51.75 million.
- In June 2019, we sold 57,178,576 shares of our Class B common stock and 7,700,000 shares of Series G convertible preferred stock at a purchase price of $0.77 per share and $3.3042, respectively, for an aggregate purchase price of approximately $69.5 million.
- In August 2019, we sold 9,923,588 shares of our Series H convertible preferred stock at a purchase price of $5.0385 per share, for an aggregate purchase price of approximately $50.0 million.

- From May 1, 2017 through November 9, 2020, we granted to certain employees, consultants and directors options to purchase an aggregate of 282,104,357 shares of our Class A common stock under our Amended and Restated 2012 Equity Incentive Plan, or the 2012 Plan, at exercise prices ranging from $0.31 to $2.85 per share, for an aggregate exercise price of approximately $273.5 million.

- From May 1, 2017 through November 9, 2020, we issued and sold an aggregate of 38,521,260 shares of our Class A common stock upon the exercise of options under our 2012 Plan, at exercise prices ranging from $0.10 to $1.17 per share, for an aggregate exercise price of $13.8 million.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise specified above, we believe these transactions were exempt from registration under the Securities Act in reliance on Section 4(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 under benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Exhibit
1.1*	Form of Underwriting Agreement.
3.1*	Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2	Amended and Restated Bylaws of the Registrant, as currently in effect.
3.3*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be effective immediately prior to the completion of this offering.
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be effective immediately prior to the completion of this offering.
4.1*	Form of Class A common stock certificate of the Registrant.
4.2	Amended and Restated Registration Rights Agreement by and among the Registrant and certain of its stockholders, dated August 15, 2019.
4.3	Voting Agreement by and among the Registrant, Thomas M. Siebel and Patricia A. House, dated January 15, 2015.
5.1*	Opinion of Cooley LLP.
10.1+	C3.ai, Inc. Amended and Restated 2012 Equity Incentive Plan and forms of agreements thereunder.
10.2*+	C3.ai, Inc. 2020 Equity Incentive Plan and forms of agreements thereunder.
10.3*+	C3.ai, Inc. 2020 Employee Stock Purchase Plan and forms of agreements thereunder.
10.4+	Offer Letter by and between the Registrant and Edward Y. Abbo, dated July 22, 2009.
10.5+	Offer Letter by and between the Registrant and Houman Behzadi, dated January 6, 2010.
10.6+	Revised Offer Letter by and between the Registrant and Edward Y. Abbo, dated July 15, 2011.
10.7	Lease by and between the Registrant and Google LLC (as successor-in-interest to VII Pac Shores Investors, LLC), dated October 28, 2011.
10.8	First Amendment to Lease by and between the Registrant and Google LLC, dated April 4, 2017.
10.9	Second Amendment to Lease by and between the Registrant and Google LLC, dated November 7, 2017.
10.10#	Joint Venture Agreement, by and between the Registrant and Baker Hughes Holdings LLC, dated June 6, 2019.
10.11#	First Amendment to Joint Venture Agreement, by and between the Registrant and Baker Hughes Holdings LLC, dated September 26, 2019.
10.12#	Second Amendment to Joint Venture Agreement, by and between the Registrant and Baker Hughes Holdings LLC, dated June 1, 2020.
21.1	List of subsidiaries of the Registrant.
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm.
23.2*	Consent of Cooley LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).

* To be filed by amendment.
\+ Indicates management contract or compensatory plan.
\# Portions of this exhibit (indicated by asterisks) have been omitted as the registrant has determined that (1) the omitted information is not material and (2) the omitted information would likely cause competitive harm to the registrant if publicly disclosed.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has been advised that in the

opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Redwood City, State of California, on November 13, 2020.

C3.ai, Inc.

By: /s/ Thomas M. Siebel
Thomas M. Siebel
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas M. Siebel and David Barter, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Thomas M. Siebel Thomas M. Siebel	Chief Executive Officer and Chairman of the Board of Directors *(Principal Executive Officer)*	November 13, 2020
/s/ David Barter David Barter	Senior Vice President and Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*	November 13, 2020
/s/ Patricia A. House Patricia A. House	Director	November 13, 2020
/s/ Richard Levin Richard Levin	Director	November 13, 2020
/s/ Michael G. McCaffery Michael G. McCaffery	Director	November 13, 2020
/s/ Nehal Raj Nehal Raj	Director	November 13, 2020
/s/ Condoleezza Rice Condoleezza Rice	Director	November 13, 2020
/s/ S. Shankar Sastry S. Shankar Sastry	Director	November 13, 2020
/s/ Bruce Sewell Bruce Sewell	Director	November 13, 2020
/s/ Lorenzo Simonelli Lorenzo Simonelli	Director	November 13, 2020
/s/ Stephen M. Ward Jr. Stephen M. Ward Jr.	Director	November 13, 2020

BYLAWS

OF

C3.AI, INC.
(A DELAWARE CORPORATION)

BYLAWS

OF

C3.AI, INC.
(A DELAWARE CORPORATION)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Dover, County of Kent.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLES II

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, “Corporate Seal-Delaware.” Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS' MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law (“DGCL”).

Section 5. Annual Meeting. Annual meetings of stockholders for the election of directors and for such other business as may be stated in the notice of the meeting, may be called by the Board of Directors or any officer instructed by the Board of Directors to call the meeting.

Section 6. Special Meetings. Special meetings of stockholders for any purpose other than the election of directors may be held at such time and place, within or without the State of

Delaware, as shall be stated in the notice of the meeting and may be called by Chairman of the Board of Directors, the Chief Executive Officer, the Secretary or by any officer instructed by the Chairman of the Board of Directors or the Chief Executive Officer to call the meeting. At any time or times that the corporation is subject to Section 2115(b) of the California General Corporation Law ("CGCL"), stockholders holding five percent (5%) or more of the outstanding shares shall have the right to call a special meeting of stockholders as set forth in Section 6 herein.

Section 7. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the voting rights represented by the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of a majority of the shares represented thereat, without notice other than announcement at the meeting, until the requisite amount of stock entitled to vote shall be present. At such adjourned meeting at which the requisite amount of voting shares shall be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares present in person, by remote communication, if applicable, or represented by proxy. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

Section 9. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 10 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote or execute consents shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 10. List of Stockholders. A complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, and showing the address of, and the number of shares held by, each stockholder shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held or by electronic

transmission. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. Action Without Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, any action required by statute to be taken at any annual or special meeting of the stockholders, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, or by electronic transmission setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Every written consent or electronic transmission shall bear the date of signature of each stockholder who signs the consent, and no written consent or electronic transmission shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation in the manner herein required, written consents or electronic transmissions signed by a sufficient number of stockholders to take action are delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation’s registered office shall be by hand or by certified or registered mail, return receipt requested.

(c) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing or by electronic transmission and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take action were delivered to the corporation as provided in Section 228(c) of the DGCL. If the action which is

consented to is such as would have required the filing of a certificate under any section of the DGCL if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

(d) A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in the state of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the board of directors of the corporation. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 13. Organization.

(a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Chief Executive Officer, or, if the Chief Executive Officer is absent, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the Chief Executive Officer, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are

necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 14. Number and Term of Office.

The authorized number of directors shall be eleven (11); provided, however, that such number may be increased or decreased by the affirmative consent of the stockholders holding a majority of Series A Preferred Stock of the Company, from time to time. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient.

Section 15. Powers. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 16. Term of Directors.

(a) Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, directors shall be elected at each annual meeting of stockholders to serve until the next annual meeting of stockholders and his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(b) No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the corporation is subject to Section 2115(b) of the CGCL. During such time or times that the corporation is subject to Section 2115(b) of the CGCL, every stockholder entitled to vote at an election for directors may cumulate such stockholder’s votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder’s shares are otherwise entitled, or distribute the stockholder’s votes on the same principle among as many

candidates as such stockholder thinks fit. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

Section 17. Vacancies.

(a) Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, *provided, however*, that whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director.

(b) At any time or times that the corporation is subject to §2115(b) of the CGCL, if, after the filling of any vacancy, the directors then in office who have been elected by stockholders shall constitute less than a majority of the directors then in office, then

(i) any holder or holders of an aggregate of five percent (5%) or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of stockholders; or

(ii) the Superior Court of the proper county shall, upon application of such stockholder or stockholders, summarily order a special meeting of the stockholders, to be held to elect the entire board, all in accordance with Section 305(c) of the CGCL, the term of office of any director shall terminate upon that election of a successor.

Section 18. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of

the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall 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, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 19. Removal.

(a) Subject to any limitations imposed by applicable law (and assuming the corporation is not subject to Section 2115 of the CGCL), the Board of Directors or any director may be removed from office at any time (i) with cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation entitled to vote generally at an election of directors or (ii) without cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation, entitled to elect such director.

(b) During such time or times that the corporation is subject to Section 2115(b) of the CGCL, the Board of Directors or any individual director may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

Section 20. Meetings.

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer and publicized among all directors, either orally or in writing, including a voice-messaging system or other system designated to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for a regular meeting of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the Chief Executive Officer or any director.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by US mail, it shall be sent by first class mail, postage prepaid at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the 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.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 21. Quorum and Voting.

(a) Unless the Certificate of Incorporation requires a greater number, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; *provided, however,* at any meeting, whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 22. Action Without 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, and such writing or writings or transmission or transmissions are

filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 23. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 24. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors 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 corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Bylaw may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. 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, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they 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.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 24 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special 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. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 25. Organization. At every meeting of the directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Chief Executive Officer, or if the Chief Executive Officer is absent, the most senior Vice President, (if a director) or, in the absence of any such person, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, any Assistant Secretary directed to do so by the Chief Executive Officer, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 26. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, one or more Vice Presidents, the Secretary, and the Chief Financial Officer, all of whom shall be elected at the annual organizational meeting of the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 27. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any

time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chairman of the Board of Directors. The Chairman of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. If there is no Chief Executive Officer, then the Chairman of the Board of Directors shall also serve as the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in paragraph (c) of this Section 27.

(c) Duties of Chief Executive Officer. The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. Unless some other officer has been elected Chief Executive Officer of the corporation, the Chairman of the Board of Directors shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(d) Duties of Vice Presidents. The Vice Presidents may assume and perform the duties of the Chief Executive Officer in the absence or disability of the Chief Executive Officer or whenever the office of Chief Executive Officer is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

(e) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The Chief Executive Officer may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of

the corporation. The Chief Financial Officer shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time. The Chief Executive Officer may direct another officer in the absence or disability of the Chief Financial Officer, and such officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

Section 28. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 29. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission notice to the Board of Directors or to the Chief Executive Officer or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 30. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 31. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless 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 corporation

by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 32. Voting of Securities Owned by the Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the Chief Executive Officer, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 33. Form and Execution of Certificates. The shares of the corporation shall be represented by certificates, or shall be uncertificated. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificate shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors, or the Chief Executive Officer or any Vice President and by the Chief Financial Officer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 34. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 35. Restrictions on Transfers.

(a) No holder of any of the shares of stock of the corporation may sell, transfer, assign, pledge, or otherwise dispose of or encumber any of the shares of stock of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise (each, a "Transfer") without the prior written consent of the Chief Executive Officer, or if there is no Chief Executive Officer appointed, the Board of Directors. The corporation may withhold consent for any legitimate corporate purpose, as determined by the Chief Executive Officer, or if there is no Chief Executive Officer appointed, the Board of

Directors. Examples of the basis for the corporation to withhold its consent include, without limitation, (i) if such Transfer to individuals, companies or any other form of entity identified by the corporation as a potential competitor or considered by the corporation to be unfriendly; or (ii) if such Transfer increases the risk of the corporation having a class of security held of record by two thousand (2,000) or more persons, or five hundred (500) or more persons who are not accredited investors (as such term is defined by the SEC), as described in Section 12(g) of the 1934 Act and any related regulations, or otherwise requiring the corporation to register any class of securities under the 1934 Act; or (iii) if such Transfer would result in the loss of any federal or state securities law exemption relied upon by the corporation in connection with the initial issuance of such shares or the issuance of any other securities; or (iv) if such Transfer is facilitated in any manner by any public posting, message board, trading portal, internet site, or similar method of communication, including without limitation any trading portal or internet site intended to facilitate secondary transfers of securities; or (v) if such Transfer is to be effected in a brokered transaction; or (vi) if such Transfer represents a Transfer of less than all of the shares then held by the stockholder and its affiliates or is to be made to more than a single transferee.

(b) If a stockholder desires to Transfer any shares, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer. Any shares proposed to be transferred to which Transfer the corporation has consented pursuant to Section 35(a) will first be subject to the corporation's right of first refusal located in Section 45 hereof.

(c) Any Transfer, or purported Transfer, of shares not made in strict compliance with this Section 35 shall be null and void, shall not be recorded on the books of the corporation and shall not be recognized by the corporation.

(d) The foregoing restriction on Transfer shall terminate upon the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

(e) The certificates representing shares of stock of the corporation shall bear on their face the following legend so long as the foregoing Transfer restrictions are in effect:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SIGNIFICANT RESTRICTON ON TRANSFER, AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

Section 36. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, 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, subject to applicable law, not be more than sixty (60) nor less than ten (10)

days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or 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 the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, 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 date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the corporation 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, in advance, 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 sixty (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.

Section 37. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other

claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 38. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 33), may be signed by the Chairman of the Board of Directors, the Chief Executive Officer or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer; *provided, however,* that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Chief Financial Officer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 39. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 40. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 41. Fiscal Year. The fiscal year of the corporation shall commence on April 1st of each calendar year and end on March 31st of the following year, or such other fiscal year fixed by resolution of the Board of Directors from time to time.

ARTICLE XI

INDEMNIFICATION

Section 42. Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents.

(a) Directors and Officers. The corporation shall indemnify its directors and officers to the fullest extent not prohibited by the DGCL or any other applicable law; *provided*, *however*, that the corporation may modify the extent of such indemnification by individual contracts with its directors and officers; and, *provided*, *further*, that the corporation shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) Employees and Other Agents. The corporation shall have power to indemnify its employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to 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, by reason of the fact that he is or was a director or officer, of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding, provided, however, that, if the DGCL requires, an advancement of expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 42 or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this Bylaw, no advance shall be made by the corporation to an officer of the corporation (except by reason of the fact that such officer is or was a director of the corporation, in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of a quorum consisting of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the 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 corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or officer. Any right to indemnification or advances granted by this Bylaw to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or officer is not entitled to be indemnified, or to such advancement of expenses, under this Article XI or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL or any other applicable law.

(f) **Survival of Rights.** The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) **Insurance.** To the fullest extent permitted by the DGCL, or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Bylaw.

(h) **Amendments.** Any repeal or modification of this Bylaw shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) **Saving Clause.** If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and officer to the full extent not prohibited by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law. If this Section 42 shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and officer to the full extent under applicable law.

(j) **Certain Definitions.** For the purposes of this Bylaw, the following definitions shall apply:

(1) The term “proceeding” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(2) The term “expenses” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(3) The term the “corporation” 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, and 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 Bylaw with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(4) References to a “director,” “executive officer,” “officer,” “employee,” or “agent” of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(5) 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 corporation” shall include any service as a director, officer, employee or agent of the corporation 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 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 corporation” as referred to in this Bylaw.

ARTICLE XII

NOTICES

Section 43. Notices.

(a) Notice to Stockholders. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders may be sent by United States mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), or as provided for in Section 20 of these Bylaws. If such notice is not delivered personally, it shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person with Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, 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 corporation is such as to require the filing of a certificate under any provision of 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.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the 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. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within 60 days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 44. Amendments. The Board of Directors is expressly empowered to adopt, amend or repeal Bylaws of the corporation. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE XIV

RIGHT OF FIRST REFUSAL

Section 45. Right of First Refusal. No stockholder shall sell, assign, pledge, or in any manner transfer any of the shares of Common Stock or Preferred Stock (other than shares of Series A Preferred Stock), of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except by a transfer which meets the requirements hereinafter set forth in this bylaw:

(a) If the stockholder desires to sell or otherwise transfer any of his shares of Common Stock, then the stockholder shall first give written notice thereof to the corporation.

The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms set forth in such notice; *provided, however,* that, with the consent of the stockholder, the corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other Transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Section 45, the price shall be deemed to be the fair market value of the stock at such time as determined in good faith by the Board of Directors. In the event the corporation elects to purchase all of the shares or, with consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in paragraph (d).

(c) The corporation may assign its rights hereunder.

(d) In the event the corporation and/or its assignee(s) elect to acquire any of the shares of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the corporation and/or its assignees(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, subject to the corporation's approval and all other restrictions on Transfer located in Section 35 hereof, within the sixty-day period following the expiration or waiver of the option rights granted to the corporation and/or its assignees(s) herein, Transfer the shares specified in said transferring stockholder's notice which were not acquired by the corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said Transfer.

(f) The provisions of this bylaw may be waived with respect to any transfer either by the corporation, upon duly authorized action of its Board of Directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation (excluding the votes represented by those shares to be transferred by the transferring stockholder). This bylaw may be amended or repealed either by a duly authorized action of the Board of Directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation.

(g) Any sale or transfer, or purported sale or transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(h) The foregoing right of first refusal shall terminate upon the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

(i) The certificates representing shares of stock of the corporation shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

ARTICLE XV

LOANS TO OFFICERS

Section 46. Loans to Officers. Except as otherwise prohibited under applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a Director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

C3.AI, INC.

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

THIS AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT (the "***Agreement***") is made and entered into as of August 15, 2019, by and among **C3.AI, INC.**, a Delaware corporation (the "***Company***") and certain holders of Preferred Stock of the Company, approved by the Company, who execute and deliver a counterpart signature page to this Agreement, such holders referred to hereinafter as the "***Investors***" and each individually as an "***Investor***," as set forth on Exhibit A.

RECITALS

WHEREAS, certain of the Investors are purchasing shares of the Company's Series H Preferred Stock pursuant to that certain Stock Purchase Agreement (the "***Purchase Agreement***") of even date herewith (the "***Financing***");

WHEREAS, the obligations in the Purchase Agreement are conditioned upon the execution and delivery of this Agreement;

WHEREAS, certain of the Investors (the "***Prior Investors***") are holders of the Company's Series A* Preferred Stock (the "***Series A Stock***"), Series B* Preferred Stock (the "***Series B Stock***"), Series B-1A* Preferred Stock (the "***Series B-1A Stock***"), Series B-1B* Preferred Stock (the "***Series B-1B Stock***"), Series C* Preferred Stock (the "***Series C Stock***"), the Series D Preferred Stock (the "***Series D Stock***"), Series E Preferred Stock (the "***Series E Stock***") and the Series F Preferred Stock (the "***Series F Stock***"), the Series G Preferred Stock (the "***Series G Stock***") and the Series H Preferred Stock (the "***Series H Stock***" and collectively with the Series G Stock, Series F Stock, the Series E Stock, the Series D Stock, Series C Stock, the Series B Stock, the Series A Stock, the Series B-1A Stock and the Series B-1B Stock, the "***Preferred Stock***");

WHEREAS, the Prior Investors are parties to an Amended and Restated Registration Rights Agreement effective as of June 6, 2019 (the "***Prior Agreement***");

WHEREAS, the parties to such Prior Agreement desire to amend and restate the Prior Agreement and to accept the rights and covenants hereof in lieu of their rights and covenants under the Prior Agreement; and

WHEREAS, in connection with the consummation of the Financing, the parties desire to enter into this Agreement in order to grant registration rights to the Investors as set forth below.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. GENERAL.

1.1 Definitions. As used in this Agreement the following terms shall have the following respective meanings:

(a) "***BlackRock***" means, collectively, Master Focus Growth LLC, Master Large Cap Focus Growth Portfolio, a series of Master Large Cap Series LLC, BlackRock Science & Technology Opportunities Portfolio a series of BlackRock Funds II, BlackRock Science and Technology Trust, BlackRock Science and Technology Trust II, BlackRock Global Funds – World Technology Fund, BlackRock Global Funds – Next Generation Technology Fund.

(b) ***"Convertible Securities"*** means Preferred Stock or other stock, options, warrants, purchase rights or other securities convertible into Common Stock of the Company.

(c) ***"Exchange Act"*** means the Securities Exchange Act of 1934, as amended.

(d) ***"Form S-1"*** means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

(e) ***"Form S-3"*** means such form under the Securities Act as in effect on the date hereof or any successor or similar registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(f) ***"Holder"*** means any person owning of record Registrable Securities that have not been sold to the public or any assignee of record of such Registrable Securities in accordance with Section 2.9 hereof.

(g) ***"Initial Offering"*** means the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act.

(h) ***"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 effectiveness of such registration statement or document.

(i) ***"Registrable Securities"*** means (i) Common Stock of the Company issuable or issued upon conversion of the Shares and (ii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such above-described securities. Notwithstanding the foregoing, Registrable Securities shall not include any securities (A) sold by a person to the public either pursuant to a registration statement or Rule 144 or (B) sold in a private transaction in which the transferor's rights under Section 2 of this Agreement are not assigned.

(j) ***"Registrable Securities then outstanding"*** shall be the number of shares of the Company's Common Stock that are Registrable Securities and either (a) are then issued and outstanding or (b) are issuable pursuant to then exercisable or convertible securities.

(k) ***"Registration Expenses"*** shall mean all expenses incurred by the Company in complying with Sections 2.2, 2.3 and 2.4 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements not to exceed twenty-five thousand dollars ($25,000) of a single special counsel for the Holders, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

(l) ***"SEC"*** or ***"Commission"*** means the Securities and Exchange Commission.

(m) ***"Securities Act"*** shall mean the Securities Act of 1933, as amended.

(n) ***"Selling Expenses"*** shall mean all underwriting discounts and selling commissions applicable to the sale.

(o) ***"Shares"*** shall mean the Preferred Stock held from time to time by the Investors and their permitted assigns.

(p) ***"Special Registration Statement"*** shall mean (i) a registration statement relating to any employee benefit plan or (ii) with respect to any corporate reorganization or transaction under Rule 145 of the Securities Act, any registration statements related to the issuance or resale of securities issued in such a transaction or (iii) a registration related to stock issued upon conversion of debt securities.

SECTION 2. RESTRICTIONS ON TRANSFER; REGISTRATION.

2.1 Restrictions on Transfer.

(a) Each Holder agrees not to make any disposition of all or any portion of the Shares or Registrable Securities unless and until:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) (A) The Company has consented to the proposed transfer, (B) the transferee has agreed in writing to be bound by the terms of this Agreement, (C) such Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (D) if reasonably requested by the Company, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will

not require registration of such shares under the Securities Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144, except in unusual circumstances. After its Initial Offering, the Company will not require any transferee pursuant to Rule 144 to be bound by the terms of this Agreement if the shares so transferred do not remain Registrable Securities hereunder following such transfer.

(b) Notwithstanding the provisions of subsection (a) above, no such restrictions shall apply to a transfer by a Holder that is (i) a partnership transferring to its partners or former partners in accordance with partnership interests, (ii) a corporation transferring to a wholly-owned subsidiary or a parent corporation that owns all of the capital stock of the Holder, (iii) a limited liability company transferring to its members or former members in accordance with their interest in the limited liability company, (iv) an individual transferring to the Holder's family member or trust for the benefit of an individual Holder, (v) to an entity affiliated by common control (or other related entity) with such Holder or (vi) a transfer by a Holder completed in accordance with applicable law at any time following an Initial Offering; *provided* that in the case of (i) – (v) above the transferee will agree in writing to be subject to the terms of this Agreement to the same extent as if he were an original Holder hereunder.

(c) Each certificate representing Shares or Registrable Securities shall be stamped or otherwise imprinted with legends substantially similar to the following (in addition to any legend required under applicable state securities laws):

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "***ACT***") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.
>
> THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN REGISTRATION RIGHTS AGREEMENT BY AND BETWEEN THE STOCKHOLDER AND THE COMPANY. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

(d) The Company shall be obligated to reissue promptly unlegended certificates at the request of any Holder thereof if the Company has completed its Initial Offering and the Holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) 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 and legend, *provided that* the second legend listed above shall be removed only at such time as the Holder of such certificate is no longer subject to any restrictions hereunder.

(e) Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities shall be removed upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal.

2.2 Demand Registration.

(a) Subject to the conditions of this Section 2.2, if the Company shall receive a written request from the Holders of a majority of the Registrable Securities (the "***Initiating Holders***") that the Company file a registration statement under the Securities Act covering the registration of at least a majority of the Registrable Securities then outstanding (or a lesser percent if the anticipated aggregate offering price, net of underwriting discounts and commissions, would exceed $10,000,000 (a "***Demand Offering***")), then the Company shall, within thirty (30) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 2.2, effect, as expeditiously as reasonably possible, the registration under the Securities Act of all Registrable Securities that all Holders request to be registered.

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.2 or any request pursuant to Section 2.4 and the Company shall include such information in the written notice referred to in Section 2.2(a) or Section 2.4(a), as applicable. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities held by all Initiating Holders (which underwriter or underwriters shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 2.2 or Section 2.4, if the underwriter advises the Company that marketing factors require a limitation of the number of securities to be underwritten (including Registrable Securities) then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities on a *pro rata* basis based on the number of Registrable Securities held by all such Holders (including the Initiating Holders**)**. In no event shall any Registrable Securities be excluded from such underwriting unless all other securities are first excluded. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) The Company shall not be required to effect a registration pursuant to this Section 2.2:

(i) prior to the expiration of the restrictions on transfer set forth in Section 2.10 following the Initial Offering;

(ii) after the Company has effected two (2) registrations pursuant to this Section 2.2, and such registrations have been declared or ordered effective;

(iii) during the period starting with the date of filing of, and ending on the date one hundred eighty (180) days following the effective date of the registration statement pertaining to a public offering, other than pursuant to a Special Registration Statement (or such longer period as may be determined by Section 2.10 hereof); *provided* that the Company makes reasonable good faith efforts to cause such registration statement to become effective;

(iv) if within thirty (30) days of receipt of a written request from Initiating Holders pursuant to Section 2.2(a), the Company gives notice to the Holders of the Company's intention to file a registration statement for a public offering, other than pursuant to a Special Registration Statement within ninety (90) days;

(v) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.2 a certificate signed by the Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than one hundred twenty (120) days after receipt of the request of the Initiating Holders; *provided* that such right to delay a request shall be exercised by the Company not more than twice in any twelve (12) month period;

(vi) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.4 below; or

(vii) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

2.3 Piggyback Registrations. The Company shall notify all Holders of Registrable Securities in writing at least fifteen (15) days prior to the filing of any registration statement under the Securities Act for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding Special Registration Statements) and will afford each such Holder an opportunity to include in such registration statement all or part of such Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within fifteen (15) days after the above-described notice from the Company, so notify the Company in writing. Such

notice shall state the intended method of disposition of the Registrable Securities by such Holder. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(a) Underwriting. If the registration statement of which the Company gives notice under this Section 2.3 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to include Registrable Securities in a registration pursuant to this Section 2.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the Company determines in good faith, based on consultation with the underwriter, that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a *pro rata* basis based on the total number of Registrable Securities held by the Holders; and third, to any stockholder of the Company (other than a Holder) on a *pro rata* basis. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below thirty percent (30%) of the total number of securities included in such offering, unless such offering is an Initial Offering, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder which is a partnership, limited liability company or corporation, the partners, retired partners, members, retired members and stockholders of such Holder, or the estates and family members of any such partners, retired partners, members and retired members and any trusts for the benefit of any of the foregoing person shall be deemed to be a single "Holder," and any *pro rata* reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.3 whether or not any Holder has elected to include securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.5 hereof.

2.4 Form S-3 Registration. In case the Company shall receive from any Holder or Holders of Registrable Securities a written request or requests that the Company effect a registration on Form S-3 (or any successor to Form S-3) or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; *provided, however*, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.4:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than one million dollars ($1,000,000);

(iii) if within thirty (30) days of receipt of a written request from any Holder or Holders pursuant to this Section 2.4, the Company gives notice to such Holder or Holders of the Company's intention to make a public offering within ninety (90) days, other than pursuant to a Special Registration Statement;

(iv) if the Company shall furnish to the Holders a certificate signed by the Chairman of the Board of Directors of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than one hundred twenty (120) days after receipt of the request of the Holder or Holders under this Section 2.4; *provided*, that such right to delay a request shall be exercised by the Company not more than twice in any twelve (12) month period; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a Form S-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the requests of the Holders. Registrations effected pursuant to

this Section 2.4 shall not be counted as demands for registration or registrations effected pursuant to Section 2.2.

2.5 Expenses of Registration. Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 2.2, 2.3 or 2.4 herein shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder, shall be borne by the holders of the securities so registered *pro rata* on the basis of the number of shares so registered. The Company shall not, however, be required to pay for expenses of any registration proceeding begun pursuant to Section 2.2 or 2.4, the request of which has been subsequently withdrawn by the Initiating Holders unless (a) the withdrawal is based upon material adverse information concerning the Company of which the Initiating Holders were not aware at the time of such request or (b) the Holders of a majority of Registrable Securities agree to deem such registration to have been effected as of the date of such withdrawal for purposes of determining whether the Company shall be obligated pursuant to Section 2.2(c) or 2.4(b)(v), as applicable, to undertake any subsequent registration, in which event such right shall be forfeited by all Holders. If the Holders are required to pay the Registration Expenses, such expenses shall be borne by the holders of securities (including Registrable Securities) requesting such registration in proportion to the number of shares for which registration was requested. If the Company is required to pay the Registration Expenses of a withdrawn offering pursuant to clause (a) above, then such registration shall not be deemed to have been effected for purposes of determining whether the Company shall be obligated pursuant to Section 2.2(c) or 2.4(b)(v), as applicable, to undertake any subsequent registration.

2.6 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use all reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to thirty (30) days or, if earlier, until the Holder or Holders have completed the distribution related thereto; provided, however, that at any time, upon written notice to the participating Holders and for a period not to exceed sixty (60) days thereafter (the "***Suspension Period***"), the Company may delay the filing or effectiveness of any registration statement or suspend the use or effectiveness of any registration statement (and the Initiating Holders hereby agree not to offer or sell any Registrable Securities pursuant to such registration statement during the Suspension Period) if the Company reasonably believes that there is or may be in existence material nonpublic information or events involving the Company, the failure of which to be disclosed in the prospectus included in the registration statement could result in a Violation (as defined below). In the event that the Company shall exercise its right to delay or suspend the filing or effectiveness of a registration hereunder, the applicable time period during which the registration statement is to remain effective shall be extended by a period of time equal to the duration of the Suspension Period. The Company may extend the Suspension Period for an additional consecutive sixty (60) days with the consent of the holders of a majority of the Registrable Securities registered under the

applicable registration statement, which consent shall not be unreasonably withheld. If so directed by the Company, all Holders registering shares under such registration statement shall (i) not offer to sell any Registrable Securities pursuant to the registration statement during the period in which the delay or suspension is in effect after receiving notice of such delay or suspension; and (ii) use their best efforts to deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holders' possession, of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. Notwithstanding the foregoing, the Company shall not be required to file, cause to become effective or maintain the effectiveness of any registration statement other than a registration statement on Form S-3 that contemplates a distribution of securities on a delayed or continuous basis pursuant to Rule 415 under the Securities Act.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in subsection (a) above.

(c) Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Company will use reasonable efforts to amend or supplement such prospectus in order to cause such prospectus not to include 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 not misleading in the light of the circumstances then existing.

(g) Use its reasonable efforts to furnish, 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 underwritten public offering, addressed to the underwriters, if any, and (ii) a 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.

2.7 Delay of Registration; Furnishing Information.

(a) No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

(b) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 2.2, 2.3 or 2.4 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registration of their Registrable Securities.

(c) The Company shall have no obligation with respect to any registration requested pursuant to Section 2.2 or Section 2.4 if the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in Section 2.2 or Section 2.4, whichever is applicable.

2.8 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.2, 2.3 or 2.4:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers and directors of each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "***Violation***") by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement or incorporated reference therein, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities

law in connection with the offering covered by such registration statement; and the Company will reimburse each such Holder, partner, member, officer, director, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; *provided however*, that the indemnity agreement contained in this Section 2.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, member, officer, director, underwriter or controlling person.

(b) To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, its officers and each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors or officers or any person who controls such Holder, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such Holder, or partner, director, officer or controlling person of such other Holder may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any of the following statements: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement or incorporated reference therein, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act (collectively, a "***Holder Violation***"), in each case to the extent (and only to the extent) that such Holder Violation occurs in reliance upon and in conformity with written information furnished by such Holder under an instrument duly executed by such Holder and stated to be specifically for use in connection with such registration; and each such Holder will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or partner, officer, director or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Holder Violation; *provided, however,* that the indemnity agreement contained in this Section 2.8(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; *provided further*, that in no event shall any indemnity under this Section 2.8 exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action), such

indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided, however,* that an indemnified party shall have the right to retain its own counsel, with the fees and expenses thereof to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.8 to the extent, and only to the extent, prejudicial to its ability to defend such action, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.8.

(d) If the indemnification provided for in this Section 2.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) or Holder Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; *provided, that* in no event shall any contribution by a Holder hereunder exceed the net proceeds from the offering received by such Holder.

(e) The obligations of the Company and Holders under this Section 2.8 shall survive completion of any offering of Registrable Securities in a registration statement and, with respect to liability arising from an offering to which this Section 2.8 would apply that is covered by a registration filed before termination of this Agreement, such termination. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement 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 to such claim or litigation.

2.9 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder to a transferee or assignee of Registrable Securities (for so long as such shares remain Registrable Securities) that (a) is a subsidiary, parent, general partner, limited partner, retired partner, member or retired

member of a Holder that is a corporation, partnership or limited liability company, (b) is a Holder's family member or trust for the benefit of an individual Holder, or (c) acquires at least two million (2,000,000) shares of Registrable Securities (as adjusted for stock splits and combinations); or (d) is an entity affiliated by common control (or other related entity) with such Holder; *provided, however,* (i) the transferor shall, within ten (10) days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and (ii) such transferee shall agree to be subject to all restrictions set forth in this Agreement.

2.10 "Market Stand-Off" Agreement. Each Holder hereby agrees that such Holder shall not sell, 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, any Common Stock (or other securities) of the Company held by such Holder at the time of the Initial Offering (other than those included in the registration) for a period specified by the representative of the underwriters of the Company (or its successor) not to exceed one hundred eighty (180) days (or such longer period, not to exceed 34 days after the expiration of the 180-day period, as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2241 or any successor or similar rule or regulation) following the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1. The foregoing provisions of this Section 2.10 shall apply only to the Initial Offering, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable to the Holders only if all officers and directors are subject to the same restrictions and the Company obtains a similar agreement from all stockholders individually owning more than one percent (1%) of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock). Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company and/or the managing underwriters which are consistent with the foregoing or which are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to BlackRock, TPG Growth III Cadia, L.P. and its affiliates and Baker Hughes, a GE Company, LLC, based on the number of shares subject to such agreements. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to a Holder's securities until the end of such period. The underwriters of the Company's securities are intended third party beneficiaries of this Section 2.10 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

2.11 Agreement to Furnish Information. Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter that are consistent with the Holder's obligations under Section 2.10 or that 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, each Holder 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 Section 2.10 and this Section 2.11 shall not apply to a Special Registration Statement. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the restrictions in Section 2.10 until the end of the period described therein. Each Holder agrees that any transferee of any shares of Registrable Securities shall be bound by Sections 2.10 and 2.11. The underwriters of the Company's stock are intended third party beneficiaries of Sections 2.10 and 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

2.12 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its best efforts to:

(a) Make and keep public information available, as those terms are understood and defined in SEC Rule 144 or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of the first registration filed by the Company for an offering of its securities to the general public;

(b) File with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and

(c) So long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 of the Securities Act, and of the Exchange Act (at any time after it has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company filed with the Commission; and such other reports and documents as a Holder may reasonably request in connection with availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

2.13 Confidentiality. Each Investor agrees to use the same degree of care as such Investor uses to protect its own confidential information to keep confidential any information furnished to such Investor that the Company identifies as being confidential or proprietary (so long as such information is not in the public domain), except that such Investor may disclose such proprietary or confidential information (i) to any Affiliate (as defined below), partner, subsidiary or parent of such Investor as long as such partner, subsidiary or parent is advised of and agrees or has agreed to be bound by the confidentiality provisions of this Section 2.13 or comparable restrictions; (ii) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (iii) at such time as it enters the public domain through no fault of such Investor; (iv) that is communicated to it free of any obligation of confidentiality; (v) that is developed by Investor or its agents independently of and without reference to any confidential information communicated by the Company; or (vi) as required by applicable law. Notwithstanding the foregoing, with respect to any Investor that is an investment company registered under the U.S. Investment Company Act of 1940, such Investor may identify the Company, the value (and valuation methodology) of such Investor's holdings in the Company and other applicable information in accordance with its investment reporting practices. For purposes of this Agreement, "***Affiliate***" means, with respect to any individual, corporation, partnership, trust,

limited liability company, association or other entity (each, a "***Person***"), any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer, director or trustee of such Person, any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person, or any funds or accounts managed, advised or sub-advised by the investment manager, adviser or sub-adviser of such Person or an affiliate of such investment manager, adviser or sub-adviser.

2.14 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.2, Section 2.3, or Section 2.4 hereof shall terminate upon the earlier of: (i) the date three (3) years following an initial public offering that results in the conversion of all outstanding shares of Preferred Stock; (ii) such time as such Holder holds less than one percent (1%) of the Company's outstanding Class A Common Stock (treating all shares of Preferred Stock on an as converted basis), or (iii) the date, after the closing of the Company's first registered public offering, on which all Registrable Securities of the Company issuable or issued upon conversion of the Shares held by and issuable to such Holder (and its affiliates) may be sold pursuant to Rule 144 during any ninety (90) day period. Upon such termination, such shares shall cease to be "Registrable Securities" hereunder for all purposes.

SECTION 3. MISCELLANEOUS.

3.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware in all respects as such laws are applied to agreements among Delaware residents entered into and to be performed entirely within Delaware, without reference to conflicts of laws or principles thereof. The parties agree that any action brought by either party under or in relation to this Agreement, including without limitation to interpret or enforce any provision of this Agreement, shall be brought in, and each party agrees to and does hereby submit to the jurisdiction and venue of, any state or federal court located in the County where the Company's principal office is located.

3.2 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, assigns, heirs, executors, and administrators and shall inure to the benefit of and be enforceable by each person who shall be a holder of Registrable Securities from time to time; *provided, however*, that prior to the receipt by the Company of adequate written notice of the transfer of any Registrable Securities specifying the full name and address of the transferee, the Company may deem and treat the person listed as the holder of such shares in its records as the absolute owner and holder of such shares for all purposes, including the payment of dividends or any redemption price.

3.3 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any oral or written representations, warranties, covenants and agreements except as specifically set forth herein and therein. Each party expressly

represents and warrants that it is not relying on any oral or written representations, warranties, covenants or agreements outside of this Agreement.

3.4 Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

3.5 Amendment and Waiver.

(a) Except as otherwise expressly provided, this Agreement may be amended or modified, and the obligations of the Company and the rights of the Holders under this Agreement may be waived, only upon the written consent of the Company and the Investors holding at least a majority of the voting power of all then outstanding shares of capital stock held by such Investors. Notwithstanding the foregoing, (i) this Agreement may not be amended or modified and the observance of any term hereunder may not be waived in a manner that materially adversely affects the powers, rights, preferences or privileges of the holders of the Series D Preferred Stock hereunder without the written consent of the holders of a majority of the outstanding Series D Preferred Stock, provided that the creation of any new series of Preferred Stock and the addition of any Investors shall not be deemed to have an adverse effect, (ii) this Agreement may not be amended or modified and the observance of any term hereunder may not be waived in a manner that materially adversely affects the powers, rights, preferences or privileges of the holders of the Series F Preferred Stock hereunder without the written consent of the holders of a majority of the outstanding Series F Preferred Stock, provided that the creation of any new series of Preferred Stock and the addition of any Investors shall not be deemed to have an adverse effect, (iii) this Agreement may not be amended or modified and the observance of any term hereunder may not be waived in a manner that materially adversely affects the powers, rights, preferences or privileges of the holders of the Series G Preferred Stock hereunder without the written consent of the holders of at least sixty-eight percent (68%) of the outstanding Series G Preferred Stock, provided that the creation of any new series of Preferred Stock and the addition of any Investors shall not be deemed to have an adverse effect and (iv) this Agreement may not be amended or modified and the observance of any term hereunder may not be waived in a manner that materially adversely affects the powers, rights, preferences or privileges of the holders of the Series H Preferred Stock hereunder without the written consent of the holders of a majority of the outstanding Series H Preferred Stock, provided that the creation of any new series of Preferred Stock and the addition of any Investors shall not, in and of itself, be deemed to have an adverse effect.

(b) For the purposes of determining the number of Holders or Investors entitled to vote or exercise any rights hereunder, the Company shall be entitled to rely solely on the list of record holders of its stock as maintained by or on behalf of the Company.

3.6 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement shall impair any such right, power, or remedy, nor shall it be

construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any party's part of any breach, default or noncompliance under the Agreement or any waiver on such party's part 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, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

3.7 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt.

3.8 Attorneys' Fees. In the event that any suit or action is instituted under or in relation to this Agreement, including without limitation to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

3.9 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

3.10 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company shall issue additional shares of its Preferred Stock, any purchaser, approved by the Company, of such shares of Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed an "***Investor***," a "***Holder***" and a party hereunder. Additionally, if the Company shall issue any Convertible Securities (i) pursuant to any equipment loan or leasing arrangements, real property leasing arrangement or debt financing from a bank or similar financial institution, (ii) to third-party service providers in exchange for or as partial consideration for services rendered to the Company or (iii) in connection with strategic transactions involving the Company or other entities, including (A) joint ventures, manufacturing, marketing, or distribution arrangements or (B) technology transfer or development arrangements, the recipient of such Convertible Securities may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed an "***Investor***," a "***Holder***" and a party hereunder.

3.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

3.12 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons or persons or entities under common management or control shall be

aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.13 Pronouns. All pronouns contained herein, and any variations thereof, shall be deemed to refer to the masculine, feminine or neutral, singular or plural, as to the identity of the parties hereto may require.

3.14 Termination. This Agreement shall terminate and be of no further force or effect upon the earlier of (a) an Acquisition (as defined in the Company's Certificate of Incorporation); or (b) the date three (3) years following the closing of an initial public offering that results in the conversion of all outstanding shares of Preferred Stock.

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IN WITNESS WHEREOF, the parties hereto have executed this **AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

COMPANY:

C3.ai, Inc.

By: /s/ Thomas M. Siebel
Thomas M. Siebel,
Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have executed this **AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

Thomas M. Siebel

/s/ Thomas M. Siebel

The Siebel Living Trust u/a/d 7/27/93, as amended

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel Living Trust u/a/d 7/27/93, as amended

Siebel Asset Management, L.P.

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel Living Trust u/a/d 7/27/93, as amended

Its: General Partner

Siebel Asset Management III, L.P.

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel Living Trust u/a/d 7/27/93, as amended

Its: General Partner

The Siebel 2011 Irrevocable Children's Trust

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Co-Trustee

First Virtual Holdings, LLC

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Chairman

IN WITNESS WHEREOF, the parties hereto have executed this **AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

The Siebel 2012 Annuity Trust I u/a/d 9/18/2012

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2012 Annuity Trust I u/a/d 9/18/2012

The Siebel 2012 Annuity Trust II u/a/d 9/18/2012

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2012 Annuity Trust II u/a/d 9/18/2012

The Siebel 2013 Annuity Trust I u/a/d 10/08/2013

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2013 Annuity Trust I u/a/d 10/08/2013

The Siebel 2013 Annuity Trust II u/a/d 10/08/2013

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2013 Annuity Trust II u/a/d 10/08/2013

IN WITNESS WHEREOF, the parties hereto have executed this **AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

The Siebel 2014 Annuity Trust I u/a/d 10/22/2014

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2014 Annuity Trust I u/a/d 10/22/2014

The Siebel 2014 Annuity Trust II u/a/d 10/22/2014

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2014 Annuity Trust II u/a/d 10/22/2014

The Siebel 2017 Annuity Trust I u/a/d 11/28/2017

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2017 Annuity Trust I u/a/d 11/28/2017

The Siebel 2017 Annuity Trust II u/a/d 11/28/2017

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2017 Annuity Trust II u/a/d 11/28/2017

The Siebel 2018 Annuity Trust I u/a/d 12/13/2018

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2018 Annuity Trust I u/a/d 12/13/2018

The Siebel 2018 Annuity Trust II u/a/d 12/18/2018

/s/ Thomas M. Siebel

By: Thomas M. Siebel, Trustee of The Siebel 2018 Annuity Trust II u/a/d 12/18/2018

IN WITNESS WHEREOF, the parties hereto have executed this **AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

Taylor Michelle Siebel Irrevocable Trust, dated July 27, 1993, as amended

/s/ Audrey K. Scott

By: Audrey K. Scott, Trustee of the Taylor Michelle Siebel Irrevocable Trust, dated July 27, 1993, as amended

Arthur Riley Siebel Irrevocable Trust, dated July 27, 1993, as amended

/s/ Audrey K. Scott

By: Audrey K. Scott, Trustee of the Arthur Riley Siebel Irrevocable Trust, dated July 27, 1993, as amended

Casey Austin Siebel Irrevocable Trust, dated July 27, 1993, as amended

/s/ Audrey K. Scott

By: Audrey K. Scott, Trustee of the Casey Austin Siebel Irrevocable Trust, dated July 27, 1993, as amended

Hunter Rose Siebel Irrevocable Trust, dated December 22, 1998, as amended

/s/ Audrey K. Scott

By: Audrey K. Scott, Trustee of the Hunter Rose Siebel Irrevocable Trust, dated December 22, 1998, as amended

IN WITNESS WHEREOF, the parties hereto have executed this **AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

MASTER FOCUS GROWTH LLC

By: BlackRock Advisors, LLC, its Adviser

By: /s/ Lawrence G. Kemp

Name: Lawrence G. Kemp
Title: Managing Director

MASTER LARGE CAP FOCUS GROWTH PORTFOLIO, A SERIES OF MASTER LARGE CAP SERIES LLC

By: BlackRock Advisors, LLC, its Adviser

By: /s/ Lawrence G. Kemp

Name: Lawrence G. Kemp
Title: Managing Director

IN WITNESS WHEREOF, the parties hereto have executed this **AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

BLACKROCK SCIENCE & TECHNOLOGY OPPORTUNITIES PORTFOLIO A SERIES OF BLACKROCK FUNDS II

By: BlackRock Advisors, LLC, its Investment Adviser

By: /s/ Tony Kim
Name: Tony Kim
Title: Managing Director

BLACKROCK SCIENCE AND TECHNOLOGY TRUST

By: BlackRock Advisors, LLC, its Investment Adviser

By: /s/ Tony Kim
Name: Tony Kim
Title: Managing Director

IN WITNESS WHEREOF, the parties hereto have executed this **AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

BLACKROCK SCIENCE AND TECHNOLOGY TRUST II

By: BlackRock Advisors, LLC, its Investment Adviser

By: /s/ Tony Kim
Name: Tony Kim
Title: Managing Director

BLACKROCK GLOBAL FUNDS – WORLD TECHNOLOGY FUND

By: BlackRock Investment Management LLC, its Investment Adviser

By: /s/ Tony Kim
Name: Tony Kim
Title: Managing Director

BLACKROCK GLOBAL FUNDS – NEXT GENERATION TECHNOLOGY FUND

By: BlackRock Investment Management LLC, its Investment Adviser

By: /s/ Tony Kim
Name: Tony Kim
Title: Managing Director

EXHIBIT A

INVESTORS

Abbo 2012 Children's Trust
Arthur Riley Siebel Irrevocable Trust, dated July 27 1993, as amended
Big Hen Group I, LLC
Casey Austin Siebel Irrevocable Trust dated July 27, 1993 as amended
Edward Y. Abbo and Alison C. Abbo 2001 Family Trust
EFW-c3 SPV, L.P.
First Virtual Holdings, LLC
Hunter Rose Siebel Irrevocable Trust, dated December 22, 1998, as amended
Interwest Partners X, LP
McCaffery Family Trust as amended 12/18/00
Patricia A. House
R. David Sandra L. Schmaier, Community Property
Thomas M. Siebel
The Siebel Living Trust
Siebel Asset Management, L.P.
Siebel Asset Management III, L.P.
Stephen M. Ward, Jr.

Taylor Michelle Siebel Irrevocable Trust, dated July 27, 1993, as amended
The Siebel 2011 Irrevocable Children’s Trust
The Siebel 2012 Annuity Trust II u/a/d 9/18/2012
The Siebel 2012 Annuity Trust I u/a/d 9/18/2012
The Siebel 2013 Annuity Trust II u/a/d 10/8/2013
The Siebel 2013 Annuity Trust I u/a/d 10/8/2013
The Siebel 2014 Annuity Trust I u/a/d 10/22/2014
The Siebel 2014 Annuity Trust II u/a/d 10/22/2014
The Siebel 2017 Annuity Trust I u/a/d 11/28/2017
The Siebel 2017 Annuity Trust II u/a/d 11/28/2017
The Siebel 2018 Annuity Trust I u/a/d 12/13/18
The Siebel 2018 Annuity Trust II u/a/d 12/18/18
The Siebel Living Trust u/a/d 7/27/1993
TPG Growth III Cadia, L.P.
The Rise Fund Cadia, L.P.
TPG Tech Adjacencies Cadia, L.P.
Sutter Hill Ventures, A California Limited Partnership
Wells Fargo Bank, N.A. FBO SHV Profit Sharing Plan FBO David E. Sweet (Rollover)
Wells Fargo Bank, N.A. FBO SHV Profit Sharing Plan FBO Diane J. Naar

Wells Fargo Bank, N.A. FBO SHV Profit Sharing Plan FBO Patricia Tom (Pre)
Wells Fargo Bank, N.A. FBO SHV Profit Sharing Plan FBO Robert Yin
Wells Fargo Bank, N.A. FBO SHV Profit Sharing Plan FBO Tench Coxe
Wells Fargo Bank, N.A. FBO SHV Profit Sharing Plan FBO William H. Younger, Jr.
RoseTime Partners, L.P.
The Gaither Revocable Trust U/A/D 9/28/2000
Speiser Trust Agreement Dated 7/19/06
Jeffrey W. and Christina R. Bird Trust U/A/D 10/31/2000
Rooster Partners, L.P.
Tallack Partners, L.P.
Gregory P. and Sarah J.D. Sands Trust Agreement
TOW Partners, a California Limited Partnership
The Coxe Revocable Trust U/A/D 4/23/98
The William H. Younger, Jr. Revocable Trust U/A/D 8/5/2009
Sheehan 2003 Trust
The Baker Revocable Trust U/A/D 2/3/03
James N. White and Patricia A. O’Brien, as Trustees of The White Revocable Trust U/A/D 4/3/97
Saunders Holdings, L.P.

The Younger 2006 Irrevocable Children’s Trust
The Anderson Living Trust U/A/D 1/22/98
Anvest, L.P.
Samuel J. Pullara III and Lucia Choi Pullara, Co-Trustees of the Pullara Revocable Trust U/A/D 8/21/2013
Stefan A. Dyckerhoff and Wendy G. Dyckerhoff-Janssen, or their successor(s) as Trustees under the Dyckerhoff 2001 Revocable Trust Agreement Dated August 30, 2001
David and Robin Sweet Living Trust Dated 7/6/04
David E. Sweet, Custodian FBO Brian T. White Under CUTMA (Until Age 21)
David E. Sweet, Custodian FBO Brigid S. White Under CUTMA (Until Age 21)
David E. Sweet, Custodian FBO William O. White Under CUTMA (Until Age 21)
Douglas T. Mohr and Beth Z. Mohr, Co- Trustees of The Mohr Family Trust U/A/D 2/17/15
Patrick and Ying Chen 2001 Living Trust Dated 3/17/01
Breyer Capital L.L.C.
Wildcat Technology Partners 2015, L.P.
The Kevin and Melinda Johnson Living Trust
John B. Quinn
Michael Carlinsky
Joseph Milowic III

Nokia Growth Partners IV, L.P.
Arizona Science and Technology Enterprises, LLC
Douglas D. Jordan 2011 Revocable Trust
Francis Revocable Trust
Frank (Pete) Higgins
H.A. Acheson Trust FBO Michael Acheson UTA 5-7-73
Harper Family Revocable Trust DTD 12/05/1998
James S. Sandler Revocable Trust u/a 4/29/99
Jazem I Family Partners, LP
Jordan/Delaney Family Trust
Julie A. Wrigley 1999 Revocable Trust
RAMI Partners, LLC (Rob and Melani Walton)
Samuel B. Jordan 2011 Revocable Trust
Tarpon, LLC
TomKat Foundation (Tom Steyer)
Tooker Family Trust DTD 9/13/82
The Hilary Perkins Trust DTD 11/04/2014
A. George Battle 2011 Separate Property Trust DTD 10/08/2012
Charles H. Finnie
Scott Jacobs
Cain Family Trust

Acrux Partners, LP
Yovest, L.P.
NestEgg Holdings, LP
Baker Hughes, a GE company, LLC
Master Focus Growth LLC
Master Large Cap Focus Growth Portfolio, a series of Master Large Cap Series LLC
BlackRock Science & Technology Opportunities Portfolio a series of BlackRock Funds II
BlackRock Science and Technology Trust
BlackRock Science and Technology Trust II
BlackRock Global Funds – World Technology Fund
BlackRock Global Funds – Next Generation Technology Fund
BlackRock Global Funds – Global Allocation Fund
BlackRock Global Funds – Global Dynamic Equity Fund
BlackRock Global Allocation Collective Fund
BlackRock Global Allocation Fund (Australia)
BlackRock Global Allocation Fund, Inc.
BlackRock Global Allocation Portfolio of BlackRock Series Fund, Inc.
BlackRock Global Allocation V.I. Fund of BlackRock Variable Series Funds, Inc.
MassMutual Select BlackRock Global Allocation Fund

C3, INC.

VOTING AGREEMENT

THIS VOTING AGREEMENT (the "**Agreement**") is made and entered into as of this 15th day of January 2015, by and among Patricia A. House ("**House**"), Thomas M. Siebel ("**Siebel**") and C3, Inc., a Delaware corporation (the "**Company**").

WITNESSETH

WHEREAS, House is the beneficial owner of an aggregate of three million (3,000,000) shares of Series A Preferred Stock and fifty five thousand two hundred ninety-six (55,296) shares of Series B-1B Preferred Stock of C3, Inc. (the "**Company**") (collectively, the "**House Shares**");

WHEREAS, Siebel and related entities are the holders of eighteen million (18,000,000) shares of Series A Preferred Stock of the Company and other shares of Preferred Stock and Common Stock of the Company (collectively, the "**Siebel Shares**"); and

WHEREAS, House and Siebel have agreed to provide for the future voting of the House Shares of the Company's capital stock as set forth below.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. VOTING.

1.1 Voting Agreement With respect to all matters presented to the Company's stockholders for consideration (a "Stockholder Matter"), House shall vote all of the House Shares (or shall consent pursuant to an action by written consent of the holders of capital stock of the Company) in the same manner and as the Siebel Shares are voted in the Stockholder Matter.

1.2 Irrevocable Proxy. To secure House's obligation to vote the House Shares in accordance with this Agreement, House hereby appoints Siebel, or any other holder of the Siebel Shares, as House's true and lawful proxy and attorney, with the power to act alone and with full power of substitution, to vote all of such House Shares as set forth in this Agreement and to execute all appropriate instruments consistent with this Agreement on behalf of House if House fails to vote all of the House Shares or execute such other instruments in accordance with the provisions of this Agreement within five (5) days of Siebel's or any other party's written request for House's written consent or signature. The proxy and power granted by House pursuant to this Section are coupled with an interest and are given to secure the performance of House's duties under this Agreement. Each such proxy and power will be irrevocable for the term hereof. The proxy and power will survive the death, incompetency and disability of House.

1.3 Legend.

(a) Concurrently with the execution of this Agreement, there shall be imprinted or otherwise placed, on certificates representing the House Shares the following restrictive legend (the "**Legend**"):

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS OF A VOTING AGREEMENT WHICH PLACES CERTAIN RESTRICTIONS ON THE VOTING OF THE SHARES REPRESENTED HEREBY, INCLUDING AN IRREVOCABLE PROXY. ANY PERSON ACCEPTING ANY INTEREST IN SUCH SHARES SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL THE PROVISIONS OF SUCH AGREEMENT. A COPY OF SUCH VOTING AGREEMENT WILL BE FURNISHED TO THE RECORD HOLDER OF THIS CERTIFICATE WITHOUT CHARGE UPON WRITTEN REQUEST TO THE COMPANY AT ITS PRINCIPAL PLACE OF BUSINESS."

(b) The Company agrees that, during the term of this Agreement, it will not remove, and will not permit to be removed (upon registration of transfer, reissuance of otherwise), the Legend from any such certificate and will place or cause to be placed the Legend on any new certificate issued to represent the House Shares theretofore represented by a certificate carrying the Legend. If at any time or from time to time House holds any certificate representing the House Shares, House agrees to deliver such certificate to the Company promptly to have such legend placed on such certificate.

1.4 Successors. The provisions of this Agreement shall be binding upon the successors in interest to any of the House Shares. House shall not transfer the House Shares, and the Company shall not permit the transfer of any of the House Shares on its books or issue a new certificate representing any of the House Shares, unless and until the person to whom such security is to be transferred shall have executed a written agreement, in the form of this Agreement, pursuant to which such person becomes a party to this Agreement and agrees to be bound by all the provisions hereof as if such person were House.

1.5 Other Rights. Except as provided by this Agreement, House shall exercise the full rights of a holder of capital stock of the Company with respect to the House Shares.

2. TERMINATION.

2.1 This Agreement shall continue in full force and effect from the date hereof through the earliest of the following dates, on which date it shall terminate in its entirety:

(a) the date of the closing of an Acquisition (as defined in the Company's Amended and Restated Certificate of Incorporation as in effect as of the date hereof); or

(b) the date as of Siebel terminates this Agreement by written action.

3. MISCELLANEOUS.

3.1 Ownership. House represents and warrants to Siebel that (a) House now owns the House Shares, free and clear of liens or encumbrances, and has not, prior to or on the date of this Agreement, executed or delivered any proxy or entered into any other voting agreement or similar arrangement other than one which has expired or terminated prior to the date hereof, and (b) House has full power and capacity to execute, deliver and perform this Agreement, which has been duly executed and delivered by, and evidences the valid and binding obligation of, House enforceable in accordance with its terms.

3.2 Further Action. If and whenever any House Shares are sold, House or the personal representative of House shall do all things and execute and deliver all documents and make all transfers, and cause any transferee of the House Shares to do all things and execute and deliver all documents,

including an agreement in the form of this Agreement, as may be necessary to consummate such sale consistent with this Agreement.

3.3 Specific Performance. The parties hereto hereby declare that it is impossible to measure in money the damages which will accrue to a party hereto or to their heirs, personal representatives, or assigns by reason of a failure to perform any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically enforceable. If any party hereto or his heirs, personal representatives, or assigns institutes any action or proceeding to specifically enforce the provisions hereof, any person against whom such action or proceeding is brought hereby waives the claim or defense therein that such party or such personal representative has an adequate remedy at law, and such person shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.

3.4 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, and shall be binding upon the parties hereto in the United States and worldwide. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of any federal or state court within Santa Clara County, State of California in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein (whether based on breach of contract, tort, breach of duty or any other theory), agrees that process may be served upon it in any manner authorized by the laws of the State of California for such persons and waives and covenants not to assert or plead any objection that they might otherwise have to jurisdiction, venue and such process. Each party agrees not to commence any legal proceedings based upon or arising out of this Agreement or the matters contemplated herein (whether based on breach of contract, tort, breach of duty or any other theory) except in such courts.

3.5 Amendment or Waiver. This Agreement may be amended or modified (or provisions of this Agreement waived) only upon the written consent of Siebel and House. Any amendment or waiver so effected shall be binding upon the Company, each of the parties hereto and any assignee of any such party.

3.6 Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

3. 7 Successors and Assigns. The provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, assigns, heirs, executors and administrators and other legal representatives.

3.8 Additional Shares. In the event that subsequent to the date of this Agreement any shares or other securities are issued on, or in exchange for, any of the House Shares by reason of any stock dividend, stock split, combination of shares, reclassification or the like, such shares or securities shall be deemed to be House Shares, as the case may be, for purposes of this Agreement.

3.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together shall constitute one instrument.

3.10 Waiver. No waivers of any breach of this Agreement extended by any party hereto to any other party shall be construed as a waiver of any rights or remedies of any other party hereto or with respect to any subsequent breach.

3.11 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on any party's part of any breach, default or noncompliance under this Agreement or any waiver on such party's part of any provisions or conditions of the 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 by law, or otherwise afforded to any party, shall be cumulative and not alternative.

3.12 Costs and Attorney's Fees. In the event that any action, suit or other proceeding is instituted based upon or arising out of this Agreement or the matters contemplated herein or any other matter relating to the equity interests of Siebel in the Company (whether based on breach of contract, tort, breach of duty or any other theory), the prevailing party shall recover all of such party's costs (including, but not limited to expert witness costs) and reasonable attorneys' fees incurred in each such action, suit or other proceeding, including any and all appeals or petitions therefrom.

3.13 Notices. All notices required in connection with this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written notification of receipt. All communications shall be sent to the address appearing on the books of the Company or at such other address or electronic mail address as such party may designate by 10 days advance written notice to the other parties hereto.

3.14 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof and no party shall be liable or bound to any other in any manner by any oral or written representations, warranties, covenants and agreements except as specifically set forth herein and therein. Each party expressly represents and warrants that it is not relying on any oral or written representations, warranties, covenants or agreements outside of this Agreement.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this **VOTING AGREEMENT** as of the date first above written.

C3, Inc.

/s/ Thomas M. Siebel
Thomas M. Siebel

By: /s/ Andrew D. Hill

Title: Vice President and General Counsel

/s/ Patricia A. House
Patricia A. House

C3.AI, INC.

2012 EQUITY INCENTIVE PLAN

TERMINATION DATE: JULY 10, 2021

1. GENERAL.

(a) Amendment and Restatement of Prior Plan. The Plan is intended to amend and restate in its entirety the C3, LLC 2009 Unit Incentive Plan (the "***Prior Plan***").

(b) Eligible Stock Award Recipients. Employees, Directors and Consultants are eligible to receive Stock Awards.

(c) Available Stock Awards. The Plan provides for the grant of the following types of Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards and (vi) Other Stock Awards.

(d) Purpose. The Plan, through the granting of Stock Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

2. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine (A) who will be granted Stock Awards; (B) when and how each Stock Award will be granted; (C) what type of Stock Award will be granted; (D) the provisions of each Stock Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Stock Award; (E) the number of shares of Common Stock subject to a Stock Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Stock Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it will deem necessary or expedient to make the Plan or Stock Award fully effective.

(iii) To settle all controversies regarding the Plan and Stock Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which a Stock Award may be exercised or vest (or at which cash or shares of Common Stock may be issued).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or a Stock Award Agreement, suspension or termination of the Plan will not impair a Participant's rights under his or her then-outstanding Stock Award without his or her written consent except as provided in subsection (viii) below.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to make the Plan or Stock Awards granted under the Plan compliant with the requirements for Incentive Stock Options or exempt from or compliant with the requirements for nonqualified deferred compensation under Section 409A of the Code, subject to the limitations, if any, of applicable law. However, if required by applicable law, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Stock Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Stock Awards available for issuance under the Plan. Except as provided in the Plan (including subsection (viii) below) or a Stock Award Agreement, no amendment of the Plan will impair a Participant's rights under an outstanding Stock Award without his or her written consent.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 422 of the Code regarding Incentive Stock Options.

(viii) To approve forms of Stock Award Agreements for use under the Plan and to amend the terms of any one or more Stock Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Stock Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however,* that a Participant's rights under any Stock Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Stock Awards without the affected Participant's consent (A) to maintain the qualified status of the Stock Award as an Incentive Stock Option under Section 422 of the Code; (B) to change the terms of an Incentive Stock Option, if such change

results in impairment of the Award solely because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (C) to clarify the manner of exemption from, or to bring the Stock Award into compliance with, Section 409A of the Code; or (D) to comply with other applicable laws.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Stock Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Stock Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction).

(xi) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash and/or (6) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Committee may, at any time, abolish the subcommittee and/or revest in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(d) Delegation to an Officer. The Board may delegate to one (1) or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such rights and options, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; provided, however, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to

himself or herself. Any such Stock Awards will be granted on the form of Stock Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(t) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve.

(i) Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards from and after the Effective Date will not exceed 338,357,777 shares (the "***Share Reserve***").

(ii) For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a).

(b) Reversion of Shares to the Share Reserve. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued, or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

(c) Incentive Stock Option Limit. Subject to the Share Reserve and Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be 338,357,777 shares of Common Stock.

(d) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company, as such term is defined in Rule 405, unless (i) the stock underlying such Stock Awards is treated as "service recipient stock" under Section 409A of the Code (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), or (ii) the Company, in consultation with its legal counsel, has determined that such Stock Awards are otherwise exempt from or alternatively comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) Consultants. A Consultant will not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or sale of the Company's securities to such Consultant is not exempt under Rule 701 because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions**.**

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Stock Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Stock Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

(c) Purchase Price for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) if an Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations;

(v) according to a deferred payment or similar arrangement with the Optionholder; *provided, however*, that interest will compound at least annually and will be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

(vi) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Stock Award Agreement.

(d) Exercise and Payment of a SAR. To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the strike price. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Award Agreement evidencing such SAR.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

(i) Restrictions on Transfer. An Option or SAR will not be transferable except by will or by the laws of descent and distribution (and pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or

may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Stock Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Stock Award Agreement or as determined by the Board, which period will not be less than thirty (30) days if necessary to comply with applicable laws unless such termination is for Cause) and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR will terminate.

(h) Extension of Termination Date. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of three (3) months (that need not be consecutive) after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement. In addition, unless otherwise provided in a Participant's Stock Award Agreement, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled

to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period will not be less than six (6) months if necessary to comply with applicable laws), and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Stock Award Agreement, which period will not be less than six (6) months if necessary to comply with applicable laws), and (ii) the expiration of the term of such Option or SAR as set forth in the Stock Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR will terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Stock Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

(l) Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option or SAR (although the Stock Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Stock Award Agreement in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six (6) months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting

of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

(m) Early Exercise of Options. An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Subject to the "Repurchase Limitation" in Section 8(m), any unvested shares of Common Stock so purchased may be subject to a repurchase right in favor of the Company or to any other restriction the Board determines to be appropriate. Provided that the "Repurchase Limitation" in Section 8(m) is not violated, the Company will not be required to exercise its repurchase right until at least six (6) months (or such longer or shorter period of time required to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option Agreement.

(n) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 8(m), the Option or SAR may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the exercise of the Option or SAR.

(o) Right of First Refusal. The Option or SAR may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option or SAR. Such right of first refusal will be subject to the "Repurchase Limitation" in Section 8(m). Except as expressly provided in this Section 5(o) or in the Stock Award Agreement, such right of first refusal will otherwise comply with any applicable provisions of the bylaws of the Company.

6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARS..

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. Subject to the "Repurchase Limitation" in Section 8(m), shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(vii) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Restricted Stock Unit Award granted under the Plan that is not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such Restricted Stock Unit Award will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Board and contained in the Restricted Stock Unit Award Agreement evidencing such Restricted Stock Unit Award. For example, such restrictions may include, without limitation, a requirement that any Common Stock that is to be issued in a year following the year in which the Restricted Stock Unit Award vests must be issued in accordance with a fixed pre-determined schedule.

(c) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. COVENANTS OF THE COMPANY.

(a) Availability of Shares. The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Stock Awards.

(b) Securities Law Compliance. The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however,* that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of a Stock Award or the subsequent issuance of cash or Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

8. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Stock Awards will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of a Stock Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Stock Award Agreement as a result of a clerical error in the papering of the Stock Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Stock Award Agreement.

(c) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to a Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the

issuance of shares of Common Stock under, the Stock Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to the Stock Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee) after the date of grant of any Stock Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares subject to any portion of such Stock Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Stock Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Stock Award that is so reduced or extended.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars ($100,000) (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for

the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from a Stock Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Stock Award Agreement.

(i) Electronic Delivery. Any reference herein to a "written" agreement or document will include any agreement or document delivered electronically or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

(j) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(k) Compliance with Section 409A. Unless otherwise expressly provided for in a Stock Award Agreement, the Plan and Stock Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Stock Awards granted hereunder exempt from Section 409A of the Code and, to the extent not so exempt, in compliance with the

requirements of Section 409A of the Code. To the extent that the Board determines that any Stock Award granted hereunder is subject to Section 409A of the Code, the Stock Award Agreement evidencing such Stock Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Stock Award Agreements shall be interpreted in accordance with Section 409A of the Code.

(l) Compliance with Exemption Provided by Rule 12h-1(f). If at the end of the Company's most recently completed fiscal year: (i) either (A) the aggregate of the number of shareholders of record equals or exceeds two thousand (2000) or (B) at least five hundred (500) shareholders of record are not accredited investors, whichever first occurs (in each case, not including any person who received securities of the Company pursuant to the Plan), and (ii) the Company's assets exceed $10 million, then the following restrictions will apply to any holder of Options outstanding as of such time (the "***Holders of Options***") during any period during which the Company does not have a class of its securities registered under Section 12 of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act: (A) the Options and, prior to exercise, the shares of Common Stock to be issued on exercise of the Options may not be transferred until the Company is no longer relying on the exemption provided by Rule 12h-1(f) promulgated under the Exchange Act ("***Rule 12h-1(f)***"), except: (1) as permitted by Rule 701(c) promulgated under the Securities Act, (2) to a guardian upon the disability of the Holder of Options, or (3) to an executor upon the death of the Holder of Options (collectively, the "***Permitted Transferees***"); provided, however, the following transfers are permitted: (i) transfers by Holders of Options to the Company, and (ii) transfers in connection with a change of control or other acquisition involving the Company, if following such transaction, the Options no longer remain outstanding and the Company is no longer relying on the exemption provided by Rule 12h-1(f); provided further, that any Permitted Transferees may not further transfer the Options; (B) except as otherwise provided in (A) above, the Options and shares of Common Stock issuable on exercise of the Options are restricted as to any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" as defined by Rule 16a-1(h) promulgated under the Exchange Act, or any "call equivalent position" as defined by Rule 16a-1(b) promulgated under the Exchange Act by Holders of Options prior to exercise of an Option until the Company is no longer relying on the exemption provided by Rule 12h-1(f); and (C) at any time that the Company is relying on the exemption provided by Rule 12h-1(f), the Company will deliver to Holders of Options (whether by physical or electronic delivery or written notice of the availability of the information on an internet site) the information required by Rule 701(e)(3), (4), and (5) promulgated under the Securities Act every six (6) months, including financial statements that are not more than one hundred eighty (180) days old; provided, however, that the Company may condition the delivery of such information upon the Holder of Options' agreement to maintain its confidentiality.

(m) Repurchase Limitation. The terms of any repurchase right will be specified in the Stock Award Agreement. The repurchase price for vested shares of Common Stock will be the Fair Market Value of the shares of Common Stock on the date of repurchase. The repurchase price for unvested shares of Common Stock will be the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase or (ii) their original purchase price.

However, the Company will not exercise its repurchase right until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Stock Award as a liability for financial accounting purposes) have elapsed following delivery of shares of Common Stock subject to the Stock Award, unless otherwise specifically provided by the Board.

9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c), and (iii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided, however,* that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board may take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the

surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction; provided, however, that the Board may require Participants to complete and deliver to the Company a notice of exercise before the effective date of a Corporate Transaction, which exercise is contingent upon the effectiveness of such Corporate Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise. For clarity, this payment may be zero ($0) if the value of the property is equal to or less than the exercise price. Payments under this provision may be delayed to the same extent that payment of consideration to the holders of the Company's Common Stock in connection with the Corporate Transaction is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

10. PLAN TERM; EARLIER TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless terminated sooner by the Board, the Plan will automatically terminate on the day before the tenth (10th) anniversary of the earlier of (i) the date the Plan is adopted by the Board, or (ii) the

date the Plan is approved by the stockholders of the Company. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan will not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant or as otherwise permitted in the Plan.

11. EFFECTIVE DATE OF PLAN.

This Plan will become effective on the Effective Date.

12. CHOICE OF LAW.

The law of the State of California will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. DEFINITIONS. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "***Affiliate***" means, at the time of determination, any "parent" or "majority-owned subsidiary" of the Company, as such terms are defined in Rule 405. The Board will have the authority to determine the time or times at which "parent" or "majority-owned subsidiary" status is determined within the foregoing definition.

(b) "***Board***" means the Board of Directors of the Company.

(c) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(d) "***Cause***" will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant's unauthorized use or disclosure of the Company's confidential information or trade

secrets; or (v) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Stock Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(e) "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (C) solely because the level of Ownership held by any Exchange Act Person (the "*Subject Person*") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company will otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other

than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; *provided, however,* that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however,* that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

(f) "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(g) "***Committee***" means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(h) "***Common Stock***" means the Class B Common Stock of the Company.

(i) "***Company***" means C3,ai, Inc., a Delaware Corporation.

(j) "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a "Consultant" for purposes of the Plan.

(k) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant's Continuous Service

will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(l) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(m) "***Director***" means a member of the Board.

(n) "***Disability***" means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(o) "***Effective Date***" means the effective date of this Plan, which is the earlier of (i) the date that this Plan is first approved by the Company's stockholders, and (ii) the date this Plan is adopted by the Board.

(p) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(q) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(r) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(s) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(t) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined by the Board in compliance with Section 409A of the Code or, in the case of an Incentive Stock Option, in compliance with Section 422 of the Code.

(u) "***Incentive Stock Option***" means an option granted pursuant to Section 5 of the Plan that is intended to be, and that qualifies as, an "incentive stock option" within the meaning of Section 422 of the Code.

(v) "***Nonstatutory Stock Option***" means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(w) "***Officer***" means any person designated by the Company as an officer.

(x) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(y) "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(z) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(aa) "***Other Stock Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(c).

(bb) "***Other Stock Award Agreement***" means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other

Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(cc) "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(dd) "***Participant***" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ee) "***Plan***" means this C3.ai, Inc. 2012 Equity Incentive Plan.

(ff) "***Restricted Stock Award***" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(gg) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(hh) "***Restricted Stock Unit Award***" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(ii) "***Restricted Stock Unit Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(jj) "***Rule 405***" means Rule 405 promulgated under the Securities Act.

(kk) "***Rule 701***" means Rule 701 promulgated under the Securities Act.

(ll) "***Securities Act***" means the Securities Act of 1933, as amended.

(mm) "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(nn) "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(oo) "***Stock Award***" means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right or any Other Stock Award.

(pp) "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(qq) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) .

(rr) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.

C3.AI, INC.
STOCK OPTION GRANT NOTICE
2012 EQUITY INCENTIVE PLAN

Congratulations! It is with great pleasure that C3.ai, Inc. (the "***Company***") confirms that you have been granted an option (the "***Option***") to purchase the number of shares the Company's Class B Common Stock (the "***Shares***") listed below. This Option gives you the right, for a fixed period of time, to purchase a specified number of shares of Common Stock at the Exercise Price below.

Optionholder:	
Date of Grant:	
Vesting Commencement Date:	
Number of shares:	
Exercise Price (per share):	
Expiration Date:	

Type of Grant:	☐ Incentive Stock Option	☐ Nonstatutory Stock Option
Exercise Schedule:	☐ Same as Vesting Schedule	☒ Early Exercise Permitted

When you pay the Exercise Price to purchase from the Company all or a portion of the Shares subject to your Option, you "exercise" your Option. If you decide to purchase any of the Shares before they have vested, you "early exercise" your Option. You may exercise any or all of the Shares at any time; *however* any such Shares that remain unvested at the time that you are no longer providing services to the Company may be repurchased by the Company for a period of 90 days after your service has ended at a price equal to the lower of cost or fair market value as of the date the Company repurchases your Shares.

Vesting Schedule: The Shares purchasable under your Option vest over a period of several years, as follows: 1/5th of the Shares vest one year after the Vesting Commencement Date, and 1/20th of the Shares vest each month thereafter over the next four years. Vesting requires Continuous Service with the Company (as defined in the Plan).[1]

Payment of the Exercise Price: You may pay by cash or check to exercise this Option.

Additional Terms/Acknowledgements: This Option is subject to all of the terms and conditions of this Grant Notice, the Option Agreement attached, the Company's 2012 Equity Incentive Plan (the "***Plan***") and the Notice of Exercise, all of which are attached hereto and incorporated into this Grant Notice in their entirety. By signing below, you acknowledge receipt of, and understand and agree to, this Grant Notice, the Option Agreement and the Plan. You further agree that as of the Date of Grant, this Grant Notice, the Option Agreement and the Plan set forth the entire understanding between you and the Company regarding the acquisition of Shares of Class B Common Stock of the Company and supersede all prior oral and written agreements on that subject with the exception of (i) options previously granted and delivered to you under the Plan, and (ii) the following agreements only:

Other Agreements: _____

_____

[1] If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first *exercisable* for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.

The Notice of Exercise attached to your Option Agreement is an exhibit for your information; if and when you decide to exercise your Option and purchase your vested Shares of Class B Common Stock, you will complete and sign this form. If you decide to purchase any unvested Shares, you will be provided with a separate agreement that will govern your early exercise of the Shares.

The Company has adopted the Plan and wishes to extend the Option to you so that you may potentially participate in the commercial success of the Company. The Company also strives to protect you and the Company by complying with all applicable laws in relation to the grant of this Option and any future exercise of the Option and the sale or issuance of Class B Common Stock or other securities in the Company. Please keep in mind, the granting and exercise of Option and the sale of Common Stock are governed by a complex body of securities and tax laws, which is why the Option Agreement contains a number of detailed provisions. These laws, together with your personal financial circumstances, and the Company's and your obligations pursuant to the Plan, the Option Agreement and this Grant Notice, may impact such things as your ability to exercise your Option, your ability to transfer or sell your vested Shares of Class B Common Stock when you want to or at all, and the withholdings and tax consequences applicable to your Options and Units. Given these many and varied considerations, the Company strongly encourages you to consult with an independent financial advisor regarding the impact of these laws and the impact of the receipt or exercise of this Option upon your personal financial circumstances.

C3.ai, Inc.

By: _____
Thomas M. Siebel

Title: Chief Executive Officer

Date: _____

_____;

_____
Signature

Date: _____

Address: _____

_____

Attachments: Option Agreement, 2012 Equity Incentive Plan and Notice of Exercise

C3.AI, INC.
2012 EQUITY INCENTIVE PLAN

OPTION AGREEMENT
(INCENTIVE STOCK OPTION OR NONSTATUTORY STOCK OPTION)

C3.ai, Inc. (the "***Company***") has granted you an option under its 2012 Equity Incentive Plan (the "***Plan***") to shares of the Company's Class B Common Stock. The terms of your option (the "***Option***") are set forth in the separate Option Grant Notice (the "***Grant Notice***") you received with this Option Agreement. The details of your Option are as follows:

1. VESTING. Your Option will vest as provided in your Grant Notice. Vesting will end upon the termination of your Continuous Service and the vesting will also be limited as discussed below.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Class B Common Stock (the "***Common Stock***") subject to your Option and your exercise price per Share in your Grant Notice may be adjusted from time to time for capitalization adjustments as provided in Section 9 of the Plan.

3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. If you are an employee who is eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a "***Non-Exempt Employee***"), then, you will be permitted to exercise your Option as discussed in Sections 2 and 4 of this Agreement at any time after you have completed at least six (6) months of Continuous Service measured from the Date of Grant specified in your Option Grant Notice, notwithstanding any other provision of your Option. However, the provisions of the Worker Economic Opportunity Act permit you to exercise your Option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a Corporate Transaction (as defined in the Plan) in which your Option is not assumed, continued or substituted, (iii) a Change in Control (as defined in the Plan) or (iv) your termination of Continuous Service on your "retirement" (as defined in the Company's benefit plans).

4. EXERCISE PRIOR TO VESTING ("EARLY EXERCISE"). As provided in your Grant Notice, you are permitted at any time during the term of your Option, so long as you are providing Continuous Service to the Company, to exercise all or part of your Option, including the unvested portion of your Option; *provided, however,* that:

(a) a partial exercise of your Option will be applied first to your vested shares of Common Stock and then the earliest vesting installment of your unvested shares of Common Stock;

(b) the Company will have a right to purchase any unvested shares you early exercise at any time that you discontinue your Continue Service as described in the Company's form of Early Exercise Stock Purchase Agreement;

(c) you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) if your Option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the shares of Common Stock with respect to which your Option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), your Option(s) or any portion of your Option(s) that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options.

5. PAYMENT OF EXERCISE PRICE. You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check or in any other manner ***permitted by your Grant Notice***.

6. WHOLE SHARES. You may exercise your Option only for whole shares of Common Stock.

7. SECURITIES LAW COMPLIANCE. You are allowed to exercise your Option only if the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your Option also must comply with all other applicable laws and regulations governing your Option, as the Company may determine in its reasonable discretion.

8. TERM. You may not exercise your Option before the Date of Grant or after the expiration of the Option's term. The term of your Option expires, subject to any extensions permitted in the Plan to comply with applicable law, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 8(d) below); *provided, however,* that if during any part of such three (3) month period your Option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your Option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; *provided further,* that if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your Option at the time of your termination of Continuous Service, your Option will not expire until the earlier of (x) the later of (A) the date that is seven (7)

months after the Date of Grant, and (B) the date that is three (3) months after the termination of your Continuous Service, and (y) the Expiration Date;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 8(d)) below;

(d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;

(e) the Expiration Date indicated in your Grant Notice;

(f) the day before the tenth (10th) anniversary of the Date of Grant; or

(g) on such date as may be approved by the Company's Board of Directors.

If your Option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your Option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or your permanent and total disability, as defined in Section 22(e)(3) of the Code. (The definition of disability in Section 22(e)(3) of the Code is different from the definition of the Disability under the Plan). The Company has provided for extended exercisability of your Option under certain circumstances for your benefit but cannot guarantee that your Option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your Option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

9. EXERCISE OF YOUR OPTIONS.

(a) You may exercise the vested portion of your Option (and the unvested portion of your Option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) You agree to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company or its Affiliates arising by reason of (i) the exercise of your Option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the sale of shares of Common Stock acquired upon such exercise. This agreement is a condition to any exercise of your Option.

(c) If the shares of Common Stock of the Company are publicly traded and your Option is an Incentive Stock Option, by exercising your Option you agree that you will notify the Company in writing within fifteen (15) days after the date of any sale of any of the shares of the Common Stock issued upon exercise of your Option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your Option. If the shares of Common Stock of the Company are not publicly traded, then you must notify the Company PRIOR to any sale or transfer of any of the shares of the Common Stock issued upon exercise of your Option.

(d) In order to help facilitate an IPO, by exercising your Option you agree that you will not sell, dispose of, 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, any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rules or regulation (the "***Lock-Up Period***"). You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 9(d). The underwriters of the Company's stock are intended third party beneficiaries of this Section 9(d) and can enforce the provisions hereof as though they were a party hereto. Nothing in this Section 9(d) shall prevent the exercise of the right of first refusal or other right in favor of the Company during the Lock-Up Period.

10. TRANSFERABILITY. Your Option may be transferred only by will or by the laws of descent and distribution, and is exercisable during your life only by you. However, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall be entitled to exercise your Option. In addition, if permitted by the Company you may transfer your Option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the Option is held in the trust, provided that you and the trustee enter into a transfer and other agreements that may required by the Company.

11. RIGHT OF FIRST REFUSAL; TRANSFER RESTRICTIONS. Shares of Common Stock that you acquire upon exercise of your Option are subject to a right of first refusal and transfer restrictions that are described in the Company's bylaws. The Company's right of first refusal will expire on the first date upon which any security of the Company is listed (or approved for listing) on a national securities exchange or quotation system.

12. RIGHT OF REPURCHASE. To the extent provided in the Company's bylaws in effect at such time the Company elects to exercise its right, the Company will have the right to

repurchase all or any part of the shares of Common Stock you acquire pursuant to the exercise of your Option.

13. OPTION NOT SERVICE CONTRACT. Your Option is not an employment or service contract, and nothing in your Option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your Option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

14. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your Option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for any federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, which arise in connection with the exercise of your Option.

(b) If this Option is a Nonstatutory Stock Option (as indicated in your Option Grant Notice), then the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your Option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your Option as a liability for financial accounting purposes). This withholding is subject to approval by the Company, in its sole discretion, and to compliance with any applicable legal conditions or restrictions. If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your Option, share withholding pursuant to the preceding sentence shall be permitted only if you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your Option. Even if such election is filed, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your Option that are otherwise issuable to you upon such exercise.

(c) You may exercise your Option if all tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, it is possible that the exercisability of your Option may be limited even though your Option is vested, and the Company will not be able to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

15. TAX CONSEQUENCES. The tax rules governing your Option are complex, change frequently and depend on the individual taxpayer’s situation, and the Company is not in a position to provide you tax advice. You agree that you are responsible for consulting your own tax advisor as to the tax consequences associated with your Option. You hereby agree that tax

obligations arising from your Option or your other compensation are personal to you. The Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your Option or your other compensation. In particular, you acknowledge that this Option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the Option. Because the Common Stock is not traded on an established securities market, the Fair Market Value is determined by the Board, perhaps in consultation with an independent valuation firm retained by the Company. You acknowledge that there is no guarantee that the Internal Revenue Service will agree with the valuation as determined by the Board, and you will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that the valuation determined by the Board is less than the "fair market value" as subsequently determined by the Internal Revenue Service.

16. NOTICES. Any notices provided for in your Option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. By accepting this Option, you consent to receive any documents related to participation in the Plan and this Option by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. GOVERNING PLAN DOCUMENT. Your Option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your Option and those of the Plan, the provisions of the Plan will control. Defined terms not explicitly defined in this Option Agreement or the Grant Notice but defined in the Plan shall have the same definitions as in the Plan.

NOTICE OF EXERCISE

C3.ai, Inc.

Date of Exercise: _____

This constitutes notice to **C3.AI, INC.** (the "***Company***") under my stock option that I elect to purchase the below number of shares of Class B Common Stock of the Company (the "***Shares***") for the price set forth below.

Type of option (check one):	Incentive ☐	Nonstatutory ☐
Stock option dated:	_____	_____
Number of Shares as to which option is exercised:	_____	_____
Certificates to be issued in name of:	_____	_____
Total exercise price:	$ _____	$ _____
Cash payment delivered herewith:	$ _____	$ _____

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the **C3.AI, INC. 2012 EQUITY INCENTIVE PLAN**, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, (iii) if this exercise relates to an incentive stock option and the Shares are publicly traded, to notify you in writing within fifteen (15) days after the date of any sale of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option and (iv) if the Shares are not publicly traded, to notify you before selling, transferring or disposing of the Shares by any means.

I hereby make the following certifications and representations with respect to the number of Shares listed above, which are being acquired by me for my own account upon exercise of the option as set forth above:

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and are deemed to constitute "restricted securities" under Rule 701 and Rule 144 promulgated under the Securities Act. I warrant and represent to the Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

I further acknowledge that I will not be able to resell the Shares for at least ninety days (90) after the stock of the Company becomes publicly traded (*i.e.*, subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the option will be endorsed with appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Certificate of Incorporation, Bylaws and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, 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, any shares of Class B Common Stock or other securities of the Company for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act (or such longer period as the underwriters or the Company shall request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation (the "***Lock-Up Period***"). I further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

Very truly yours,

_____

Address: _____

_____

Exhibit 10.4

C3

1820 Gateway Drive, Suite 250
San Mateo, California 94404

July 22, 2009

MR. EDWARD ABBO
438 EL ARROYO ROAD
HILLSBOROUGH, CA 94010

Dear Ed:

I am very pleased to offer you the position of Chief Executive Officer (CEO) at **C3, LLC** (the "**Company**"), on the terms described in this letter.

In your position as CEO you will be responsible for all operations of the company. You will report to the Board of Directors and you will be based at our facility located in 1820 Gateway Drive, Suite 250, San Mateo, California. Of course, the Company may change your position, reporting relationship, duties, and work location from time to time in its discretion.

Your initial base salary will be at the rate of $29,167 per month less payroll deductions and all required withholdings. You will be paid on the Company's normal payroll schedule. Additionally, although bonuses are not guaranteed, the Company may provide annual performance-based bonuses, with both the amount and the annual target determined in the Board's discretion. Your performance and the Company's performance will be primary considerations in determining a bonus. In addition, you must remain continuously employed through the end of the year and be an employee in good standing on the bonus payment date to receive an annual bonus. Your target bonus for the current calendar year is $150,000. Your bonus will be guaranteed for your first year of employment with the Company. Any bonus for the current year will be prorated to reflect your hire date. In addition, you will receive a $100,000 signing bonus upon your acceptance and signature of your C3 employment offer letter.

The Company makes available a variety of benefits and benefit plans to its regular, full-time employees. As a regular, full-time employee of the Company you will be eligible to participate in all such benefits and benefit plans, subject to the terms and conditions of each benefit and benefit plan. Of course, your eligibility to participate in any future employee benefits will be pursuant to the terms, conditions and limitations of the benefit plans and applicable Company policies, once established. The Company may change compensation and benefits from time to time in its sole discretion.

The Company provides paid time off ("PTO") to its regular, full-time employees in order to encourage them to take time-off from work when ill, and for regular rest and recreation. You will begin accruing PTO from your Employment Date as follows:

Annual Accrual Rate	Monthly Accrual Rate	Maximum Accrual Rate
15 days	**10 hours**	**120 hours**

Once you reach the maximum accrual limit, you will not earn more PTO until some of the accrued PTO is used, bringing your balance below the maximum. Pay will not be granted in lieu of using accrued PTO during employment. However, upon separation from employment you will be paid for any earned but unused PTO up to the maximum accrual limit.

Subject to approval of the Board of Directors of the Company, it is intended that you will be issued 1,470,000 Class C Units of the Company. The Class C Units will be issued as "profits interests" for a $0 purchase price and entitle you to share in distributions from the Company to the extent of your pro rata shares of cumulative Company net profits attributable to appreciation in the value of the Company arising after issuance of your Class C Units, if and when the Company distributes such profits to the Company's unit holders. It is currently anticipated that your grant agreement covering the anticipated Class C Units will include a right of repurchase by the Company, under which 20% of your Class C Units will be released from such right of repurchase 12 months after the purchase date, and 1/60th of the total shares will be released from such right of repurchase at the end of each month thereafter, until either the Class C Units are fully released from the right of repurchase or your continuous service (as defined in the grant agreement) terminates, whichever occurs first. In addition, if a change in control (as defined in the grant agreement) occurs and within twelve (12) months after the effective time of such change in control your continuous service terminates due to an involuntary termination (not including death or disability) without cause or due to a voluntary termination with good reason (all as defined in the grant agreement), then one hundred percent (100%) of the unvested Class C Units shall vest. The Class C Units will be governed by the terms and conditions of the grant agreement between you and the Company.

As a condition of your employment, you will be required to abide by the Company's policies and procedures, as may be in effect from time to time. You also agree to read, sign and comply with the Company's Employee Confidential Information and Inventions Assignment Agreement ("**Confidential Information Agreement**"), enclosed with this letter.

In your work for the Company, you will be expected not to use or disclose any confidential information or materials, including trade secrets, of any former employer or other third party to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company or by you in the course of your employment. By signing this letter, you represent that you are able to perform your job duties within these guidelines, and you are not in unauthorized possession of any confidential documents or other property of any former employer or other third party. In addition, by signing below, you represent that during your employment with the Company you will (i) devote all of your employable time to performing your duties and responsibilities of your position for the benefit of the Company, (ii) refrain from engaging in any other work, employment or business activity, whether or not for cash, other or no compensation, that is any way competitive with the actual or planned business of the Company or may interfere with your ability to fulfill your job duties

and responsibilities to the Company, and (iii) notify and obtain the approval of the Company's Chairman regarding any other work, employment or business activities in which you are planning to become involved before you commence such involvement.

Normal working hours are from 9 a.m. to 6 p.m., Monday through Friday. As an exempt salaried employee, you will be expected to work additional hours as required by the nature of your work assignments, and you will not be eligible for overtime compensation.

Your employment relationship is at-will. Accordingly, you may terminate your employment with the Company at any time and for any reason whatsoever simply by notifying the Company. Likewise, the Company may terminate your employment at any time, with or without cause, and with or without advance notice.

This letter, together with your Confidential Information Agreement, forms the complete and exclusive statement of your employment agreement with the Company. The employment terms in this letter supersede any other representations or agreements made to you by any party, whether oral or written. The terms of this agreement cannot be changed (except with respect to those changes expressly reserved to the Company's discretion in this letter) without a written agreement signed by you and a duly authorized officer of the Company. This agreement is to be governed by the laws of the state of California without reference to conflicts of law principles. In case any provision contained in this agreement shall, for any reason, be held invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect the other provisions of this agreement, and such provision will be reformed, construed and enforced so as to render it valid and enforceable consistent with the general intent of the parties insofar as possible under applicable law. With respect to the enforcement of this agreement, no waiver of any right hereunder shall be effective unless it is in writing. For purposes of construction of this agreement, any ambiguity shall not be construed against either party as the drafter. This agreement may be executed in more than one counterpart, and signatures transmitted via facsimile shall be deemed equivalent to originals. As required by law, this offer is subject to satisfactory proof of your identity and right to work in the United States. The Company reserves the right to conduct background investigations and/or reference checks on all of its potential employees, and your job offer is contingent upon clearance of such investigation and checks.

If you wish to accept employment under the terms described above, please sign and date this letter and the Confidential Information Agreement, and return them to me by July 31, 2009. Our offer of employment will expire if we do not receive the fully signed documents from you within this deadline. If you accept our offer, we would like you to start work on September 9, 2009, or on another start date mutually agreeable to you and the Company. We look forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

/s/ Thomas M. Siebel

Thomas M. Siebel
Chairman

Understood and Accepted:

/s/ Edward Abbo	July 30, 2009
Edward Abbo	Date

1820 Gateway Drive, Suite 250
San Mateo, California 94404

January 6, 2010

HOUMAN BEHZADI
1078 MARCUSSEN DRIVE
MENLO PARK, CALIFORNIA 94025

Dear Houman:

I am very pleased to offer you the position of Director, Engineering Program Management at C3 (the "Company"), on the terms described in this letter.

In your position as Director, Engineering Program Management you will be responsible for assisting the Engineering team with initiation and managing quality assurance programs; assisting with the management of offshoring activities and partner(s); and general management of development processes and releases as required. You will report to Brad Adelberg, VP Engineering, and you will be based at our facility located at 1820 Gateway Drive, Suite 250, San Mateo, California. Of course, the Company may change your position, reporting relationship, duties, and work location from time to time in its discretion.

Your initial base salary will be at the annual rate of $135,000 less payroll deductions and all required withholdings. You will be paid on the Company's normal payroll schedule. Additionally, although bonuses are not guaranteed, the Company may provide annual performance-based bonuses, with both the amount and the annual target determined in the Company's discretion. Your performance and the Company's performance will be primary considerations in determining a bonus. In addition, you must remain continuously employed through the end of the year and be an employee in good standing on the bonus payment date to receive an annual bonus. Your target bonus for the current calendar year is $25,000. Any bonus for the current year will be prorated to reflect your date of hire; *provided*, *however*, that pursuant to Company policy, employees are ineligible for bonuses for any calendar year in which they work less than three (3) months, due to a lack of sufficient basis for performance evaluation.

The Company makes available a variety of benefits and benefit plans to its regular, full-time employees. As a regular, full-time employee of the Company you will be eligible to participate in all such benefits and benefit plans, subject to the terms and conditions of each benefit and benefit plan. Of course, your eligibility to participate in any future employee benefits will be pursuant to the terms, conditions and limitations of the benefit plans and applicable Company policies, once established. The Company may change compensation and benefits from time to time in its sole discretion.

The Company provides paid time off ("PTO") to its regular, full-time employees in order to encourage them to take time-off from work when ill, and for regular rest and recreation. You will begin accruing PTO from your Employment Date as follows:

Annual Accrual Rate	**Monthly Accrual Rate**	**Maximum Accrual Limit**
15 days	10 hours	120 hours

Once you reach the maximum accrual limit, you will not earn more PTO until some of the accrued PTO is used, bringing your balance below the maximum. Pay will not be granted in lieu of using accrued PTO during employment. However, upon separation from employment you will be paid for any earned but unused PTO up to the maximum accrual limit.

Subject to approval of Board of Directors of the Company, it is intended that you will be issued 40,000 Class C Units of the Company. The Class C Units will be issued as "profits interests" for a $0 purchase price and entitle you to share in distributions from the Company to the extent of your pro rata shares of cumulative Company net profits, including profits attributable to appreciation in the value of the Company arising after issuance of your Class C Units, if and when the Company distributes such profits to the Company's unit holders. It is currently anticipated that your grant agreement covering the anticipated Class C Units will include a right of repurchase by the Company, under which 20% of your Class C Units will be released from such right of repurchase 12 months after the purchase date, and 1/60th of the total shares will be released from such right of repurchase at the end of each month thereafter, until either the Class C Units are fully released from the right of repurchase or your continuous service (as defined in the purchase agreement) terminates, whichever occurs first. The Class C Units will be governed by the terms and conditions of the grant agreement between you and the Company.

As a condition of your employment, you will be required to abide by the Company's policies and procedures, as may be in effect from time to time. You also agree to read, sign and comply with the Company's Employee Confidential Information and Inventions Assignment Agreement ("Confidential Information Agreement"), enclosed with this letter.

In your work for the Company, you will be expected not to use or disclose any confidential information or materials, including trade secrets, of any former employer or other third party to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company or by you in the course of your employment. By signing this letter, you represent that you are able to perform your job duties within these guidelines, and you are not in unauthorized possession of any confidential documents or other property of any former employer or other third party. In addition, by signing below, you represent that during your employment with the Company you will (i) devote all of your employable time to performing your duties and responsibilities of your position for the benefit of the Company, (ii) refrain from engaging in any other work, employment or business activity, whether or not for cash, other or no compensation, that is in any way competitive with the actual or planned business of Company or may interfere with your ability to fulfill your job duties and responsibilities to the Company, and (iii) notify and obtain the approval of the Company's CEO regarding any other work, employment or business activities in which you are planning to become involved before you commence such involvement.

Normal working hours are from 9 a.m. to 6 p.m., Monday through Friday. As an exempt salaried employee, you will be expected to work additional hours as required by the nature of your work assignments, and you will not be eligible for overtime compensation.

Your employment relationship is at-will. Accordingly, you may terminate your employment with the Company at any time and for any reason whatsoever simply by notifying the Company. Likewise, the Company may terminate your employment at any time, with or without cause, and with or without advance notice.

This letter, together with your Confidential Information Agreement, forms the complete and exclusive statement of your employment agreement with the Company. The employment terms in this letter supersede any other representations or agreements made to you by any party, whether oral or written. The terms of this agreement cannot be changed (except with respect to those changes expressly reserved to the Company's discretion in this letter) without a written agreement signed by you and a duly authorized officer of the Company. This agreement is to be governed by the laws of the state of California without reference to conflicts of law principles. In case any provision contained in this agreement shall, for any reason, be held invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect the other provisions of this agreement, and such provision will be reformed, construed and enforced so as to render it valid and enforceable consistent with the general intent of the parties insofar as possible under applicable law. With respect to the enforcement of this agreement, no waiver of any right hereunder shall be effective unless it is in writing. For purposes of construction of this agreement, any ambiguity shall not be construed against either party as the drafter. This agreement may be executed in more than one counterpart, and signatures transmitted via facsimile shall be deemed equivalent to originals. As required by law, this offer is subject to satisfactory proof of your identity and right to work in the United States. The Company reserves the right to conduct background investigations and/or reference checks on all of its potential employees, and your job offer is contingent upon clearance of such investigation and checks. This offer is also contingent upon your clearance of reference checks to the satisfaction of the Company.

If you wish to accept employment under the terms described above, please sign and date this letter and the Confidential Information Agreement, and return them to me by January 8, 2010. Our offer of employment will expire if we do not receive the fully signed documents from you within this deadline. If you accept our offer, we would like you to start work on January 25, 2010, or on another start date mutually agreeable to you and the Company. We look forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

/s/ Jeffrey T. Amann

Jeffrey T. Amann
Chief Operating Officer

Understood and Accepted:

/s/ Houman Behzadi	January 6, 2010
Houman Behzadi	Date

1820 Gateway Drive, Suite 250
San Mateo, California 94404

July 15, 2011

ED ABBO
187 Mountain Home Road
WOODSIDE, CA 94062

Dear Ed:

This letter sets forth our mutual agreements regarding your ongoing employment with C3, LLC (the "Company"), and modifies your July 22, 2009 offer letter, as well as the equity agreements related to your employment. Your ongoing role with the Company will be as follows:

Title:	President and Chief Technology Officer
Reporting To:	Tom Siebel, Chairman and CEO
Salary:	$350,000 per year
Target Bonus:	150000

Equity: The vesting schedules of the equity grants that the Company has made to you are hereby amended as follows:

- The 2,793,000 unvested Class C units under your October 23, 2009 profits interest grant (which covered a total of 4,410,000 Class C Units of the Company, of which 1,617,000 shares are currently and will remain vested) will vest in equal monthly increments over the sixty (60) month period following the date of this letter.
- The 450,000 Class C units issuable pursuant to your January 18, 2011 stock option (all of which are currently unvested) will vest 20% on the first anniversary of this letter and then 1.66% each month thereafter.

Except as provided herein, all other terms of your offer letter and equity agreements remain unchanged and in full effect.

We appreciate your many contributions to C3 and look forward to working with you in your new role.

Sincerely,

/s/ Thomas M. Siebel
Thomas M. Siebel
Chief Executive Officer

UNDERSTOOD AND ACCEPTED:

/s/ Ed Abbo
Ed Abbo
Date: August 18, 2011

TRIPLE NET SPACE LEASE

BETWEEN

VII PAC SHORES INVESTORS, LLC,
a Delaware limited liability company

AS LANDLORD

and

C3, LLC,
a Delaware limited liability company,

AS TENANT

FOR THE PREMISES LOCATED AT

Pacific Shores Center
4th and 5th Floors, Building 8
1300 Seaport Boulevard
Redwood City, California 94063

DATED AS OF OCTOBER 28, 2011

TABLE OF CONTENTS

Exhibit

LEASE AGREEMENT

This Lease Agreement is made and entered into by and between Landlord and Tenant on the 28th day of October, 2011. This Lease Agreement and all exhibits, schedules and addenda hereto are and shall be construed as a single instrument, and are referred to herein collectively as this "**Lease**."

1. PARTIES

1.1 Parties. This Lease is made by and between VII PAC SHORES INVESTORS, LLC, a Delaware limited liability company ("**Landlord**") and C3, LLC, a Delaware limited liability company ("**Tenant**").

2. PREMISES

2.1 Demise of Premises. Landlord hereby leases to Tenant and Tenant leases from Landlord for the Lease Term, at the rental, and upon all of the terms and conditions set forth herein, certain space consisting of an agreed upon fifty one thousand three hundred seven (51, 307) rentable square feet of space (the "**Premises**"), which Premises, comprises the entirety of the rentable area located on the fifth floor and seventeen thousand one hundred two (17,102) rentable square feet of space located on the fourth floor of that certain building sometimes known as "Building 8" and commonly known as 1300 Seaport Boulevard, Redwood City, California 94063 ("**Building 8**") which is one of ten free standing, office and research and development Project Buildings ("**Project Buildings**") on real property situated in Redwood City, County of San Mateo, State of California and commonly known as Pacific Shores Center. Building 8 consists of an agreed one hundred sixty-four thousand seven hundred thirty two (164,732) rentable square feet and the Project consists of an agreed One Million Six Hundred Seventy-Two Thousand Seventy-Three (1,672,073) rentable square feet. The Premises is more particularly depicted herein in ***Exhibit A***; provided, however that on or prior to the Commencement Date (as defined below), Tenant may propose, subject to Landlord's reasonable consent, not to be unreasonably withheld, conditioned or delayed, a revision to the delineation of the portion of the Premises located on the 4th floor of Building 8 to be leased by Tenant pursuant to the terms of this Lease. Any such revised delineation shall be depicted on a revised ***Exhibit A*** to be attached to an amendment to this Lease which shall be executed by the parties hereto.

Landlord reserves the right to access and use the restrooms and janitor, telephone and electrical closets (as well as the space above any dropped ceilings) for cabling, wiring, pipes and other Building 8 system elements; provided such access and use by Landlord shall not unreasonably interfere with use by Tenant of any restrooms or janitor closets located in the Premises. The rentable square footage of the Premises, Building 8 and other Project Buildings (the "**Rentable Area**") has been determined by a method described as "dripline," whereby the measurement encompasses the outermost perimeter of the constructed building, including every projection thereof and all area beneath each such projection, whether or not enclosed, with no deduction for any inward deviation of structure and with the measurement being made floor by floor, but beginning from the top of Building 8. The Rentable Area of the Premises also includes an allocation of a portion of the Building 8 Common Area, as more particularly defined in

Section 2.2 below. The Premises, the Project Buildings and appurtenances described herein, including Common Area (defined below), and all other improvements at Pacific Shores Center together with the land on which the same are located are together designated as the project ("**Project**").

2.2 ***Common Area***. During the Lease Term, Tenant shall have the non-exclusive right to use the Common Area defined herein. Landlord reserves the right, in Landlord's prudent business judgment, to modify the Common Area, including increasing or reducing the size, adding additional buildings, structures or other improvements or changing the use, configuration and elements thereof in its sole discretion and to temporarily close or restrict access from time to time for repair, maintenance or construction or to prevent a dedication thereof, provided that Tenant shall receive reasonable prior written notice to Tenant if such activities are reasonably expected to affect Tenant and Tenant (i) shall at all times have reasonable access to parking and the Premises during such activities; and (ii) such modifications, when completed, shall not adversely interfere with or restrict or disturb Tenant's possession, use or enjoyment of the Premises for the Permitted Use or its rights under this Lease or unreasonably and materially interfere with or restrict Tenant's use of parking. Landlord further reserves the right to establish, repeal and amend from time to time non-discriminatory rules and regulations (subject to the express limitations herein) for the use of the Common Area and to grant reciprocal easements or other rights to use the Common Area to owners of other property provided that no amendment to the rules and regulations or granting of rights shall restrict or disturb Tenant's possession, use or enjoyment of the Premises for the Permitted Use or unreasonably and materially interfere with Tenant's use or enjoyment of parking facilities and provided, further, to the extent of any conflict between an express provision of this Lease (other than the attached Rules and Regulations) and such amended Common Area rules and regulations, this Lease shall control. "**Common Area**" means both (i) Project Common Area which includes all portions of the Project other than the Buildings, including landscaping, sidewalks, walkways, driveways, curbs, parking lots (including striping), roadways within the Project, sprinkler systems, lighting, surface water drainage systems, an athletic facility to be available for use by Tenant's employees (the "**Athletic Facility**"), as well as baseball and soccer fields, a water front park, and a perimeter walking/biking trial, and such further portions of the Project or additional or different facilities as Landlord may from time to time designate or install or make available for the use by Tenant in common with others, (ii) Building 8 Common Area which includes all mechanical areas, stairwells, elevators and elevator shafts, pipe, cabling and wiring shafts, together with their enclosing walls, plus, to the extent not leased to an occupant, all entrances, elevator and other lobbies, common corridors and hallways, restrooms, janitor closets, telephone closets, electric closets and other public or common areas located in Building 8, and (iii) any other lobbies, common corridors and hallways, stairwells, elevators, restrooms and other public or common areas located in Building 8.

2.3 ***Parking***. Landlord shall provide Tenant with parking spaces within the Common Area as required by law, which is three (3) spaces per one thousand (1,000) square feet of Rentable Area within the Premises. Tenant shall be entitled to one reserved parking space marked with Tenant's name. In the event Landlord elects or is required by any law to limit or control parking at the Premises, whether by validation of parking tickets or any other method of

assessment, Tenant agrees to participate in such validation or assessment program under such reasonable non-discriminatory rules and regulations as are from time to time established by Landlord; provided, however, under no circumstances shall Tenant be required to pay for its use of any such parking spaces or for such parking tickets or assessment except as provided in this Section 2.3 and Section 4. Landlord agrees that Tenant's access to parking shall not be unreasonably limited beyond any requirement of law by any such rules and regulations. All costs associated with the operation and maintenance of the parking facilities shall be an element of Common Area costs payable hereunder in Section 4 (subject to the limitations provided therein), including, without limitation, for reimbursement of repair, replacement and maintenance costs and expenses, and insurance premiums and any real property taxes including governmental or public authority charges, fees or impositions of any nature hereafter imposed.

2.4 Landlord's Personal Property.

(a) Landlord will sell to Tenant, for the price of $1.00, as of the Commencement Date , the furniture, fixtures and equipment that are surrendered by the prior occupant of the Premises and which have not been removed by Landlord within two weeks following execution of this Lease (the personal property to be acquired by Tenant "**Acquired Personal Property**"). Promptly following Tenant's identification of the items of furniture, fixtures and equipment that Tenant wishes removed, Landlord shall remove the same from the Premises, and the remaining items of furniture, fixtures and equipment will be acknowledged in writing by Landlord and Tenant promptly thereafter.

(b) Upon the expiration or earlier termination of this Lease, or at any time prior thereto as Tenant shall elect, Tenant may remove all or any portion of the Acquired Personal Property and dispose of the same in any lawful manner it shall elect.

(c) TENANT ACKNOWLEDGES THAT LANDLORD IS NOT THE MANUFACTURER OR SUPPLIER OF THE ACQUIRED PERSONAL PROPERTY, NOR THE AGENT THEREOF, AND THAT LANDLORD MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES AS TO ANY MATTER WHATSOEVER IN CONNECTION WITH THE ACQUIRED PERSONAL PROPERTY, INCLUDING WITHOUT LIMITATION, THE MERCHANTABILITY OF THE ACQUIRED PERSONAL PROPERTY, ITS FITNESS FOR A PARTICULAR PURPOSE, ITS DESIGN OR CONDITION, ITS CAPACITY OR DURABILITY, OR THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE MANUFACTURE OR ASSEMBLY OF THE ACQUIRED PERSONAL PROPERTY. Landlord is not responsible for any repairs or service to the Acquired Personal Property, defects therein or failures in the operation thereof. Landlord shall have no liability in connection with or arising out of the ownership, leasing, furnishing, performance or use of the Acquired Personal Property or, in any event, any special, indirect, incidental or consequential damages of any character, including, without limitation, loss of use of production facilities or equipment, loss of profits, property damage or lost production, whether suffered by Tenant or any third party.

2.5 Athletic Facility. During the Lease Term and any extensions thereof, Tenant and its employees shall have access to a number of memberships calculated by multiplying Tenant's

Share of Project items by 6,400, which memberships shall entitle such members to the use of the thirty-eight thousand (38,000) square foot Athletic Facility and all of the amenities thereof at no additional cost; provided that, for the sole purpose of calculating the number of memberships during the first six (6) months of the Lease Term, Tenant's Share of the Project shall be equal to Tenant's Share of the Project for the seventh (7^{th}) month of the Lease Term as provided in Section 4.7(c) below; further provided, however, that Tenant acknowledges that the cost of operating and maintaining the Athletic Facility will be an Operating Expense as and to the extent described below. Subject to the reasonable consent of Landlord, Tenant may freely transfer memberships between itself, First Virtual Group and The Thomas and Stacey Siebel Foundation and their permitted successors and assigns.

3. TERM

3.1 ***Lease Term***. The term of this Lease ("**Lease Term**") shall be for sixty-six (66) months, beginning on April 1, 2012 (the "**Commencement Date**") and expiring, unless sooner terminated as provided for herein, on the last day of the sixty-sixth (66th) month after the Commencement Date ("**Expiration Date**").

3.2 ***Early Access***. Notwithstanding anything herein to the contrary, commencing November 1, 2011 (the "**Delivery Date**") Landlord shall deliver the Premises to Tenant and thereafter Tenant and Tenant's invitees may enter the Premises for the sole purpose of planning and performing tenant improvements, installation of Tenant's furniture, trade fixtures, equipment, telecommunications systems and other equipment thereon and general Premises set-up, provided that Tenant has delivered to Landlord: (1) the first month's Base Rent, (2) certificates evidencing the insurance described in Section 7 below, and (3) the security pursuant to Section 4.6 below. Tenant's occupancy of the Premises prior to the Commencement Date shall be on all of the terms and conditions of this Lease, except the obligation to pay Base Rent and Additional Rent.

3.3 ***Delay in Delivering Possession***. If for any reason whatsoever, Landlord cannot deliver possession of the Premises to Tenant on or before the Delivery Date, this Lease shall not be void or voidable, nor shall Landlord, or Landlord's agents, advisors, employees, partners, shareholders, directors, invitees, independent contractors, be liable to Tenant for any loss or damage resulting therefrom. In such event, the Commencement Date and Expiration Date shall be extended by the same number of days that Tenant's possession of the Premises was delayed beyond the Delivery Date. Notwithstanding the foregoing, if the Delivery Date does not occur on or prior to February 1, 2012 (which date shall not be extended by Force Majeure events), Tenant shall have the right to terminate this Lease.

3.4 ***Option to Extend***.

(a) *Exercise*. Tenant is given one (1) option to extend the Lease Term (the "**Option to Extend**") for a five (5) year period ("**Extended Term**") following the date on which the initial Lease Term would otherwise expire, which option may be exercised only by written notice ("Option Notice") from Tenant to Landlord given not less than nine (9) months nor more than twelve (12) months prior to the end of the initial Lease Term ("**Option Exercise Date**");

provided, however, if any of the Option Conditions are not met on the Option Exercise Date or on the last day of the initial Lease Term, the Option Notice shall be totally ineffective, and this Lease shall expire on the last day of the initial Lease Term if not sooner terminated. As used herein, the term "**Option Conditions**" shall mean all of the following conditions to the effectiveness of Tenant's exercise of the Option to Extend: (i) there is not an Event of Default by Tenant under this Lease, (ii) Tenant has not assigned this Lease to any party other than an Affiliate, (iii)Tenant has not sublet more than seventy-five percent (75%) of the rentable square footage of the Premises to any party other than an Affiliate, and (iv) Tenant or an Affiliate is then in physical occupancy of at least twenty-five percent (25%) of the then-existing rentable square footage of the Premises

(b) *Extended Term Rent*. In the event Tenant exercises its Option to Extend set forth herein, all the terms and conditions of this Lease shall continue to apply to the Extended Term, except that the Base Rent payable by Tenant during the Extended Term shall be equal to the greater of (A) ninety-five percent (95%) of the Fair Market Rent (defined below), as determined under subsection (c) below or (B) an amount equal to $2.00 for each square foot of Rentable Area within the Premises. "**Fair Market Rent**" shall mean the effective base rent rate being charged based on executed leases (including periodic adjustments thereto as applicable during the period of the Extended Term), for comparable space in similar buildings in the vicinity, *i.e.*, of a similar age and quality considering any recent renovations or modernization, and floor plate size, which space is non-sublease, non-equity, non-renewal, non-encumbered space comparable in size, location and quality to the Premises, for a similar lease term, in an arm's length transaction or, if such comparable space is not available, adjustments shall be made in the determination of Fair Market Rent to reflect the age and quality of the Premises as contrasted to other buildings used for comparison purposes, with similar amenities, making appropriate adjustments to the stated or "coupon" base rent (to obtain the effective base rent rate) for any rental abatement concessions, if any, being granted such tenants in connection with such comparable space, tenant improvements or allowances provided or to be provided, term of the lease, extent of services to be provided, the time that the particular rate under consideration became or is to become effective, and any other relevant terms or conditions applicable to both new and renewing tenants, including the amount of available parking and all other monetary and non-monetary concessions, if any, being granted such tenants in connection with such comparable transactions provided, however, that Fair Market Rent shall not take into account improvements to the Premises provided or installed by Tenant at its cost to the extent not yet amortized by Tenant. In analyzing such comparable space, the parties and/or the appraisers shall give due consideration to the method by which the square footage of such space has been calculated.

(c) *Determination of Fair Market Rent*.

(i) *Negotiation*. If Tenant so exercises one or both of its Options to Extend in a timely manner, the parties shall then meet in good faith to negotiate the Base Rent for the Premises for the Extended Term, during the first thirty (30) days after the date of the delivery by Tenant of the Option Notice (the "**Negotiation Period**"). If, during the Negotiation Period, the

parties agree on the Base Rent applicable to the Premises for the corresponding Extended Term, then such agreed amount shall be the Base Rent payable by Tenant during such Extended Term.

(ii) *Arbitration*. In the event that the parties are unable to agree on the Base Rent for the Premises within the Negotiation Period, then within ten (10) business days after the expiration of the Negotiation Period, each party shall separately designate to the other in writing an appraiser to make this determination. Each appraiser designated shall be a member of MAI and shall have at least five (5) years' experience in appraising commercial real property, of similar quality and use as the Premises, in San Mateo County. The failure of either party to appoint an appraiser within the time allowed shall be deemed equivalent to appointing the appraiser appointed by the other party, who shall then determine the Fair Market Rent for the Premises for the Extended Term. Landlord and Tenant each may consult with its prospective selected appraiser prior to appointment and may select an appraiser who is favorable to its respective position. Such appraisers shall, within thirty (30) days after their appointment, complete their appraisals and submit their appraisal reports to Landlord and Tenant. If the Fair Market Rent of the Premises established in the two (2) appraisals varies by five percent (5%) or less of the higher rental, the average of two shall be controlling. If the Fair Market Rent of the Premises established in the two (2) appraisals varies by more than five percent (5%) of the higher rental, within five (5) business days after submission of the last appraisal, the two designated appraisers shall jointly designate a third similarly qualified appraiser. Neither Landlord nor Tenant or either party's appraiser may, directly or indirectly, consult with the third appraiser prior or subsequent to his or her appearance. If the two appraisers fail to agree upon and appoint the third appraiser within the time period provided for herein, then the parties shall mutually select the third appraiser. The third appraiser shall be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel. If Landlord and Tenant are unable to agree upon and/or agree on the terms and conditions of the engagement letter for the third appraiser within ten (10) days, then either party may, upon at least five (5) days' prior written notice to the other party, request the Presiding Judge of the San Mateo County Superior Court, acting in his or her private and nonjudicial capacity, to appoint and set the terms of engagement (consistent with this Section 3.4(c)) for the third appraiser (who shall meet the criteria set forth herein). The Fair Market Rent determined by the third appraiser for the Premises shall be averaged with whichever of the other two appraised values is closest to that determined by the third appraiser, and said average shall be Fair Market Rent for the Premises during the Extended Term; The Base Rent for the Extended Term shall be the greater of (A) ninety-five percent (95%) of the determination so selected or (B) an amount equal to $2.00 for each square foot of Rentable Area within the Premises. The parties shall share the appraisal expenses equally. If the Extended Term begins prior to the determination of the Fair Market Rent, Tenant shall pay monthly installments of Base Rent equal to one hundred ten percent (110%) of the monthly installment of Base Rent in effect for the last year of the initial Lease Term (in lieu of "holdover rent" payable under Section 18.9(b)). Once a determination is made, any over payment or under payment shall be reimbursed as a credit against, or paid by adding to, the monthly installment of Base Rent next falling due and the parties shall execute an amendment to acknowledge the commencement of the Extended Term and the new schedule of Base Rent and any concessions granted by Landlord.

4. RENT: TRIPLE NET LEASE

4.1 ***Base Rent***. Tenant shall pay to Landlord as Base Rent the monthly installments more particularly described in the table set forth in Section 4.2 below, in advance, on the first day of each calendar month of the Lease Term, commencing on the Commencement Date, subject to the advance payment of the first month of Base Rent pursuant to Section 4.3; provided, however, as shown on the table in Section 4.2 below, Tenant shall not be required to pay Base Rent for the six (6) month period beginning on the Commencement Date and ending on the day before the seventh (7th) month of the Lease Term (the "**Rent Abatement Period**"). In connection therewith; the advance payment of the first month of Base Rent shall be applied to the installment of Base Rent due for the first full or partial calendar month after the end of the Rent Abatement Period. Base Rent for any period during the Lease Term which is for less than one month shall be a *pro rata* portion of the monthly installment (based on the actual days in that month). All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

4.2 ***Rent Adjustment***. Subject to the terms of Section 4.1, the Base Rent to be paid by Tenant during the Lease Term for the 4th floor portion of the Premises and the 5th floor portion of the Premises shall be as set forth in the schedules below:

Fourth Floor portion of the Premises

Month	**to Month**	**Rental Rate**	**Sq. Ft on which Rent is calculated**	**Monthly**
1	6	$0.00	17,102	$0.00
7	12	$0.00	17,102	$0.00
13	22	$0.00	17,102	$0.00
23	24	$2.73	17,102	$46,688.46
25	36	$2.81	17,102	$48,056.62
37	48	$2.90	17,102	$49,595.80
49	60	$2.98	17,102	$50,963.96
61	66	$3.07	17,102	$52,503.14

Fifth Floor portion of the Premises

Month	to Month	Rental Rate	Sq. Ft on which Rent is calculated	Monthly
1	6	$0.00	34,205	$0.00
7	12	$2.65	34,205	$90,643.25
13	24	$2.73	34,205	$93,379.65
25	36	$2.81	34,205	$96,116.05
37	48	$2.90	34,205	$99,194.50
49	60	$2.98	34,205	$101,930.90
61	66	$3.07	34,205	$105,009.35

4.3 First Payment of Base Rent and Additional Rent. Tenant shall pay at the time of Tenant's execution of this Lease, as the first payment of Base Rent (to be applied to the seventh month of the Lease Term) in the amount of Ninety Thousand Six Hundred Forty-Three and 25/100 Dollars ($90,643.25), and first payment of Additional Rent (to be applied to the seventh month of the Lease Term) in the amount of Thirty Seven Thousand Two Hundred Eighty Three and 45/100 Dollars ($37,283.45).

4.4 Absolute Triple Net Lease. This Lease is what is commonly called an "Absolute Triple Net Lease," it being understood that Landlord shall receive the Base Rent set forth in Section 4.1 free and clear of any and all expenses, costs, impositions, taxes, assessments, liens or charges of any nature whatsoever, except as otherwise specifically provided in this Lease to the contrary. Tenant shall pay all rent in lawful money of the United States of America to Landlord at the notice address stated herein or to such other persons or at such other places as Landlord may designate in writing on or before the due date specified for same without prior demand, set-off or deduction of any nature whatsoever. It is the intention of the parties hereto that this Lease shall not be terminable for any reason by Tenant and that Tenant shall in no event be entitled to any abatement of or reduction in rent payable under this Lease, except as herein expressly provided in Sections 8 and 13, concerning destruction and condemnation. Any present or future law to the contrary shall not alter this agreement of the parties.

4.5 Additional Rent. In addition to the Base Rent reserved by Sections 4.1 and 4.2, Tenant shall pay, beginning on the seventh (7th) month of the Lease Term and continuing throughout the Lease Term as Additional Rent; (i) For the 5th floor portion of the Premises (and for the 4th floor portion of the Premises commencing on the earlier to occur of Tenant's occupancy of the 4th floor portion of the Premises for the purpose of conducting business therein or the first day of the 23rd a month of the Lease Term),100% as to amounts applicable solely to the Premises and Tenant's Share (as defined in Section 4.7(c) below) as to amounts applicable to Building 8, the Project and the Common Area of all taxes, assessments, fees and other impositions payable by Tenant in accordance with the provisions of Section 9 and insurance premiums in accordance with the provisions of Section 7, (ii) Tenant's Share of Operating Expenses (as defined below), and (iii) any other applicable charges, costs and expenses whether or not contemplated which may arise under any provision of this Lease during the Lease Term,

plus a Management Fee to Landlord equal to three percent (3%) of the Base Rent. The Management Fee is due and payable, in advance, with each installment of Base Rent. All of such charges, costs, expenses, Management Fee and all other amounts payable by Tenant hereunder, shall constitute Additional Rent, and upon the failure of Tenant to pay any of such charges, costs or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay Base Rent.

4.6 Security Deposit.

(a) Upon the date this Lease is executed by Tenant, Tenant shall deposit with Landlord either cash or an unconditional, irrevocable "clean" letter of credit (the "**Letter of Credit**") in an amount equal to Four Hundred Twenty-Five Thousand Dollars ($425,000.00). Any such Letter of Credit shall be in form and substance satisfactory to Landlord, shall be drawn on Bank of America, JP Morgan Chase or another domestic commercial money center bank with a letter of credit paying office located in the San Francisco/Bay Area or Los Angeles and reasonably satisfactory to Landlord and shall be addressed to, and payable upon presentation of a sight draft signed by Landlord as beneficiary stating that Landlord is entitled to draw upon such Letter of Credit pursuant to the terms of this Lease. Such Letter of Credit or cash deposit, as the case may be, shall be referred to herein as the "**Security Deposit**". Any Letter of Credit shall provide for multiple draws and partial and multiple successors or co-beneficiaries. If, after notice and beyond the expiration of any applicable grace period (or, if Landlord is prevented from giving notice by the automatic stay of a bankruptcy court or by any other legal prohibition, without notice or grace period) Tenant fails to timely perform or observe any obligation of Tenant under this Lease, including, but not limited to, the payment of rent or other money due hereunder, the maintenance and repair of the Premises or restoration of the condition of the Premises upon the termination or earlier expiration of this Lease in conformance with the provisions hereof, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any amount which Landlord may spend by reason of Tenant's failure to timely observe or perform any obligation of Tenant under this Lease or for compensation to Landlord for any loss or damage which Landlord may suffer or be entitled to by reason of Tenant's failure to timely perform or observe any obligation of Tenant under this Lease, including, without limitation, damages which Landlord would be entitled to under California Civil Code Sections 1951.2 or 1951.4. If any portion of the Security Deposit is so used or applied, then Tenant shall, within fifteen (15) business days after written demand therefor, deposit with Landlord a supplemental letter of credit or cash deposit in an amount equal to the portions used or applied and, in the case of a supplemental letter of credit, otherwise in form and substance as required for the original Letter of Credit so that the aggregate amount held by Landlord is equal to the required amount of the Security Deposit. The rights of Landlord pursuant to this Section 4.6 are in addition to any rights which Landlord may have pursuant to Section 12 below. If Tenant fully and faithfully performs every provision of this Lease to be performed by it, the Security Deposit, or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interests hereunder) within sixty (60)) days after Lease expiration or termination and after Tenant has vacated the Premises (provided that, if Tenant fails to vacate the Premises in the condition required under this Lease, Landlord may withhold such funds as Landlord deems necessary to cure such failure). Failure of Tenant to

deliver a replacement Letter of Credit to Landlord at least thirty (30) days prior to the expiration date of any current Letter of Credit shall constitute a separate event entitling Landlord to draw down immediately and entirely on the current Letter of Credit and the proceeds shall constitute a cash security deposit provided that no such Letter of Credit shall be required to be maintained by Tenant through a date later than the date which is sixty (60)) days after the Expiration Date of this Lease, as such Expiration Date may be modified from time to time pursuant to the terms of this Lease and Tenant's vacating from the Premises. Landlord shall not be required to keep any cash security deposit separate from Landlord's general funds or be deemed to be a trustee of same or to pay any interest on same. The cash security shall (i) be held as a security deposit, (ii) only be utilized by Landlord for the same purposes as the Letter of Credit can be used pursuant to this Section, and (iii) be governed solely by this Section 4.6, each party hereby waiving the provisions of Civil Code Section 1950.7, which shall not apply. Tenant shall pay when due all fees, charges and costs imposed by the issuing bank for the issuance or any amendment of the Letter of Credit and/or any supplemental letter of credit. Notwithstanding the foregoing, Landlord acknowledges and agrees that Tenant shall have the right, from time to time throughout the Lease Term, to post a substitute Letter of Credit for the Letter of Credit required hereunder, the form and substance of which substitute Letter of Credit shall be subject to Landlord's reasonable approval and in conformance with the terms of this Section 4.6. In the event of a transfer of Landlord's interest in Building 8 or the Project, Landlord shall transfer the Letter of Credit, in whole (or cause a substitute letter of credit to be delivered, as applicable) to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole or any portion of said Letter of Credit to a new landlord. In connection with any such transfer of the Letter of Credit by Landlord, Tenant shall execute and submit to the applicable bank such applications, documents and instruments as may be necessary to effectuate such transfer; provided, however, Landlord shall be responsible for paying the bank's transfer and processing fees in connection therewith.

(b) If at any time (A) the financial institution that provided the Letter of Credit is either (i) closed by the Federal Deposit Insurance Corporation ("**FDIC**") or any other governmental authority, or (ii) declared insolvent by the FDIC for any reason, or (B) Landlord reasonably believes that such financial institution will either be (y) closed by the FDIC or any governmental authority, or (z) declared insolvent by the FDIC for any reason, Tenant shall, within five (5) business days after either the occurrence of such closure or declaration of insolvency or notice from Landlord that Landlord reasonably believes that such financial institution will close or be declared insolvent, either (1) provide Landlord a replacement Letter of Credit satisfying all of the terms of this section, or (2) post a cash security deposit in the amount of the Letter of Credit with Landlord.

4.7 Operating Expenses.

(a) *Definition*. Subject to the exclusions therefrom listed below, "**Operating Expenses**" shall mean and include, those actual costs or expenses of the Premises, Building 8 or the Project described below and in Sections 6, 7 and 9, as well as all actual costs and expenses of every kind and nature paid or incurred by Landlord (whether obligated to do so or undertaken at

Landlord's discretion) in the ownership, operation, maintenance, repair and replacement of the Common Areas, including Common Area Project Buildings and improvements located within the Project as well as the Common Areas of Building 8. Such costs and expenses shall include, but not be limited to, costs of cleaning; lighting; maintaining, repairing and replacing all Common Area improvements and elements (replacing shall be deemed to include but not be limited to the replacement of light poles and fixtures, storm and sanitary sewers, parking lots, driveways and roads as well as the Building 8 elevators, stairways, floors and walls in the Common Area and Building 8, roof, roof membrane and other Building 8 elements which are the responsibility of Landlord to maintain, repair and replace under this Lease), repairs to and maintenance of the structural and non-structural portions of the Athletic Facility; supplies, tools, equipment and materials used in the operation and maintenance of the Project; snow removal; parking lot striping; removal of trash, rubbish, garbage and other refuse; painting; removal of graffiti; painting of exterior walls; landscaping; providing security to the extent Landlord determines in its sole discretion to do so (including security systems and/or systems designed to safeguard life or property against acts of God and/or criminal and/or negligent acts, and the costs of maintaining of same); personal property taxes; fire protection and fire hydrant charges (including fire protection system signaling devices, now or hereafter required, and the costs of maintaining of same); water and sewer charges; utility charges; license and permit fees necessary to operate and maintain the Project; the initial cost or the reasonable depreciation of equipment used in operating and maintaining the Common Areas which is expensed or amortized, respectively by Landlord in its good faith discretion using accounting practices commonly utilized in the commercial real estate industry, consistently applied and rent paid for leasing any such equipment; reasonable cost of on or off site storage space of any and all items used in conjunction with the operation, maintenance and management of the Project, including, but not limited to, tools, machinery, records, decorations, tables, benches, supplies and meters; the cost of and installation cost of any and all capital replacement, repairs or improvements, including, without limitation, which are made due to normal wear or tear or which are made for the purpose of reducing Operating Expenses, increasing building or public safety or which may be then required by governmental authority, laws, statutes, ordinances and/or regulations; total compensation and benefits (including premiums for workers' compensation and other insurance) paid to or on behalf of Landlord's employees, including, but not limited to, full or part time on-site management or maintenance personnel; and a use privilege fee ("Athletic Facility Fee") consisting of Base Rent and Operating Expenses allocated to the Athletic Facility which shall consist of a monthly amount equal to the sum of: (A) the Base Rent per square foot per month, then in effect for the Premises under this Lease (including during the Rent Abatement Period, the Base Rent being waived) multiplied by 38,000 (*i.e.*, the agreed upon square footage of the Athletic Facility) and (B) all costs and expenses arising from the operation of same (net of any fees paid by individual users). Notwithstanding anything in this Section 4.7(a) to the contrary, no Athletic Facility Fee shall be charged to Tenant at any time Operating Expenses are not otherwise payable by Tenant. Notwithstanding anything in this Section 4.7(a) to the contrary, with respect to all sums payable by Tenant as an Operating Expense under this Section 4.7(a) for the acquisition of any equipment, replacement of any item, or the construction of any new item in connection with the physical operation of the Premises, Building 8, or the Project (e.g., HVAC, roof membrane or coverings and parking area) which is a capital item the replacement of which would be capitalized by Landlord in its good faith discretion using accounting practices

commonly utilized in the commercial real estate industry, Tenant shall be required to pay only the Tenant's Share of the cost of the item falling due within the Lease Term based upon the amortization of the same over the useful life of such item.

(b) *Payment*. Tenant shall pay Tenant's Share of Operating Expenses in monthly installments on the first day of each month in an amount set forth in a written estimate by Landlord. Landlord agrees that it will base its estimate on Landlord's experience in managing the Project. As soon as available and not later than one hundred twenty (120) days following the end of the period used by Landlord in estimating Landlord's cost (*e.g*., calendar year), Landlord shall furnish to Tenant a statement (hereinafter referred to as "**Landlord's Statement**") of the actual amount of Tenant's Share of such Operating Expenses for such period, as well as the new estimate for the following calendar year. Within thirty (30) days thereafter, Tenant shall pay to Landlord, as Additional Rent, or Landlord shall apply as a credit to Base Rent and Additional Rent next falling due (or if the Lease Term has expired or terminated and there remains no money due to Landlord, remit to Tenant), as the case may be, the difference between the estimated amounts paid by Tenant and the actual amount of Tenant's Share of Operating Expenses for such period as shown by such Landlord's Statement. Tenant's Share of Operating Expenses for the ensuing estimation period shall be adjusted upward or downward based upon Landlord's Statement.

(c) *Tenant's Share*. For purposes hereof, "**Tenant's Share**" shall mean (i) as to amounts allocable solely to Building 8 (and with respect to real property tax, also to the legal parcel in which Building 8 is located), the Rentable Area of the Premises divided by the Rentable Area of Building 8, and (ii) as to amounts allocable to the Project or the Project Common Area, the Rentable Area of the Premises divided by the Rentable Area of all Project Buildings at the Project (irrespective of whether they are rented), in each case measured (at the time in question) on a dripline basis. Subject to being increased or decreased as a result of physical changes to Building 8 or the Project (as opposed to simply remeasurement) which result in an increase or reduction in the Rentable Area of Building 8 or the Project, Tenant's Share of Building 8 items shall be 31.15%, and Tenant's Share of Project items shall be 3.07%. Notwithstanding anything herein to the contrary, in light of Tenant's anticipated phased occupancy of the Premises, Landlord and Tenant agree that during the seventh through the twenty-second months of the Lease Term, Tenant's Share of Building 8 items shall be 20.77%, and Tenant's Share of Project items shall be 2.05%. For the avoidance of doubt, it is understood that Tenant's Share of Operating Expenses shall be deemed to be 0% until the seventh month of the Lease Term.

(d) *Exclusions*. For purposes of this Lease, the term Operating Expenses shall not include (and Tenant shall have no liability for) any of the following: (i) any expenses incurred by Landlord for the sole benefit of Tenant, which expenses are reimbursed by Tenant pursuant to the other terms of this Lease, (ii) any expenses incurred by Landlord for the benefit of the other tenants of Building 8 or the Project, but not Tenant, which expenses are in fact reimbursable by such other tenants, (iii) any payments of interest or principal relating to any debt secured by Building 8 or the Project, (iv) costs associated with the intentional misconduct of Landlord or Landlord's agents, employees or contractors, (v) costs incurred in connection with negotiations or disputes with any other occupant of the Project and costs arising from the violation by

Landlord of the terms and conditions of any lease or other agreement, (vi) ground lease rent, (vii) commissions, advertising costs, promotional and marketing expenses, attorney's fees and costs of improvements in connection with leasing space in the Building, (viii) costs reimbursed by insurance proceeds or tenants of the Building (other than as Additional Rent), (ix) depreciation, except as expressly provided above, (x) collection costs and legal fees paid in disputes with tenants, legal expenses incurred in connection with tenant leases including, without limitation, negotiations with prospective tenants and enforcing provisions of this Lease or other leases in the Building, (xii) costs to maintain and operate the entity that is Landlord (as opposed to operation and maintenance of the Project), (xii) the costs of painting or decorating tenant leasable space, the costs of alterations to the Premises or the premises of other tenants of Building 8 of the Project, or the cost of any work furnished by Landlord without charge as an inducement for a tenant to lease space (i.e., free rent, improvement allowances), (xiii) income or franchise taxes or other such taxes imposed or measured by the income of the Lessor from the operation of Building 8 or the Project, (xiv) the costs associated with utilities, services or amenities not available to all tenants or provided to any tenant to a materially greater extent or more favorable manner than generally provided to other tenants, (xv) costs incurred by, and penalties assessed against, Landlord by any governmental body or agency, as a result of the violation by Landlord of any laws applicable to the Project (provided, however, that the cost of correcting portions of the Project that do not comply with laws where such noncompliance was caused by a change in a law after the Commencement Date, shall be included as an Operating Expense), (xvi) the cost of any work performed or service provided, to the extent that fees are charged or other compensation received in connection with the same, (xvii) costs for sculptures, paintings and other objects of art located in the interior or on the exterior of Building 8 or the Project or immediately adjacent thereto, (xviii) any fees and expenses paid to a third party which is related to Lessor to the extent such fees or expenses are in excess of the customary market amounts which would be paid in the absence of such a relationship, (xix) expenditures for repairs or maintenance to the extent covered by warranties and guarantees, (xx) any expenditure for which, and to the extent, Landlord is reimbursed by third parties such as insurance companies or would have been compensated through proceeds of insurance had the Landlord maintained the insurance required hereunder, (xxi) expenses in connection with repairs or other work occasioned by the exercise of the right of eminent domain, (xxii) damages incurred due to the gross negligence of the Lessor, (xxiii) debt costs or the costs of financing or refinancing unless associated with acceptable capital expenditures described above, (xxiv) the costs, fines or penalties incurred due to violations by the Lessor of any governmental rule or authority, (xxv) expenses incurred by Lessor, if any, in connection with the operation, cleaning, repair, safety, management, security, maintenance or other services of any kind provided to any portions of the Building which are leased or designed to be used for retail or storage purposes, (xxvi) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Lessor, (xxvii) contributions to operating expense reserves, (xxviii) bad debt loss, rent loss or reserves for bad debt or rent loss; (xxix) costs arising from the remediation of Hazardous Materials brought upon, kept or used in, on or about the Project (other than Hazardous Materials disclosed by the Hazardous Materials referenced in the environmental reports listed in Exhibit B or Hazardous Materials brought upon, kept or used in, on or about the Project by Tenant or its agents, employees, contractors or invitees); (xxx) cost of new or additional buildings or other additional structures and (xxxi) the wages and benefits of any employee who does not devote

substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project manager.

(e) *Gross Up*. Notwithstanding anything herein to the contrary, in the event the average occupancy level of Building 8 or the Project for any computation period is not one hundred percent (100%), then the Operating Expenses for such period which vary with occupancy shall be apportioned among the tenants by the Landlord to reflect those costs which would have occurred had Building 8 or the Project, as applicable, been one hundred percent (100%) occupied during such period.

4.8 Tenant's Right to Review Supporting Data.

(a) *Exercise of Right by Tenant*. Tenant shall have the right upon reasonable notice and at reasonable times to audit all books and records of Landlord used in calculating Operating Expenses, Common Area charges, taxes and other Additional Rent hereunder. Landlord will cooperate reasonably with Tenant in such audit on the terms and conditions set forth below. In order for Tenant to exercise its right under this Section, Tenant shall, no later than six (6) months (after delivery of any Landlord's Statement, deliver a written notice to Landlord exercising its rights hereunder with regard to the immediately prior Landlord's Statement, and Tenant shall simultaneously pay to Landlord all amounts due from Tenant to Landlord as specified in the current Landlord's Statement. In no event shall Tenant be entitled to withhold, deduct, or offset any monetary obligation of Tenant to Landlord under this Lease including, without limitation, Tenant's obligation to make all Base Rent payments and all payments for Additional Rent pending the completion of, and regardless of the results of, any review under this Section 4.8. The right to review granted to Tenant under this Section 4.8 may only be exercised once for any Landlord's Statement.

(b) *Procedures for Review*. Tenant acknowledges that Landlord maintains its books and records for Building 8 and the Project at its offices in San Francisco, and Tenant therefore agrees that any review and audit of the same and supporting data under this Section shall occur at such location and at such time during Landlord's normal business hours on such days ("**Access Days**") during the sixty (60) day period immediately following Tenant's delivery of its Audit Notice as Landlord shall reasonably designate ("**Review Period**"); Tenant shall deliver its audit report to Landlord within the thirty (30) day period immediately following the last Access Day designated by Landlord. Any review to be conducted by Tenant under this Section shall, except as provided below, be at the sole expense of Tenant and shall be conducted by a firm of certified public accountants of national standing (which may be Tenant's outside auditing firm) on a non-contingency fee basis. Tenant acknowledges and agrees that any supporting data reviewed under this Section shall constitute confidential information of Landlord, which shall not be disclosed to anyone (except if required by any court to disclose such information or if such information is available from an inspection of public records) other than the accountants performing the review and Tenant's members, officers, executives, accountants and attorneys.

(c) *Finding of Error*. Any errors disclosed by the audit of books and records or review of supporting data under this Section shall be promptly corrected, provided that Landlord shall have the right to cause another review of the supporting data to be made by a firm of certified public accountants of Landlord's choice. In the event of a disagreement between the two accounting firms, the two accounting firms shall agree on an independent accountant who shall decide each item of disagreement and whose decision shall be deemed to be correct, final and binding on both Landlord and Tenant. If the two accounting firms fail to so agree within thirty (30) days after Landlord's accounting firm completes its review, Landlord or Tenant may apply to the presiding judge of the Superior Court to appoint such independent accountant, whose decision shall be final and binding. If the audit and review process described above results in a determination that Tenant has overpaid obligations for a preceding period, the amount of such overpayment plus interest at the Agreed Rate shall be credited against Tenant's subsequent installment obligations to pay its share of rent or, if this Lease has terminated or expired, paid in lawful money to Tenant within thirty (30) days after the determination of overpayment is delivered to Landlord. In the event that such results show that Tenant has underpaid its obligations for a preceding period, the amount of such underpayment shall be paid by Tenant to Landlord with the next succeeding installment obligation of Additional Rent or, if this Lease has terminated or expired, in lawful money within thirty (30) days after the determination of underpayment is delivered to Tenant. Each party shall pay all the costs, and expenses of its chosen accounting firm and one half of the costs and expenses of the independent accountant, if any. The payment by Tenant of any amounts pursuant to this Section 4 shall not preclude Tenant from questioning, during the Review Period, the correctness of the particular Landlord's Statement in question provided by Landlord, but the failure of Tenant to object thereto, conduct and complete its inspection and conduct the audit as described above prior to the expiration of the Review Period for such Landlord's Statement shall be conclusively deemed Tenant's approval of the Landlord's Statement in question and the amount of Operating Expenses and other Additional Rent, as the case may be, shown thereon. In addition, if the amount shown as due in Landlord's Statement exceeds the actual Operating Expenses which should have been charged to Tenant by more than eight percent (8%), then the cost of such review shall be paid by Landlord.

5. USE

5.1 Permitted Use and Limitations on Use. The Premises may be used and occupied only for general office and administrative functions, operation of a software or electronics laboratory, software research and development, and shipping receiving relating to Tenant's business and uses ancillary thereto, including, without limitation, reasonable recreational activities for employees. Any other use shall be subject to the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall not use, suffer or permit the use of the Premises in any manner that constitutes waste, nuisance or unlawful acts. Tenant shall not do anything in or about the Premises which will (i) cause structural injury to Building 8 or the Premises, or (ii) cause damage to any part of Building 8 or the Premises except to the extent reasonably necessary for the installation of the Tenant improvements, Tenant's trade fixtures and Tenant's Alterations, and then only in a manner and to the extent consistent with this Lease and the Work Letter attached hereto as ***Exhibit F***. Tenant shall not operate any

equipment within Building 8 or the Premises which will (A) materially damage Building 8 or the Common Area, (B) overload existing electrical systems or other mechanical equipment servicing Building 8, (C) impair the efficient operation of the sprinkler system or the heating, ventilating or air conditioning ("**HVAC**") equipment within or servicing Building 8, (D) damage, overload or corrode the sanitary sewer system, or (E) damage the Common Area or any other part of the Project. Tenant shall not attach, hang or suspend anything from the ceiling, roof, walls or columns of Building 8 or set any load on the floor in excess of the load limits for which such items are designed nor operate hard wheel forklifts within the Premises. Any dust, fumes, or waste products generated by Tenant's use of the Premises shall be contained and disposed so that they do not (1) create a nuisance or fire or health hazard, (2) damage the Premises or the Project, (3) unreasonably disturb any other tenant at the Project, or (4) result in the violation of any law. Without the prior written approval of Landlord, Tenant shall not change the exterior of Building 8, or the outside area of the Premises, or install any equipment or antennas on or make any penetrations of the exterior or roof of Building 8. Tenant shall not conduct on any portion of the Premises any sale of any kind (but nothing herein is meant to prohibit sales and marketing activities of Tenant's products and services in the normal course of business consistent with the permitted uses), including any public or private auction, fire sale, going-out-of-business sale, distress sale or other liquidation sale, and any such sale by Tenant shall be an immediate event of default hereunder without the benefit of a notice and cure period from Landlord, notwithstanding anything to the contrary in this Lease. No materials, supplies, tanks or containers, equipment, finished products or semifinished products, raw materials, inoperable vehicles or articles of any nature shall be stored upon or permitted to remain within the outside areas of the Premises except in fully fenced and screened areas outside Building 8 which have been designed for such purpose and have been approved in writing by Landlord for such use by Tenant, and for which Tenant has obtained all appropriate permits from governmental agencies having jurisdiction over such articles.

5.2 Compliance with Law.

(a) Landlord hereby represents and warrants that it has no actual (as opposed to constructive) knowledge, as of the Delivery Date, of any covenant, restriction, law, building code, regulation or ordinance ("**Applicable Law**") which would be violated by the permitted use of the Premises in accordance with the terms hereof, provided that the sole remedy of Tenant for any such representation and warranty shall be Landlord's performance of any work necessary for any such portion of the Premises to comply with Applicable Law.

(b) Except as provided in Section 5.2(a) and Landlord's obligations under Sections 5.3, 5.4 and 6.1(b) of this Lease and under Section 8, Tenant shall, at Tenant's cost and expense, comply promptly with all statutes, ordinances, codes, rules, regulations, orders, covenants and restrictions of record, and insurance requirements applicable to the Premises and Tenant's use and occupancy of same in effect during any part of the Lease Term (whether the same are presently foreseeable or not, and without regard to the cost or expense of compliance provided that any Alteration(s) required for compliance shall be subject to the provisions of this Lease) to the extent they relate to Tenant's particular manner of use of the Premises for other than general office purposes or any Alterations to the Premises; provided that Landlord shall comply with any

standards or regulations which relate to Building 8 structure or Building 8 systems, unless such compliance obligations are triggered by any non-general office Alterations in the Premises, in which event such compliance obligations shall be at Tenant's sole cost and expense; provided, further, and notwithstanding the foregoing, that Tenant shall not be required to make any repair to, modification of, or addition to Building 8 structure or Building 8 systems except and to the extent required because of Tenant's use of the Premises for other than normal and customary business office operations.

(c) By executing this Lease, Tenant acknowledges that it has reviewed and satisfied itself as to its compliance, or intended compliance with the applicable zoning and permit laws, hazardous materials and waste requirements, and all other statutes, laws, or ordinances relevant to the permitted uses stated in Section 5 above.

5.3 Condition of Premises at Delivery Date. Landlord shall deliver the Premises to Tenant on the Delivery Date with the Building 8 plumbing, lighting, heating, ventilating, air conditioning, gas, electrical, and plumbing systems (to the extent constructed or installed by Landlord as of the Delivery Date) in good operating condition. Subject only to the foregoing sentence, and having made such inspection of the Premises and the Project as it deemed prudent, Tenant hereby accepts the Premises and the Project in their condition existing as of the Delivery Date, "as-is" and "with all faults" and subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use and condition of the Premises, and any covenants or restrictions, liens, encumbrances and title exceptions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto; provided, however, the foregoing and anything to the contrary herein shall not relieve Landlord of its obligations pursuant to Section 5.4 below. Except as otherwise expressly provided in this Lease as to the condition of the Premises, or the Project on the Delivery Date, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty as to the present or future suitability of the Premises or the Project for the conduct of Tenant's business.

5.4 Defective Condition at Delivery Date. In the event that Tenant determines, and Tenant notifies Landlord in writing within sixty (60) days after the Delivery Date, that any of the obligations of Landlord set forth in Section 5.3 were not performed, then it shall be the obligation of Landlord (and together with its rights under Section 12.3 as the sole right and remedy of Tenant), after receipt of written notice from Tenant setting forth with specificity the nature of the failed performance, to promptly, within a reasonable time correct any such actual failure, provided that, with respect to any latent defects in the Premises which constitute non-performance of the covenant to deliver the Premises in the condition required under Section 5.3, Tenant shall have one hundred twenty (120) days after the Delivery Date to notify Landlord of such non-performance. Tenant's failure to give such written notice to Landlord within the applicable time period, as provided hereinabove, shall constitute a conclusive presumption that Landlord has complied with all of Landlord's obligations under Section 5.3.

5.5 Building Security. Tenant acknowledges and agrees that it assumes sole responsibility for security at the Premises for its agents, employees, invitees, licensees,

contractors, guests and visitors and will provide such systems and personnel for same including, without limitation, while such person(s) are using the Common Area, as it deems necessary or appropriate and at its sole cost and expense. Landlord currently employs roving security personnel for the Project Common Area on a 24 hour, 7 day a week basis; however, nothing contained herein shall be deemed to obligate Landlord to provide any security systems or personnel in the future, and the cost of any such security services shall be included as Operating Expenses. Subject to Tenant's compliance with Section 6.3 of this Lease, Tenant shall be permitted to install, at Tenant's sole cost and expense, its own security system in the Premises, including, employing security personnel reasonably approved by Landlord and the installation of video cameras; provided, however, that Tenant shall coordinate the installation and operation of such security system with Landlord to assure that Tenant's security system is compatible with any security system used by Landlord. Notwithstanding the foregoing, Landlord assumes no responsibility for the protection of Tenant, its agents and invitees and the property of Tenant and of Tenant's agents and invitees from the acts of third parties.

5.6 Rules and Regulations. Landlord may from time to time promulgate reasonable and nondiscriminatory rules and regulations applicable for the care and orderly management of the Premises or the Project and/or the Common Area. Such rules and regulations shall be binding upon Tenant upon delivery of a copy thereof to Tenant, and Tenant agrees to abide by such rules and regulations. A copy of the initial Rules and Regulations is attached hereto as ***Exhibit E***. If there is a conflict between the Rules and Regulations and any of the provisions of this Lease, the provisions of this Lease shall prevail. Landlord shall not be responsible for the violation of any such Rules and Regulations by any person, including, without limitation, Tenant or its employees, agents, invitees, licensees, guests, visitors or contractors. Notwithstanding anything herein to the contrary, no revisions to the Rules and Regulations in effect as of the date of this Lease shall materially and adversely interfere with Tenant's rights under this Lease or increase Tenant's rental obligations or materially increase any of Tenant's other obligations under this Lease..

6. MAINTENANCE, REPAIRS, ALTERATIONS, AND ALLOWANCE

6.1 Maintenance of Premises and Building 8.

(a) Throughout the Lease Term, Tenant, at its sole cost and expense, shall keep, maintain, repair and replace (except as provided in Sections 5.4 or 6.1(b) and also except for uninsured maintenance, repairs or replacement costs to the extent caused by an act of negligence or intentional misconduct by Landlord or its employees, agents or contractors during the Lease Term): the non-structural elements of the Premises and every part thereof (including all improvements and appurtenances in the Premises, including, without limitation, all interior walls; all doors and windows; all wall surfaces and floor coverings; all Alterations, additions and improvements installed by or on behalf of Tenant during the Lease Term; all systems and related fixtures located in or exclusively servicing the Premises, including sewer, plumbing, electrical, lighting, heating, ventilation and cooling systems and fixtures, fire sprinklers, fire safety and security systems and fixtures and all related wiring and glazing) in good order, condition and

repair, casualty, condemnation and reasonable wear excepted, provided that wear which could be prevented by ordinary maintenance shall not be deemed reasonable.

(b) Landlord, at its sole cost and expense, (and in addition to its obligations set forth in Section 5.4) shall repair defects in the exterior walls (including all exterior glass which is damaged by structural defects in such exterior walls), supporting pillars, structural walls, roof structure and foundations of Building 8 and sewer and plumbing systems outside Building 8; provided, however, that Landlord shall not be required to repair; (i) Tenant's dedicated HVAC system, if any, (ii) Tenant's security system serving the Premises, (iii) wiring to the furniture of any fixtures installed by Tenant or (iv) any network cabling within the Premises. Notwithstanding the foregoing, subject to Section 7.6, if the need for repair is caused by Tenant, Landlord shall, at Tenant's sole cost and expense, repair same. Landlord shall maintain, repair and replace the Common Area elements of Building 8 (including lobbies, stairs, hallways, elevators and bathrooms) as well as all of the main HVAC, electrical, plumbing, life safety and other common building systems servicing the Premises and the exterior windows (which shall be professionally cleaned no fewer than two times per year; provided that Tenant, at its election, at its sole cost, may elect to wash the exterior windows more often), structural, roof, walls and other elements and roof membrane of Building 8, subject to recovering the cost and expense of same as an Operating Expense (except for damage, other than normal wear and tear to the extent caused by Tenant or its employees, agents, contractors, invitees or visitors to the extent not covered by Landlord's insurance or insurance required to be carried by Landlord under this Lease, the cost and expense of which shall be paid by Tenant within thirty (30) days after presentation of Landlord's bill for same). Tenant shall give Landlord written notice of any needed repairs that are the obligation of Landlord hereunder. It shall then be the obligation of Landlord, after receipt of such notice, to commence such repairs within ten (10) business days after receipt of Tenant's notice and thereafter to diligently prosecute the same to completion; provided, however, for purposes of this sentence, "commences" includes any steps taken by Landlord to investigate, design, consult, bid or seek permit or other governmental approval in connection with such repair. Except as expressly provided in this Lease, Landlord shall not be liable to Tenant for any damage to person or property as a result of any failure to timely perform any of its obligations with respect to the repair, maintenance or replacement of the Premises, the Buildings or the Project or any part thereof, and Tenant hereby expressly waives all rights under and benefits of Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect to make repairs and offset the cost of same against rent or to withhold or delay any payment of rent or any other of its obligations hereunder as a result of any default by Landlord under this Section 6.1(a).

(c) Tenant agrees to keep the Premises, both inside and out, clean and in sanitary condition as required by the health, sanitary and police ordinances and regulations of any political subdivision having jurisdiction and to remove all trash and debris which may be found in or around the Premises. Tenant further agrees to keep the interior surfaces of the Premises, including, without limitation, windows, floors, walls, doors, showcases and fixtures in good condition and clean and neat in appearance.

(d) If Tenant fails to commence such repairs and/or maintenance for which Tenant is responsible under this Section 6 within a ten (10) business day period (or as soon as practical but in no event later than five (5) days, if the failure to initiate the repair threatens to cause further damage to the Premises) after written notice from Landlord and thereafter diligently prosecute the same to completion, then Landlord may (i) enter the Premises in accordance with the terms of Section 14.1, during Landlord's business hours and cause such repairs and/or maintenance to be made and shall not be responsible to Tenant for any loss or damage occasioned thereby and Tenant agrees that upon demand, it shall pay to Landlord the reasonable cost of any such repairs, not exceeding the amount of out-of-pocket expenses actually expended by Landlord, together with accrued interest from the date of Landlord's payment at the Agreed Rate, and (ii) upon an additional five (5) business days' notice to Tenant, elect to enter into a maintenance contract at a market rate for first-rate maintenance with a third party for the performance of Tenant's maintenance obligations which Tenant has not performed as required hereunder, whereupon, Tenant shall be relieved from its obligations to perform only those maintenance obligations covered by such maintenance contract, and Tenant shall bear the entire cost of such maintenance contract which shall be paid in advance, as Additional Rent, on a monthly basis with Tenant's Base Rent payments.

6.2 Maintenance of Project Common Areas. Landlord shall maintain, repair and replace all landscape, hardscape and other improvements within the Project Common Area and shall operate and manage the Athletic Facility and other Project Common Area features and facilities described in Section 2.2, including, without limitation, all landscape, hardscape and other improvements within the outside areas of Building 8 and the other Buildings located within the Project, including, without limitation, landscaping, curbs, walkways, driveways, roadways, parking areas and lighting, sprinkler, drainage, sewer, plumbing systems, except for damage, other than normal wear, caused by Tenant or its employees, agents, contractors, invitees or visitors (subject to the waiver of subrogation set forth herein) which shall be repaired by Landlord and the actual, fair market, out-of-pocket cost of which shall be paid by Tenant within thirty (30) days after presentation of Landlord's bill for same to the extent not covered by Landlord's insurance or insurance required to be carried by Landlord under this Lease. The cost and expense of Landlord's obligations hereunder shall be Operating Expenses as to which Tenant shall pay Tenant's Share pursuant to Section 4.5.

6.3 Alterations, Additions and Improvements. No alterations, additions, or improvements ("Alterations") shall be made to the Premises by Tenant without the prior written consent of Landlord, which consent Landlord will not unreasonably withhold, condition or delay and which consent shall be granted or denied within four (4) business days after such written request. In the event Landlord fails to promptly respond to such request, then Tenant may resubmit the same to Landlord's representative with a cover letter stating "Landlord's failure to respond within four (4) business days shall result in the deemed approval of the attached" in all capital letters and in bold face type. In the event Landlord thereafter fails to respond to the request for consent to Alterations by the date which is the later of the original response period set forth above or the four (4) business days following the second notice, then consent to such Alterations shall be deemed granted by Landlord. Notwithstanding the foregoing, Tenant may make Alterations (including removal and rearrangement of Alterations) which do not affect the

Building 8 systems, exterior appearance, structural components or structural integrity, which do not require a building permit and which do not exceed collectively Ten Thousand Dollars ($10,000.00) in cost within any twelve (12) month period, without Landlord's prior written consent; further provided, notwithstanding anything to the contrary set forth herein, Landlord's consent shall not be required for any Alteration that is of a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting, subject to compliance with the Rules and Regulations. As a condition to Landlord's obligation to consider any request for consent hereunder, Tenant shall reimburse Landlord within thirty (30) days following demand for the reasonable out-of-pocket costs and expenses of third party consultants, engineers, architects and others for reviewing plans and specifications and for monitoring the construction of any proposed Alterations. Landlord may require Tenant to remove any such Alterations at the expiration or sooner termination of the Lease Term and to restore the Premises to their prior condition pursuant to the terms of Section 18.9 hereof, provided that Landlord shall make such election, if at all, at the time consent to such Alteration is given, if such election is requested in writing of Landlord at such time by Tenant. All Alterations to be made to the Premises which require Landlord's consent shall be made under the supervision of a competent, California licensed architect and/or competent California licensed structural engineer (each of whom has been approved by Landlord) and shall be made in accordance with plans and specifications which have been furnished to and approved by Landlord in writing prior to commencement of work. All Alterations requiring a building permit shall be designed, constructed and installed at the sole cost and expense of Tenant by California licensed architects, engineers, and contractors approved by Landlord, in compliance with all Applicable Law, and in good and workmanlike manner, and shall have been approved in writing by Redwood City and any other applicable governmental agencies. Such approvals shall not be unreasonably withheld, conditioned or delayed by Landlord. Subject to Landlord's right to have Tenant retain ownership and remove same, any Alteration, including, without limitation, all lighting, electrical, heating, ventilation, air conditioning (with the exception of any portable cooling units which are not affixed to the Premises or any improvements therein in any way) and full height partitioning, drapery and carpeting installations made by Tenant, together with all property that has become an integral part of the Premises, shall not be deemed trade fixtures and shall become the property of Landlord at the expiration or sooner termination of this Lease, unless Landlord directs otherwise. Tenant shall retain title to all furniture and trade fixtures placed on the Premises by Tenant. Within thirty (30) days after completion of any Alteration requiring a building permit, Tenant shall provide Landlord with a complete set of both hard copies and CAD drawings of "as built" plans for the same. This Section shall not apply to any the Tenant Improvements performed in accordance with the Tenant Work Letter.

6.4 Covenant Against Liens. Tenant shall not allow any liens arising from any act or omission of Tenant to exist, attach to, be placed on, or encumber Landlord's or Tenant's interest in the Premises, Building 8 or the Project, or any portion of either, by operation of law or otherwise. Tenant shall not suffer or permit any lien of mechanics, material suppliers, or others to be placed against the Premises, Building 8 or the Project, or any portion of either, with respect to work or services performed or claimed to have been performed for Tenant or materials furnished or claimed to have been furnished to Tenant or the Premises. Landlord has the right at all times to post and keep posted on the Premises any notice that it considers necessary for

protection from such liens. At least ten (10) days before beginning construction of any Alteration, Tenant shall give Landlord written notice of the expected commencement date of that construction to permit Landlord to post and record a notice of nonresponsibility. If any such lien attaches, Tenant shall cause the lien to be immediately released and removed of record. Notwithstanding anything to the contrary set forth in this Lease, in the event that such lien is not released and removed on or before the date occurring fifteen (15 days after Landlord delivers notice of the lien to Tenant, Landlord, at its sole option, may immediately take all action necessary to release and remove such lien, without any duty to investigate the validity thereof, and of it. All expenses, (including reasonable attorney fees and the cost of any bond) incurred by Landlord in connection with a lien incurred by Tenant or its removal shall be deemed Additional Rent under this Lease and be immediately due and payable by Tenant. Notwithstanding the foregoing, if Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend and protect itself, Landlord and the Premises, Building 8 and the Project against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Landlord shall require, Tenant shall furnish a surety bond in an amount equal to one hundred fifty percent (150%) of the amount of such contested lien, claim or demand, indemnifying Landlord against liability for the same. If Landlord elects to participate in or is made a party to any such action, Tenant shall reimburse Landlord's reasonable attorneys' fees and costs, within ten (10) days after demand.

7. INSURANCE

7.1 Property/Rental Insurance for Premises. At all times during the Lease Term, Landlord shall keep the Premises (including Tenant Improvements and Alterations that are building standard office improvements), Building 8 and the Project insured for the full replacement cost thereof (excluding the land and other elements that are not customarily covered by "full replacement cost" insurance) against loss or damage by fire and those risks normally included in the term "all risk," extended coverage, fire and casualty insurance, and may obtain additional coverage for (without limitation) (i) earthquake and earthquake sprinkler leakage, (ii) flood, (iii) loss of rents and extra expense for eighteen (18) months, including scheduled rent increases, (iv) boiler and machinery, (v) fire damage legal liability form, including waiver of subrogation, and (vi) terrorist insurance. Tenant, as part of the Operating Expenses, shall pay Tenant's Share of any commercially reasonable deductibles in accordance with Section 4. Insurance may include a Building Ordinance and Increased Cost of Construction Endorsement insuring the increased cost of reconstructing the Premises incurred due to the need to comply with applicable statutes, ordinances and requirements of all municipal, state and federal authorities now in force, which or may be in force hereafter. Any recovery received from said insurance policy shall be paid to Landlord and thereafter applied by Landlord to the reconstruction of the Premises in accordance with the provisions of Section 8 below. Tenant, as part of the Operating Expenses, shall reimburse Landlord for Tenant's Share of the cost of the premiums for all such insurance in accordance with Section 4.

7.2 Property Insurance for Fixtures and Inventory. At all times during the Lease Term, Tenant shall, at its sole expense, maintain "special form" property insurance on any trade fixtures, furnishings, merchandise, equipment, artwork or other personal property and on all

Tenant Improvements and Alterations that are not building standard office improvements, whether or not presented to Landlord for its consent in or on the Premises, whether in place as of the date hereof or installed hereafter. The amount of such insurance shall not be less than one hundred percent (100%) of the replacement cost thereof with deductibles not greater than the greater of (a) Twenty Five Thousand Dollars ($25,000.00) or (b) a commercially reasonable deductible, and Landlord shall not have any responsibility nor pay any cost for maintaining any types of such insurance. Tenant shall pay all deductibles.

7.3 Landlord's Liability Insurance. During the Lease Term, Landlord shall maintain a policy or policies of commercial general liability insurance naming Landlord (and such others as designated by Landlord) against claims and liability for bodily injury, personal injury and property damage on or about the Premises and the Project, with combined single limit coverage in an amount not less than five million dollars ($5,000,000.00); provided that if such policy is a blanket policy that covers properties (other than the Project) owned by Landlord, only that portion allocable to the Project shall be payable hereunder. Tenant, in addition to the rent and other charges provided herein, agrees to pay Tenant's Share of the premiums for all such insurance in accordance with Section 4.

7.4 Liability Insurance Carried by Tenant. At all times during the Lease Term (and any holdover period) Tenant shall obtain and keep in force a commercial general liability policy of insurance protecting Tenant, Landlord and any lender(s) whose names are provided to Tenant as additional insureds against claims and liability for bodily injury, personal injury and property damage based upon involving or arising out of ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing a single limit coverage in amount of not less than Five Million Dollars ($5,000,000.00) per occurrence. The limits of said insurance required by this Lease as carried by Tenant shall not, however, limit the liability of Tenant nor relieve Tenant of any obligation hereunder. All insurance to be carried by the Tenant shall be primary to and not contributory with, any similar insurance carried by Landlord whose insurance shall be considered excess insurance only.

7.5 Proof of Insurance. Tenant shall furnish to Landlord prior to the Commencement Date, and at least thirty (30) days prior to the expiration date of any policy, certificates indicating that the property insurance and liability insurance required to be maintained by Tenant is in full force and effect for the twelve (12) month period following such expiration date; that Landlord has been named as additional insured on such property and liability insurance policies and, to the extent commercially available, Landlord has been named as an additional insured to the extent of contractual liability assumed in Section 7.7 "Indemnification"; and that all such policies will not be canceled unless thirty (30) days' prior written notice of the proposed cancellation has been given to Landlord. The insurance shall be with insurers approved by Landlord; provided, however, that such approval shall not be unreasonably withheld so long as Tenant's insurance carrier has a Best's Insurance Guide rating not less than A-VIII and is licensed to do business in California. Landlord shall furnish to Tenant reasonable evidence of its insurance coverage required hereunder (including evidence of insurance certificates) within fifteen (15) business days after demand made not more than once in any calendar year.

7.6 Mutual Waiver of Claims and Subrogation Rights. Landlord and Tenant hereby release and relieve the other, and waive their entire claim of recovery for loss or damage to property arising out of or incident to fire, lightning, and the other perils included in a standard "all risk" insurance policy of a type described in Sections 7.1 and 7.2 above, when such property constitutes the Premises or the Project, or is in, on or about the Premises or the Project, whether or not such loss, injury or damage is due to the negligence of Landlord or Tenant, or their respective agents, employees, guests, licensees, invitees, or contractors. Tenant and Landlord waive all rights of subrogation against each other on behalf of, and shall obtain a waiver of all subrogation rights from, all property and casualty insurers referenced above.

7.7 Indemnification and Exculpation.

(a) Except as otherwise provided in Section 7.6, Tenant shall indemnify, defend, protect and hold Landlord and Landlord's agents, advisors, employees, partners, members, shareholders, directors free and harmless from any and all liability, claims, loss, damages, causes of action (whether in tort or contract, law or equity, or otherwise), expenses, charges, assessments, fines, and penalties of any kind, including, without limitation, reasonable attorneys' fees, expert witness fees and costs (collectively, "**Claims**"), arising by reason of the death or injury of any person, including any person who is an employee, agent, invitee, licensee, permittee, visitor, guest or contractor of Tenant, or by reason of damage to or destruction of any property, including property owned by Tenant or by any person who is an employee, agent, invitee, permittee, visitor, or contractor of Tenant, to the extent caused (1) while that person or property is in or about the Premises; (2) by some condition of the Premises; (3) by some negligent act or omission by Tenant or its agent, employee, licensee, invitee, guest, visitor or contractor or any person in, adjacent, on, or about the Premises with the permission, consent or sufferance of Tenant; (4) by any matter connected to or arising out of Tenant's occupation and use of the Premises; or (5) by any breach or default in timely observance or performance of any obligation on Tenant's part to be observed or performed under this Lease; provided that, in no event shall Tenant be required to indemnify Landlord or Landlord's Parties with respect to any Claim to the extent caused by the negligence or willful misconduct of Landlord or any of Landlord's Parties or any breach or default in timely observance or performance of any obligation on Landlord's part to be observed or performed under this Lease.

(b) To the extent not prohibited by Applicable Law, Tenant hereby waives all Claims against Landlord for damages to goods, wares and merchandise and all other personal property in, on or about the Premises and for injury or death to persons in, on or about the Premises from any cause arising at any time to the fullest extent permitted by law. Notwithstanding the provisions of Section 7.7(a) above, or any other provision of this Lease, in no event shall Tenant or Landlord be liable (i) for lost profits or other consequential damages arising from any cause or (ii) for any damage which is or could be covered by the insurance Tenant or Landlord, as applicable, is required to carry under this Lease.

(c) In no event shall either party be liable for any damage which is covered by the insurance the other party is required to carry under this Lease or to the extent it would be covered but for the other party's failure to carry same.

8. DAMAGE OR DESTRUCTION

8.1 Destruction of the Premises. If the Premises are damaged or destroyed by any cause, Landlord shall notify Tenant (the "**Casualty Notice**") within sixty (60) days after such damage or destruction whether, in the good faith opinion of Landlord's licensed contractor, the repair of such damage can reasonably be completed within twelve (12) months from the date of such Casualty Notice. If, in the good faith opinion of Landlord's licensed contractor, the damage to the Premises cannot be repaired within twelve (12) months from the date of such Casualty Notice Landlord and Tenant shall each be permitted to terminate this Lease upon written notice to the other upon a termination to be effective as of the date of the casualty. If, in the good faith opinion of Landlord's licensed contractor, the damage to the Premises can be repaired within twelve (12) months from the date of such Casualty Notice or if either Landlord or Tenant does not terminate the Lease as provided hereinabove, then Landlord shall forthwith conduct the repair of the Premises, including any Tenant Improvements (as defined in ***Exhibit F***) and Alterations that are Building standard as well as Common Areas serving or providing access to the Premises to substantially the same condition as existed prior to the casualty, except for modifications required by zoning and building codes and other laws and diligently pursue the same to completion, but such destruction shall in no way annul or void this Lease, provided that Tenant shall be entitled to a proportionate credit for rent to the extent the damage and Landlord's repair period interfere with Tenant's use of the Premises. Landlord shall use diligence in making repairs within a reasonable time period, subject to the Force Majeure provisions of Section 18.19, in which instance the time period shall be extended accordingly, and this Lease shall remain in full force and effect, with the rent to be proportionately reduced as provided above in this Section, provided, however, if the repairs are not completed within twelve (12) months following the date of the Casualty Notice (regardless of the time estimate for completion of the repairs and expressly excluding any additional time period for Force Majeure), then Tenant shall have the right to terminate this Lease by delivering written notice thereof to Landlord within ten (10) days after the expiration of the twelve (12) month period, with any such termination effective as of the date of the casualty. If the Premises are damaged by any peril within twelve (12) months prior to the last day of the Lease Term, and if Tenant has not previously exercised its Option to Extend, then either Landlord or Tenant may terminate this Lease on thirty (30) days' written notice to the other party, provided that, in the event Landlord terminates the Lease in accordance with the immediately foregoing provision, Landlord's termination notice shall be ineffective if Tenant shall deliver to Landlord a notice of exercise of Tenant's Option to Extend within ten (10) business days following receipt of notice from Landlord. In the event of any termination of this Lease effected in accordance with this Section 8.1, the parties hereto shall thereafter be freed and discharged of all further obligations hereunder, except as provided for in provisions of this Lease which survive the expiration or earlier termination of the Lease Term.

8.2 Waiver of Civil Code Remedies. Tenant hereby expressly waives any rights to terminate this Lease upon damage or destruction to the Premises or the Project, including, without limitation, any rights pursuant to the provisions of Section 1932, Subdivisions 1 and 2 and Section 1933, Subdivision 4, of the California Civil Code, as amended from time-to-time, and the provisions of any similar law hereinafter enacted.

8.3 Abatement of Rentals. The Base Rent, Additional Rent and other charges due under this Lease shall be reduced or abated by reason of any damage or destruction to the Premises as provided in Section 8.1 above. Tenant shall have no claim against Landlord, including, without limitation, for compensation for inconvenience or loss of business, profits or goodwill during any period of repair or reconstruction.

8.4 No Liability for Tenant's Alterations or Personal Property. In no event shall Landlord have any liability for, nor shall it be required to repair or restore, any injury or damage to Tenant's Alterations or personal property or to any other personal property of other in or upon the Premises or the Project.

9. REAL PROPERTY TAXES

9.1 Payment of Taxes.

(a) Landlord shall pay all real property taxes, including any escaped or supplemental tax and any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license, fee, charge, excise or imposition ("**real property tax**"), imposed, assessed or levied on or with respect to the Project by any Federal, State, County, City or other political subdivision or public authority having the direct or indirect power to tax, including, without limitation, any improvement district or any community facilities district (including with respect to a district established for purposes of constructing the Seaport Boulevard improvements and other improvements as required in the Development Agreement or by the City of Redwood City ("**Community Facility District Bond**"), as against any legal or equitable interest of Landlord in the Project or against the Project or any part thereof applicable to the Project for all periods of time included within the Lease Term (as the same may be extended and during any holdover period), as well as any government or private cost sharing agreement assessments made for the purpose of augmenting or improving the quality of services and amenities normally provided by government agencies and any tax, fee, charge, imposition or excise described in subsection (b) below. Tenant's Share of all such payments shall be payable as part of Operating Expenses pursuant to Section 4.7(b). Notwithstanding the foregoing, Tenant shall not be required to pay (i) any net income taxes, franchise taxes, transfer taxes or any succession, estate or inheritance taxes of Landlord or any penalties due to Landlord's late or non-payment of any real property taxes.

(b) If at any time during the Lease Term, the State of California or any political subdivision of the state, including any county, city, city and county, public corporation, district, or any other political entity or public corporation of this state, levies or assesses against Landlord a tax, fee, charge, imposition or excise on rents under this Lease, the square footage of the Premises or the Project, the act of entering into this Lease or on the business of renting real property, or the occupancy of Tenant, or levies or assesses against Landlord any other tax, fee, or excise, however described, including, without limitation, a so-called value added, business license, transit, commuter, environmental or energy tax fee, charge or excise or imposition related to the Project or any assessment, tax, fee, levy, or charge allocable to or measured by the area of the premises or the rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of said rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or

occupancy by Tenant of the Premises or any portion thereof, or any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, or any tax on the rent, right to rent or any other income from the Project, or any portion thereof, or as against the business of leasing the Project or any portion thereof, as a direct substitution in whole or in part for, or in addition to, any real property taxes on the Project the same shall be included in Operating Expenses. Tenant's obligation with respect to the aforesaid substitute taxes shall be limited to the amount thereof as computed at the rates that would be payable if the Project were the only property of Landlord.

(c) Landlord shall provide Tenant with copies of all tax and assessment bills on the Premises promptly upon Landlord's receipt of Tenant's written request therefor. Landlord shall also promptly provide to Tenant evidence of payment upon Landlord's receipt of Tenant's written request therefor.

(d) With respect to assessments which may lawfully be paid in installments, for the purpose of inclusion in Operating Expenses, real property tax in any period shall include only such minimum portion of the same which is payable within or with respect to such period and any interest or premium imposed by the assessing authority with respect to the installment payments, computed (whether or not such is the case) as if Landlord had elected to pay the same over the longest period permitted by law.

9.2 Proration for Partial Years. If any such taxes paid by Tenant shall cover any period prior to the Commencement Date or after the Expiration Date of the Lease Term, Tenant's Share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect, and Landlord shall reimburse Tenant to any extent required.

9.3 Personal Property Taxes.

(a) Tenant shall pay prior to delinquency all taxes imposed, assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. When possible and commercially reasonable, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

(b) If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant within thirty (30) days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

(c) If Tenant shall fail to pay any such taxes, Landlord shall have the right to pay the same, in which case Tenant shall repay such amount to Landlord with Tenant's next rent installment together with interest at the Agreed Rate.

10. UTILITIES

10.1 Tenant to Pay. Tenant shall pay prior to delinquency and throughout the Lease Term, all charges for water, gas, heating, cooling, sewer, telephone, electricity, garbage, air conditioning and ventilation, janitorial service, landscaping and all other services and utilities supplied to the Premises, including Tenant's Share of any such services or utilities which are not separately metered for the Premises. Landlord may, at Tenant's expense, install devices which separately meter Tenant's consumption of utilities. The disruption, failure, lack or shortage of any service or utility with respect to the Premises, Building 8 or the Project due to any cause whatsoever shall not affect any obligation of Tenant hereunder, and Tenant shall faithfully keep and observe all the terms, conditions and covenants of this Lease and pay all rent due hereunder, all without diminution, credit or deduction, provided that, to the extent the cause is the failure of Landlord to observe or perform an obligation of Landlord, hereunder then Landlord shall initiate the cure of such failure, to the extent reasonably possible, immediately after receipt from Tenant of notice of the failure and Landlord, to the extent possible, shall thereafter diligently prosecute said cure to completion. Notwithstanding the foregoing, with respect to any non-separately metered utilities, Landlord may equitably adjust Tenant's Share of any such utilities in the event that Building 8 or the Project, as applicable, has not been one hundred percent (100%) occupied during the applicable billing period.

11. ASSIGNMENT AND SUBLETTING

11.1 Landlord's Consent Required. Except as provided in Section 11.2, Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, license or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises or any part thereof ("**Transfer**") to any other person ("**Transferee**"), without Landlord's prior written consent, which Landlord shall not unreasonably withhold or condition. Landlord shall respond in writing to Tenant's request for consent hereunder within ten (10) business days after Landlord's receipt of such a Transfer Consent Request (as defined in Section 11.5 below) and any attempted Transfer without such consent shall be void, and shall constitute a default of this Lease subject to any applicable notice and cure periods. By way of example, but not limitation, reasonable grounds for denying consent include: (i) poor credit history or insufficient financial strength of the proposed Transferee in light of the responsibilities involved under the Transfer on the date consent is requested, or (ii) an intended use of the Premises by the proposed Transferee is inconsistent with the permitted use. Tenant shall reimburse Landlord upon demand for Landlord's actual, documented and reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees, architect fees and engineering fees) involved in reviewing any request for consent whether or not consent is granted.

11.2 Tenant Affiliates. Except as provided for herein, Tenant may Transfer the Premises, or any portion thereof, to any entity which controls, is controlled by, or is under common control with Tenant, or to any entity resulting from the merger or consolidation with or reorganization of Tenant (or of an entity which is controlled by, controls or is under common control with Tenant), or to any person or entity which acquires all or substantially all of the interests of Tenant (partnership, membership, stock or otherwise) or all or substantially all of the

assets of Tenant (or of an entity which is controlled by, controls or is under common control with Tenant) as a going concern of the business that is being conducted on the Premises (collectively, an "**Affiliate**"), without the prior consent of Landlord and shall not be subject to the payment of excess rent as provided in Section 11.4 and/or Landlord's rights of recapture under Section 11.6; provided, however, said assignee or sublessee assumes, in full and in writing, the obligations of Tenant under this Lease; provided, further, the use to which the Premises will be put complies with the terms of Section 5; and provided, further, that each such Transfer shall not be effective (unless Landlord waives this requirement in writing) until Tenant has delivered a copy of the executed Transfer document(s) and detailed information concerning the ownership and financial status of the Affiliate, including, without limitation, the basis for its qualification as an Affiliate. Any Affiliate to whom this Lease is assigned as a result of a merger, consolidation or other Transfer which results in the elimination of Tenant is a viable entity shall require the prior written consent of Landlord if such Affiliate has a net worth less than the net worth of Tenant as of the date of this Lease. In addition, any transaction or series of transactions in which an equity interest in Tenant is transferred or any use or occupancy of portions of the Premises by a party or parties in connection with the transaction of business with Tenant or with an entity which is controlled by, controls or is under common control with Tenant shall be deemed a Transfer hereunder but such parties or entities shall also be defined as "Affiliates" hereunder; as such, such transactions shall not be subject to Landlord's consent or payment of excess rents. Any such Transfer shall not, in any way, affect or limit the liability of Tenant under the terms of this Lease. Any portion of the Premises which is assigned or sublet to an Affiliate of Tenant shall not be included in the calculation of subleased, assigned or transferred Rentable Area for the purposes of Section 11.6. Notwithstanding anything to the contrary in this Lease, the transfer of outstanding capital stock or other listed equity interests, or the purchase of outstanding capital stock or other listed equity interests, or the purchase of equity interests issued in an initial public offering of stock, through the "over-the-counter" market or any recognized national or international securities exchange shall not be deemed a Transfer hereunder. In addition, notwithstanding anything to the contrary in this Lease, the infusion of additional venture capital equity financing in Tenant shall not be deemed a Transfer for purposes of this Lease.

11.3 No Release of Tenant. Regardless of Landlord's consent, no Transfer shall release Tenant of Tenant's obligation or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any other person shall not be deemed consent to any subsequent Transfer. In the event of a failure to timely observe or perform an obligation of Landlord hereunder by any Transferee of Tenant or any successor of Tenant, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said Transferee.

11.4 Excess Rent. In the event Landlord shall consent to a Transfer, Tenant shall pay to Landlord with its regularly scheduled Base Rent payments, fifty percent (50%) of any Transfer Premium (as defined below) actually received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable (in lieu of or in addition to rent) by such Transferee in connection with the Transfer (as opposed to the sale of the business or assets at fair market value) and without any premium for Transfer of leasehold rights (i.e., deal must include payment of fair market value by Transferee) in excess of the Base Rent

and Additional Rent payable by Tenant under this Lease during the term of the Transfer, on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant in connection with such Transfer for (i) any fair market brokerage commission incurred by Tenant in connection with the Transfer, (ii) reasonable attorneys' fees incurred by Tenant in connection with the Transfer and (iii) any changes, alterations and improvements to the Premises in connection with the Transfer, (collectively, "**Subleasing Costs**"). "Transfer Premium" shall also include, but not be limited to, key money and bonus money or other cash consideration for rent or in lieu of rent paid by Transferee to Tenant in connection with such Transfer (as opposed to the sale of the business or assets), and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer.

11.5 Information to be Provided. Tenant's written request to Landlord for consent to a Transfer shall be accompanied by (a) the name and legal composition of the proposed Transferee; (b) the nature of the proposed Transferee's business to be carried on in the Premises; (c) a true, complete and correct copy of the executed Transfer agreement; and (d) such financial and other reasonable information as Landlord may reasonably request concerning the proposed Transferee (collectively "**Transfer Consent Request**").

11.6 Landlord's Recapture Rights.

(a) *Landlord's Recapture Rights*. Notwithstanding any other provision of this Section 11, in the event that Tenant proposes to Transfer to any person or entity not an Affiliate of Tenant any interest in this Lease or the Premises or any part thereof affecting (collectively with all other such other Transfers then in effect) (such affected portion of the Rentable Area of the Premises is hereafter designated "**Recapture Space**"), Tenant shall give Landlord written notice (the "**Intention to Transfer Notice**") of such contemplated Transfer. The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer (the "**Contemplated Recapture Space**") and the contemplated date of commencement of the Contemplated Transfer (the "Contemplated Effective Date"). Thereafter, Landlord shall have the option, by giving written notice to Tenant within ten (10) business days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Recapture Space. Such recapture shall cancel and terminate this Lease with respect to such Contemplated Recapture Space as of the Contemplated Effective Date until the last day of the Lease Term (the "**Recapture Term**"). For purposes of this Section 11.6 only, Affiliate shall be deemed to include First Virtual Group, Inc., a Delaware corporation and The Thomas and Stacey Siebel Foundation.

(b) *Consequences of Recapture*. In the event of a recapture by Landlord, to determine the new Base Rent under this Lease following a recapture, the then current Base Rent (immediately before Landlord's recapture) under this Lease shall be multiplied by a fraction, the numerator of which is the square feet of the Rentable Area retained by Tenant after Landlord's recapture and the denominator of which is the total square feet of the Rentable Area immediately before Landlord's recapture. The Additional Rent, to the extent that it is calculated on the

Rentable Area of the Premises, shall be adjusted to reflect Tenant's Share based on the Rentable Area of the Premises retained by Tenant after Landlord's recapture. This Lease as so amended shall continue thereafter in full force and effect. Either party may require written confirmation of the amendments to this Lease necessitated by Landlord's recapture of the Recapture Space. If Landlord recaptures the Recapture Space, Landlord shall, at Landlord's sole expense, promptly construct, paint, and furnish any partitions required to segregate the Recapture Space from the remaining Premises retained by Tenant as well as arrange separate metering of utilities and repair any damage created by the partition.

12. DEFAULTS; REMEDIES

12.1 Defaults. The occurrence of any one or more of the following events shall constitute an "Event of Default" by Tenant:

(a) The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, if such failure continues for a period of five (5) business days after written notice thereof from Landlord to Tenant. In the event that Landlord serves Tenant with a Notice to Pay Rent or Quit in the form required by applicable Unlawful Detainer statutes such Notice shall constitute the notice required by this paragraph, provided that the cure period stated in the Notice shall be five (5) business days rather than the statutory three (3) days;

(b) Tenant's failure to provide (i) any supplemental letter of credit as required by Section 4.6, (ii) any instrument or assurance as required by Section 7.5, (iii) estoppel certificate as required by Section 15.1, or (iv) any document subordinating this Lease to a Lender's deed of trust as required by Section 18.12, if any such failure continues for five (5) business days after written notice of the failure to comply within the time periods set forth in such sections;

(c) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in subsection (a) or (b) above, if such failure continues for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty(30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) business day period and thereafter diligently prosecutes such cure to completion;

(d) (i) The making by Tenant of any general arrangement or assignment for the benefit of creditors; (ii) the filing by Tenant of a voluntary petition in bankruptcy under Title 11 U.S.C. or the filing of an involuntary petition against Tenant which remains uncontested for a period of sixty days; (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease; provided, however, in the event that any provisions of this Section 12.1(d) is contrary to any Applicable Law, such provision shall be of no force or effect; and

(e) The discovery by Landlord that any financial statement given to Landlord by Tenant, or any guarantor of Tenant's obligations hereunder, was materially false.

12.2 Remedies. In the event of any Event of Default by Tenant, Landlord may at any time thereafter, and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such Event of Default:

(a) Terminate Tenant's right to possession of the Premises by any lawful means including by way of unlawful detainer (and without any further notice if a notice in compliance with the unlawful detainer statutes and in compliance with subsection (a) of Section 12.1 above has already been given), in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, (i) the cost of recovering possession of the Premises including reasonable attorneys' fees related thereto; (ii) the worth at the time of the award of any unpaid rent that had been earned at the time of the termination, to be computed by allowing interest at the Agreed Rate but in no case greater than the maximum amount of interest permitted by law, (iii) the worth at the time at the time of the award of the amount by which the unpaid rent that would have been earned between the time of the termination and the time of the award exceeds the amount of unpaid rent that Tenant proves could reasonably have been avoided, to be computed by allowing interest at the Agreed Rate but in no case greater than the maximum amount of interest permitted by law, (iv) the worth at the time of the award of the amount by which the unpaid rent for the balance of the Lease Term after the time of the award exceeds the amount of unpaid rent that Tenant proves could reasonably have been avoided, to be computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%), (v) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform obligations under this Lease, including brokerage commissions and advertising expenses, expenses or remodeling the Premises for a new tenant (whether for the same or a different use), and any special concessions made to obtain a new tenant to the extent permitted by Applicable Law, and (vi) any other amounts, in addition to or in lieu of those listed above, that may be permitted by Applicable Law.

(b) Maintain Tenant's right to possession as provided in Civil Code Section 1951.4 in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state of California. Unpaid amounts of rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the Agreed Rate.

12.3 Default by Landlord. Landlord shall not be in default under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than (i) with respect to Landlord's failure to pay any amounts due to Tenant hereunder on a date as to which Tenant has given Landlord at least thirty (30) days' prior written

notice, five (5) business days of notice from Tenant that the same was not paid when due, (ii) with respect to Landlord's failure to perform any other of its obligations hereunder, ten (10) business days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying that Landlord has failed to perform such obligation; provided, however, in connection with a matter covered by clause (ii) above, if the nature of Landlord's obligation is such that more than ten (10) business days are reasonably required for performance then Landlord shall not be in default if Landlord commences performance within such ten (10) business day period and thereafter diligently prosecutes the same to completion. Tenant waives any right to terminate this Lease or to vacate the Premises on Landlord's default under this Lease. Tenant's sole remedy on Landlord's default is an action for damages or injunctive or declaratory relief. Notwithstanding the foregoing, nothing herein shall be deemed applicable in the event of Landlord's delay in delivery of the Premises. In that situation, all rights and remedies shall be determined under Section 3.1 above.

12.4 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designated agent within five (5) days after such amount is due, Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of rent, then rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding Section 4.1 or any other provision of this Lease to the contrary. No late payment to Landlord may be assessed a late charge more than once.

12.5 Landlord's Right to Perform Tenant's Obligations. All obligations to be performed or observed by Tenant under this Lease shall be performed or observed by Tenant at Tenant's expense and without any reduction of rent, except to the extent otherwise expressly provided in this Lease in Sections 8, 12 and 13. Landlord may perform or observe any obligation of Tenant that Tenant has failed to observe or perform timely and that is in default hereunder (beyond all applicable notice and cure periods unless the failure constitutes a violation of law or exposes Landlord to liability to a third party or a governmental agency or threatens damage to the Premises or the Project), without waiving Landlord's other rights and remedies for Tenant's failure to perform or observe any obligations under this Lease and without releasing Tenant from any such obligations. Within thirty (30) days after receiving a statement from Landlord, Tenant shall pay to Landlord the amount of expense reasonably incurred by Landlord in performing or observing Tenant's obligation, together with interest thereon at the Agreed Rate.

13. CONDEMNATION OF PREMISES

13.1 Total Condemnation. If the entire Premises, whether by exercise of governmental power or the sale or transfer by Landlord to any condemnor under threat of condemnation or while proceedings for condemnation are pending, at any time during the Lease Term, shall be taken by condemnation such that there does not remain a portion suitable for occupation, this Lease shall then terminate as of the date transfer of possession is required. Upon such condemnation, all rent shall be paid up to the date transfer of possession is required, and Tenant shall have no claim against Landlord or the condemnor or the award for the value of the unexpired portion of this Lease Term.

13.2 Partial Condemnation. If any portion of the Premises is taken by condemnation during the Lease Term, whether by exercise of governmental power or the sale for transfer by Landlord to an condemnor under threat of condemnation or while proceedings for condemnation are pending, this Lease shall remain in full force and effect except that in the event a partial taking (i) is more than fifteen percent (15%) of the total square footage of the Premises; and (ii) as a result thereof, Tenant is unable to conduct its business operations in the Premises in substantially the same manner such business operations were conducted prior to such taking while still retaining substantially the same material rights and benefits it bargained to receive under this Lease, then Landlord and Tenant shall have the right to terminate this Lease effective upon the date transfer of possession is required. Tenant and Landlord may elect to exercise their respective rights to terminate this Lease pursuant to this Section by serving written notice to the other within thirty (30) days after receipt of notice of condemnation. All rent shall be paid up to the date of termination, and Tenant shall have no claim against Landlord or the condemnor or the award for the value of any unexpired portion of the Lease Term. If this Lease shall not be terminated, the rent after such partial taking shall be that percentage of the adjusted Base Rent specified herein, equal to the percentage which the square footage of the untaken part of the Premises, immediately after the taking, bears to the square footage of the entire Premises immediately before the taking. If Tenant's continued use of the Premises requires alterations and repair by reason of a partial taking, all such alterations and repair shall be made by Landlord at its sole cost and expense. Tenant waives all rights it may have under California Code of Civil Procedure Section 1265.130 or otherwise, to terminate this Lease based on partial condemnation.

13.3 Award to Tenant. In the event of any condemnation, whether total or partial, Tenant shall have the right to claim and recover from the condemning authority such compensation as may be separately awarded or recoverable by Tenant for loss of unamortized costs of the leasehold improvements made at the cost of Tenant, and business fixtures, equipment and personal property belonging to Tenant immediately prior to the condemnation, moving expenses and goodwill. The balance of any condemnation award shall belong to Landlord (including, without limitation, any amount attributable to any excess of the market value of the Premises for the remainder of the Lease Term over the then present value of the rent payable for the remainder of the Lease Term) and Tenant shall have no further right to recover from Landlord or the condemning authority for any claims arising out of such taking.

14. ENTRY BY LANDLORD

14.1 Entry by Landlord Permitted. In compliance with Tenant's reasonable security arrangements, Tenant shall permit Landlord and its employees, agents and contractors to enter the Premises and all parts thereof (i) upon forty-eight (48) hours' prior written notice (or without notice in an emergency), including, without limitation, Building 8 and all parts thereof at all reasonable times for any of the following purposes: to inspect the Premises; to maintain the Premises; to make such repairs to the Premises as Landlord is obligated or may elect to make; to make repairs, alterations or additions to any other portion of the Premises, and (ii) upon forty-eight (48) hours' oral notice to Tenant's office manager, to show the Premises and post "To Lease" signs for the purposes of reletting during the last twelve (12) months of the Lease Term or extended Lease Term (provided that Tenant has failed to exercise its option to extend such current term) and at any time during the Lease Term, to show the Premises as part of a prospective sale or financing by Landlord or to post notices of non-responsibility; provided, however, that any such entry shall be accomplished reasonably expeditiously and in a manner so as to cause reasonably little interference to Tenant and shall be performed after business hours if reasonably practical. Landlord acknowledges and agrees that Tenant may require that Landlord be accompanied by an employee of Tenant during any such entry into the Premises by Landlord; provided, however, that in no event shall the unavailability of such escort at the time that Landlord is permitted to enter the Premises delay Landlord's entry into the Premises as permitted hereunder. Even in emergency situations, Landlord shall use commercially reasonable efforts (with commercially reasonable meaning in the circumstances of the emergency) to minimize any disruption to Tenant's business operations. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Landlord shall have such rights of entry without any rebate of rent or payment of any sum to Tenant for any loss of occupancy or quiet enjoyment of the Premises hereby occasioned.

15. ESTOPPEL CERTIFICATE

15.1 Estoppel Certificate.

(a) Tenant shall at any time upon not less than ten (10) business days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (i) certifying, if true, that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying, if true, that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging, if true, that there are not, to Tenant's actual knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed and (iii) certifying or acknowledging, if true, such other matters as are reasonably requested by any prospective lender or buyer which are reasonably related to the loan or sale transaction. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) If Tenant does not deliver such statement within five (5) business days following a second written notice to Tenant of Tenant's failure to return such statement within the initial ten (10) business day period, then Landlord may charge Tenant a per diem late fee equal to Two

Hundred Fifty Dollars ($250.00) per day for each day after such additional five (5) business day period until the fully-executed estoppel certificate is delivered to Landlord.

16. LANDLORD'S LIABILITY

16.1 Limitations on Landlord's Liability. The term "Landlord" as used herein shall mean only the owner or owners at the time in question of the fee title of the Premises. In the event of any transfer of such title or interest, Landlord herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Landlord's obligations thereafter to be performed, so long as any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be delivered or credited to the grantee. The obligations contained in this Lease to be performed by Landlord shall, subject as aforesaid, be binding on Landlord's successors and assigns, only during their respective periods of ownership. For any breach of this Lease by Landlord, the liability of Landlord (including all persons and entities that comprise Landlord, and any successor Landlord) and any recourse by Tenant against Landlord shall be limited to the interest of Landlord, and Landlord's successors in interest, in and to the Project (together with any rent, sales, insurance and condemnation proceeds actually received by Landlord and not subject to any superior rights of third parties). Except as provided in the immediately foregoing sentence, Tenant, on behalf of itself and all persons claiming by, through, or under Tenant, expressly waives and releases Landlord and each member, agent and employee of Landlord from any personal liability for breach of this Lease.

17. RIGHT OF FIRST REFUSAL

17.1 Subject to the terms of this Section 17, Tenant shall have an ongoing right of first refusal (the "**Right of First Refusal**") during the Lease Term to lease space on the third (3rd) or fourth (4th) floors of Building 8. The Right of First Refusal is personal to Tenant and any assignee that is an Affiliate and may not be exercised by any other successor or assign of Tenant. The Right of First Refusal shall be effective only if there is not an Event of Default by Tenant under this Lease, nor has any event occurred which with the giving of notice or the passage of time, or both, would constitute an Event of Default by Tenant hereunder, either at the time of the applicable exercise of the Right of First Refusal or on the applicable First Refusal Commencement Date (as hereinafter defined).

17.2 In the event that Landlord receives a bona fide offer (an "**Offer**") from a third party ("**Third Party Offeree**") to lease all or a portion of the third (3rd) floor of Building 8 (the space that is the subject of such Offer being herein referred to as the "**First Refusal Space**"), then Landlord shall notify Tenant in writing of the terms and conditions of such Offer (each such written notice being herein referred to as a "**First Refusal Space Availability Notice**"). Tenant shall thereafter have the right to lease such First Refusal Space on the terms and conditions specified in the First Refusal Space Availability Notice by written notice (a "**First Refusal Acceptance Notice**") to Landlord given not later than five (5) business days after Tenant's receipt of the First Refusal Space Availability Notice. In the event Tenant fails to exercise its Right of First Refusal with respect to any First Refusal Space in a timely manner as provided herein, Landlord shall have the right to lease the First Refusal Space to the Third Party Offeree

or any other party on substantially the same terms as the Offer within sixty (60) days after the expiration of the five (5) business day period.

17.3 If Tenant validly exercises such Right of First Refusal, then (i) Tenant's lease of the applicable First Refusal Space shall commence on a date (a "**First Refusal Commencement Date**") specified in the First Refusal Space Availability Notice, (ii) the First Refusal Space shall be leased to Tenant upon the terms and conditions set forth in the applicable First Refusal Space Availability Notice, (iii) Tenant's Share of the Project shall be increased to reflect the applicable First Refusal Space, and (iv) except to the extent that the applicable First Refusal Space Availability Notice provides otherwise, the First Refusal Space shall be delivered to Tenant in its "As-Is" condition on the First Refusal Commencement Date, Tenant acknowledging and agreeing that Landlord shall have no obligation to improve, remodel or otherwise alter such First Refusal Space prior to or after the First Refusal Commencement Date, except to the extent expressly provided in the First Refusal Space Availability Notice. If Tenant exercises its Right of First Refusal, the parties shall enter into an amendment to this Lease reflecting the lease by Tenant of the applicable First Refusal Space.

17.4 In the event Tenant exercises its Right of First Refusal with respect to any First Refusal Space, then from and after the applicable First Refusal Commencement Date, the term "Premises," whenever used in this Lease, shall mean the original Premises demised under this Lease and any such First Refusal Space. Additionally, in the event Tenant exercises its Right of First Refusal and the Lease Term with respect to any First Refusal Space as set forth in the First Refusal Availability Notice extends beyond the Lease Term then in effect respecting the original Premises, then the Lease Term respecting the original Premises demised under this Lease shall be extended such that the Lease Term shall be coterminous for the original Premises and the First Refusal Space with the Base Rent for the original Premises increasing by three percent (3%) on the first day following the date the Lease Term would have otherwise expired and on each annual anniversary thereafter. This Right of First Refusal shall continue in effect throughout the term of this Lease, as amended, with respect to all First Refusal Space notwithstanding any prior failure by Tenant to exercise its Right of First Refusal with respect to any First Refusal Space, provided that the Right of First Refusal shall not be applicable (i) to any renewal of any then existing lease of First Refusal Space (provided Landlord shall previously offered such First Refusal Space to Tenant as required by this Article 18), or (ii) to any expansion option or similar right granted to any other existing tenant as of the date of this Lease in the Project pursuant to its lease. To the best of Landlord's knowledge, there is only one lease in the Project which contains rights to the First Refusal Space that are superior to the Right of First Refusal granted to Tenant herein (i.e., the rights granted under the leases to the tenant commonly known Abbott Biotherapeutics Corp.)

18. GENERAL PROVISIONS

18.1 ***Severability***. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

18.2 ***Agreed Rate Interest on Past-Due Obligations***. Except as expressly herein provided, any amount due to either party not paid when due shall bear interest at the lesser of (a) the Bank of America prime rate plus one percent (1%), or (b) the maximum rate allowed by law

("**Agreed Rate**"). Payment of such interest shall not excuse or cure any default by Tenant or Landlord under this Lease. Despite any other provision of this Lease, the total liability for interest payments shall not exceed the limits, if any, imposed by the usury laws of the State of California. Any interest paid in excess of those limits shall be refunded to the payor by application of the amount of excess interest paid against any sums outstanding in any order that payee requires. If the amount of excess interest paid exceeds the sums outstanding, the portion exceeding those sums shall be refunded in cash to the payor by the payee. To ascertain whether any interest payable exceeds the limits imposed, any nonprincipal payment (including late charges) shall be considered to the extent permitted by law to be an expense or a fee, premium, or penalty rather than interest.

18.3 Time of Essence. Time is of the essence in the performance of all obligations under this Lease. Whenever in this Lease a payment is required to be made by one party to the other, but a specific date for payment is not set forth or a specific number of days within which payment is to be made is not set forth, or the words "immediately," "promptly," and/or "on demand," or their equivalent, are used to specify when such payment is due, then such payment shall be due thirty (30) days after the date that the party which is entitled to such payment sends Notice to the other party demanding such payment.

18.4 Additional Rent. Any monetary obligations of Tenant to Landlord under the terms of this Lease shall be deemed to be Additional Rent and Landlord shall have all the rights and remedies for the nonpayment of same as it would have for nonpayment of Base Rent, except that the one year requirement of Code of Civil Procedure Section 1161(2) shall apply only to scheduled installments of Base Rent and not to any Additional Rent. All references to "rent" (except specific references to either Base Rent or Additional Rent) shall mean Base Rent and Additional Rent.

18.5 Incorporation of Prior Agreements, Amendments and Exhibits. This Lease (including the Exhibits hereto, which are hereby incorporated into this Lease) contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Tenant hereby acknowledges that neither Landlord nor any employees or agents of Landlord has made any oral or written warranties or representations to Tenant relative to the condition or use by Tenant of said Premises and Tenant acknowledges that Tenant assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all Applicable Laws and regulations in effect during the Lease Term except as otherwise specifically stated in this Lease. Neither party has been induced to enter into this Lease by, and neither party is relying on, any representation or warranty outside those expressly set forth in this Lease.

18.6 Notices.

(a) *Written Notice*. Any notice required or permitted to be given hereunder shall be in writing and shall be given by a method described in subsection (b) below and shall be addressed to Tenant or to Landlord at the addresses noted below, next to the signature of the respective

parties, as the case may be. Either party may by notice to the other specify a different address for notice purposes. A copy of all notices required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by notice to Tenant, but delay or failure of delivery to such person shall not affect the validity of the delivery to Landlord or Tenant.

(b) *Methods of Delivery*.

(i) When personally delivered to the recipient, notice is effective on delivery. Delivery to the person apparently designated to receive deliveries at the subject address is personally delivered if made during business hours (e.g., receptionist).

(ii) When mailed by certified mail with return receipt requested, notice is effective on receipt if delivery is confirmed by a return receipt.

(iii) When delivery by overnight delivery Federal Express/Airborne/United Parcel Service/DHL WorldWide Express with charges prepaid or charged to the sender's account, notice is effective on delivery if delivery is confirmed by the delivery service.

(c) *Refused, Unclaimed or Undeliverable Notices*. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of the absence of or the act or omission of the party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed, or considered undeliverable by the postal authorities, messenger, or overnight delivery service.

18.7 Waivers. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach of the same or any other provisions by either party hereto unless expressly waived in a writing signed by such waiving party. Any consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of consent to or approval of any subsequent act. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. If Landlord accepts payment of rent or damages after filing a complaint pursuant to California Code of Civil Procedure Section 1166, such acceptance shall not constitute a waiver of any rights, including any right Landlord may have to recover possession of the Premises and the parties agree this sentence constitutes the "actual notice" required by California Code of Civil Procedure Section 1161.1(c). No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit or after final judgment for possession, Landlord may receive and collect any rent due, and the payment of said rent shall not waive or affect said notice, suit or judgment. No payment of any monies shall waive Landlord's or Tenant's right to later object to such payment being properly due.

18.8 No Recording. Neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by any one acting through, under or on behalf of Tenant, and the recording thereof in violation of this provision shall make this Lease null and void at Landlord's election.

18.9 Surrender of Possession; Holding Over.

(a) At the expiration or earlier termination of this Lease, Tenant shall remove all of Tenant's signs (pursuant to Section 18.14) and shall remove all of Tenant's equipment, trade fixtures, supplies, wall decoration and other personal property from within the Premises and the Common Area and shall vacate, deliver up and surrender to Landlord possession of the Premises and all improvements, including Tenant Improvements, thereon broom clean and, in as good order and condition as when possession was taken by Tenant, excepting only ordinary wear and tear (wear and tear which could have been avoided by commercially reasonable maintenance practices and in accordance with industry standards shall not be deemed "ordinary") and casualty and condemnation damage which Tenant is not responsible to repair. Except for such ordinary wear and tear, Tenant shall: (i) repair all damage to the Premises, the interior and exterior of the Building and the Common Area caused by Tenant's removal of its property, (ii) patch and refinish, to Landlord's reasonable satisfaction, all penetrations made by Tenant or its agents, contractors, employees or invitees to the roof, floor, interior or exterior walls or ceiling of the Premises and the Building, whether such penetrations were made with Landlord's approval or not, (iii) repair all stained or damaged ceiling tiles, wall coverings and floor coverings to the reasonable satisfaction of Landlord, (iv) repair all damage caused by Tenant to the exterior surface of Building and to the paved surfaces of the Common Areas and, where necessary, replace or resurface same. Upon expiration or sooner termination of this Lease, Landlord may reenter the Premises and remove all persons and property therefrom. If Tenant shall fail to surrender to Landlord the Premises, the Building and the Common Area in the condition required by this paragraph at the expiration or, if sooner terminated, within thirty (30) days after sooner termination, of this Lease, Landlord may, at Tenant's expense, remove Tenant's signs, property and/or improvements not so removed and make such repairs and replacements not so made or hire, at Tenant's expense, independent contractors to perform such work. Tenant shall be liable to Landlord for all reasonable out-of-pocket costs incurred by Landlord in returning the Premises, the Building and the Common Area to the required condition, together with interest thereon at the Agreed Rate from the date incurred by Landlord until paid. Tenant shall pay to Landlord the amount of all costs so incurred (including, without limitation, costs of disposal, storage and insurance) together with interest at the Agreed Rate within thirty (30) business days from Landlord's delivery of a statement therefor. If the Premises are not surrendered at the end of the Lease Term, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in so surrendering the Premises, including, without limitation, actual damages for lost rent and with respect to any claims of a successor occupant.

(b) If Tenant remains in possession of the Premises after expiration of the Lease Term and if Landlord and Tenant have not executed an express written agreement as to such holding over, then such occupancy shall be a tenancy from month to month at a monthly Base Rent equivalent to the greater of the then-existing Fair Market Rent thereof or one hundred fifty

percent (150%) of the Base Rent in effect immediately prior to such expiration, such payments to be made as herein provided for Base Rent. In the event of such holding over, all of the terms of this Lease, including the payment of Additional Rent all charges owing hereunder other than rent shall remain in force and effect on said month to month basis.

18.10 Cumulative Remedies. No remedy or election hereunder by Landlord shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity, provided that notice and cure periods set forth in Section 12 are intended to extend and modify statutory notice provisions to the extent expressly stated in Section 12.1.

18.11 Binding Effect; Choice of Law; Waiver of Jury Trial. Subject to any provisions hereof restricting assignment or subletting by Tenant and subject to the provisions of Section 16, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California without resort to choice of law principles and, except as expressly provided herein, any legal or equitable action or proceeding brought with respect to this Lease or the Premises shall be brought in San Francisco County, California except for such actions or proceedings as are required by California law to be brought in the County where the subject real property is located. **IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (II) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSOR IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY.**

18.12 Lease to be Subordinate. Tenant agrees that this Lease is and shall be, at all times, subject and subordinate to the lien of any mortgage, deed of trust or other encumbrances which Landlord may create against the Premises, including all renewals, replacements and extensions thereof (a "**Superior Mortgage**"). This subordination shall be self operative, however, Tenant shall execute any documents which are commercially reasonable (*i.e.*, of a type customarily executed between lenders and lessees for similar loans and leases) subordinating this Lease within thirty (30) days after delivery of same by Landlord provided that such documents contain a commercially reasonable form of non-disturbance provisions ("**Non-Disturbance Protection**") from the holder of such mortgage or deed of trust. In connection with any future subordination of this Lease to the lien of any mortgage or deed of trust, Landlord shall use commercially reasonable efforts to obtain Non-Disturbance Protection from the holder of such mortgage or deed of trust; provided, however, that Landlord shall not be in default of this if, despite Landlord's exercise of commercially reasonable efforts, Landlord is unable to obtain such Non-Disturbance Protection for the benefit of Tenant; provided that Tenant shall not be obligated to execute any documents which does not provide Non-Disturbance Protection. Additionally, Landlord shall use reasonable efforts to obtain, within ninety (90) days of the date hereof, a non-disturbance agreement in an agreement reasonably acceptable to Tenant from the holder of any Superior Mortgage which exists prior to the date of this Lease; provided, however,

that Landlord shall not be in default of this if, despite Landlord's exercise of commercially reasonable efforts, Landlord is unable to obtain a non-disturbance agreement for the benefit of Tenant. Tenant shall reimburse Landlord for any reasonable attorneys' fees payable to the holder of such Superior Mortgage in connection with any requested changes to such mortgagee's standard form of subordination, non-disturbance and attornment agreement.

18.13 Attorneys' Fees. If either party herein brings an action to enforce the terms hereof or to declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to recover its reasonable attorneys' fees, expert witness fees and costs as fixed by the Court.

18.14 Signs.

(a) Landlord shall install, at Tenant's sole cost and expense, Project standard building directory, office front entry signage for the Premises. Tenant shall not place any sign outside the Premises (or visible from outside the Premises) without Landlord's prior written consent, which consent may be granted, conditioned or withheld in Landlord's sole and absolute discretion, and shall in any event be subject to Tenant's obtaining approval by the City of Redwood City.

(b) In addition to the foregoing, Tenant shall have the right to have its name listed on the shared monument sign for Building 8 (the "**Monument Sign**"), subject to the terms of this Section 18.15. The design, size and color of Tenant's signage with Tenant's name to be included on the Monument Sign, and the manner in which it is attached to the Monument Sign, shall comply with all applicable Laws and shall be subject to the reasonable approval of Landlord and any applicable governmental authorities. Landlord reserves the right to withhold consent to any sign that, in its good faith judgment, is not harmonious with the design standards of the Building and Monument Sign. Landlord shall have the right to require that all names on the Monument Sign be of the same size and style. Tenant must obtain Landlord's written consent to any proposed signage and lettering prior to its fabrication and installation. Tenant's right to place its name on the Monument Sign, and the location of Tenant's name on the Monument Sign, shall be subject to the existing rights of existing tenants in the Building, and the location of Tenant's name on the Monument Sign shall be further subject to Landlord's reasonable approval. To obtain Landlord's consent, Tenant shall submit design drawings to Landlord showing the type and sizes of all lettering; the colors, finishes and types of materials used; and (if applicable and Landlord consents in its sole discretion) any provisions for illumination. Although the Monument Sign will be maintained by Landlord, Tenant shall pay its proportionate share of the cost of any maintenance and repair associated with the Monument Sign. Tenant's name on the Monument Sign shall be designed, constructed, installed, insured, maintained, repaired and removed from the Monument Sign all at Tenant's sole risk, cost and expense. Tenant, at its cost, shall be responsible for the maintenance, repair or replacement of Tenant's signage on the Monument Sign, which shall be maintained in a manner reasonably satisfactory to Landlord.

(c) In addition to the foregoing, Tenant shall be entitled to one tenant identification sign to be located on the exterior of Building 8 (the "**Building Signage**"). The Building Signage, including, without limitation, the exact location of the Building Signage and the manner in which it is attached, shall be subject to all applicable Laws and Landlord's prior written approval,

which approval shall not be unreasonably withheld, provided that the location does not detract from the first-class quality of the Building. Such right to the Building Signage is personal to Tenant and its Affiliates and is subject to the following terms and conditions: (a) Tenant shall submit plans and drawings for the Building Signage to Landlord and to any public authorities having jurisdiction and shall obtain written approval from Landlord and each such jurisdiction prior to installation, and shall fully comply with all applicable Laws; (b) Tenant shall, at Tenant's sole cost and expense, design, construct and install the Building Signage; (c) the size, color and design of the Building Signage shall be subject to Landlord's prior written approval, not to be unreasonably withheld; and (d) Tenant shall maintain the Building Signage in good condition and repair, and all costs of maintenance and repair shall be borne by Tenant. Maintenance shall include, without limitation, cleaning and, if the Building Signage is illuminated, relamping at reasonable intervals. Tenant shall be responsible for any electrical energy used in connection with the Building Signage.

(d) At Landlord's option, Tenant's right to the Monument Signage and/or Building Signage may be revoked and terminated upon occurrence of any of the following events: (i) an Event of Default shall exist; (ii) Tenant occupies less than fifty percent (50%) of the Premises; or (iii) this Lease shall terminate or otherwise no longer be in effect. Upon the expiration or earlier termination of this Lease or at such other time that Tenant's signage rights are terminated pursuant to the terms hereof, if Tenant fails to remove the its signage and repair the Building in accordance with the terms of this Lease, Landlord shall cause such signage to be removed from the Building and the Building to 12grepaired and restored to the condition which existed prior to the installation of the signage (including, if necessary, the replacement of any precast concrete panels), all at the sole cost and expense of Tenant and otherwise in accordance with this Lease, without further notice from Landlord notwithstanding anything to the contrary contained in this Lease. Tenant shall pay all costs and expenses for such removal and restoration within thirty (30) business days following delivery of an invoice therefor.

18.15 Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, or a termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

18.16 Quiet Possession and Enjoyment Upon Tenant timely paying the rent for the Premises and timely observing and performing (prior to the expiration of any applicable cure periods) all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession and enjoyment of the Premises and the Project, including parking rights granted hereunder, for the entire Lease Term, subject to all of the provisions of this Lease.

18.17 Easements. Subject to Section 5.2(b), Landlord reserves to itself the right, from time to time, to grant such easements, rights and dedications that Landlord deems necessary or desirable, and to cause the recordation of Parcel Maps and conditions, covenants and restrictions, so long as such easements, rights, dedications, Maps and conditions, covenants and restrictions do not unreasonably interfere with the use of the Premises or the Project of parking rights

granted hereunder, including access thereto, by Tenant, increases Tenant's rent obligations, materially increases Tenant's other obligations, or materially adverse affects Tenant's other rights under this Lease. Subject to Section 5.2(b), Tenant shall sign any of the aforementioned or other documents, and take such other actions, which are reasonably necessary or appropriate to accomplish such granting, recordation and subordination of this Lease to same, upon request of Landlord, and failure to do so within ten (10) business days after a written request to do so shall constitute a material breach of this Lease..

18.18 Authority. Landlord and Tenant each represent and warrant that each individual executing this Lease on behalf of such party is duly authorized to execute and deliver this Lease on behalf of such entity in accordance with the by-laws, operating agreement or a duly adopted resolution of the governing group of the entity empowered to grant such authority, and that this Lease is binding upon said entity in accordance with its terms.

18.19 Force Majeure Delays. In any case where either party hereto is required to do any act (other than the payment of money), delays caused by or resulting from Acts of God or Nature, war, civil commotion, fire, flood or other casualty, labor difficulties, shortages of labor or materials or equipment, government regulations, delay by government or regulatory agencies with respect to approval or permit process, unusually severe weather, or other causes beyond such party's reasonable control the time during which act shall be completed, shall be deemed, except where expressly indicated, to be extended by the period of such delay, whether such time be designated by a fixed date, a fixed time or "a reasonable time."

18.20 Hazardous Materials.

(a) *Definition of Hazardous Materials and Environmental Laws*. "**Hazardous Materials**" means any (i) substance, product, waste or other material of any nature whatsoever which is or becomes listed regulated or addressed pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. sections 9601, *et seq*. ("**CERCLA**"); the Hazardous Materials Transportation Act ("**HMTA**") 49 U.S.C. section 1801, *et seq*., the Resource Conservation and Recovery Act, 42 U.S.C. section 6901, *et seq*. ("**RCRA**"); the Toxic Substances Control Act, 15 U.S.C. sections 2601, *et seq*. ("**TSCA**"); the Clean Water Act, 33 U.S.C. sections 1251, *et seq*.; the California Hazardous Waste Control Act, Health and Safety Code sections 25100, *et seq*.; the California Hazardous Substances Account Act, Health and Safety Code sections 26300, *et seq*.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code sections 25249.5, *et seq*.; California Health and Safety Code sections 25280, *et seq*.; (Underground Storage of Hazardous Substances); the California Hazardous Waste Management Act, Health and Safety Code sections 25170.1, *et seq*.; California Health and Safety Code sections 25501, *et seq*. (Hazardous Materials Response Plans and Inventory); or the Porter-Cologne Water Quality Control Act, California Water Code sections 13000, et seq., all as amended, or any other federal, state or local statute, law, ordinance, resolution, code, rule, regulation, order or decree regulating, relating to or imposing liability (including, but not limited to, response, removal and remediation costs) or standards of conduct or performance concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter may be in effect (collectively, "**Environmental Laws**"); (ii) any

substance, product, waste or other material of any nature whatsoever whose presence in and of itself may give rise to liability under any of the above statutes or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance, strict or absolute liability or under any reported decisions of a state or federal court; (iii) petroleum or crude oil, including, but not limited to, petroleum and petroleum products contained within regularly operated motor vehicles; and (iv) asbestos.

(b) *Landlord's Representations and Disclosures*. Landlord represents that it has provided Tenant with a description of the Hazardous Materials on or beneath the Project as of the date hereof, attached hereto as ***Exhibit B*** and incorporated herein by reference and that except as described in the documents identified in ***Exhibit B***, Landlord has no actual knowledge of any Hazardous Materials at the Project. Tenant acknowledges receipt of the attached ***Exhibit B***, which Landlord has provided pursuant to California Health & Safety Code Section 25359.7 which requires:

> Any owner of nonresidential real property who knows, or has reasonable cause to believe, that any release of hazardous substances has come to be located on or beneath that real property shall, prior to the sale, lease or rental of the real property by that owner, give written notice of that condition to the buyer, lessee or renter of the real property.

(c) *Use of Hazardous Materials*. Tenant shall not cause or permit any Hazardous Materials to be brought upon, kept or used in, on or about the Project by Tenant, its agents, employees, contractors, licensee, guests, visitors or invitees without the prior written consent of Landlord. Landlord acknowledges, however, that Tenant will maintain products in the Premises which are incidental to the operation of its general office use, including, without limitation, photocopy supplies, printer and facsimile toner cartridges, secretarial supplies and limited janitorial supplies, which products contain chemicals which are categorized as Hazardous Materials. Landlord agrees that the use of such products in the Premises in the manner in which such products are designed to be used and in compliance with Environmental Laws shall not be a violation by Tenant of this Section 18.20. Tenant shall, at all times, use, keep, store, handle, transport, treat or dispose all such Hazardous Materials in or about the Project in compliance with all applicable Environmental Laws. Tenant shall remove all Hazardous Materials used or brought onto the Project by Tenant during the Lease Term from the Project prior to the expiration or earlier termination of this Lease.

(d) *Environmental Indemnity*. Tenant agrees to indemnify, defend, protect and hold Landlord harmless from any liabilities, losses, claims, damages, penalties, fines, reasonable attorney fees, expert fees, court costs, remediation costs, investigation costs, or other expenses to the extent resulting from or arising out of the use, storage, treatment, transportation, release, presence, generation, or disposal of Hazardous Materials on, from or about the Premises or the Project, and/or subsurface or ground water from an act or omission of Tenant (or Tenant's successor), its agents, employees, invitees, vendors or contractors.

(e) *Tenant's Obligation to Promptly Remediate*. If the presence of Hazardous Materials on the Premises after the Commencement Date results from an act or omission of

Tenant (or Tenant's successors), its agents, employees, invitees, vendors, contractors, guests, or visitors results in contamination or deterioration of the Project or any water or soil beneath the Property, Tenant shall promptly take all action necessary or appropriate to investigate and remedy that contamination, at its sole cost and expense, provided that Landlord's consent to such action shall first be obtained, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Tenant shall have no obligation to investigate or remediate any Hazardous Materials located in the Premises or the Project as of the Commencement Date that were not placed thereon or therein, or damaged or disturbed by Tenant or any of Tenant's agents, contractors, employees, licensees or invitees.

(f) *Notification*. Landlord and Tenant each agree to promptly notify the other of any communication received from any governmental entity concerning Hazardous Materials or the violation of Environmental Laws that relate to the Project.

18.21 Brokers. Landlord and Tenant each represents to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, except for Cassidy Turley/BT Commercial, in the case of Landlord, and C&C NKF in the case of Tenant (collectively, the "**Brokers**") and that they know of no other real estate broker or agent who is entitled to a commission or finder's fee in connection with this Lease. Each party shall indemnify, protect, defend, and hold harmless the other party against all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including reasonable attorney fees) for any leasing commission, finder's fee, or equivalent compensation alleged to be owning on account of the indemnifying party's dealings with any real estate broker or agent other than the Brokers. Landlord shall pay all brokerage commissions due to such Brokers arising out of the execution of this Lease pursuant to Landlord's separate agreement with Cassidy Turley/BT Commercial. The terms of this Section 18.21 shall survive the expiration or earlier termination of the Lease Term.

18.22 Acknowledgment of Notices. Landlord has provided and Tenant hereby acknowledges receipt of the Notices attached as ***Exhibits C*** and ***D*** hereto, concerning the presence of certain uses and operations of neighboring parcels of land.

18.23 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of rent nor any act of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

18.24 Telecommunication Equipment. At any time during the Lease Term, Tenant shall have the non-exclusive right to install, at Tenant's sole cost and expense, a satellite dish, antenna or other communications equipment (collectively, the "***Telecommunication Equipment***") to serve only those persons occupying the Premises, in an area of the roof ("***Roof Location***") reasonably designated by Landlord; provided however that in no event shall Tenant make use of more than Tenant's Share of the available Building 8 rooftop area. The exact physical specifications (including, without limitation, size and weight) appearance and location of any

such Telecommunication Equipment shall be subject to Landlord's reasonable prior approval, and Landlord may require Tenant to install screening around such equipment, at Tenant's sole cost and expense, as reasonably designated by Landlord. Tenant shall maintain such Telecommunication Equipment at Tenant's sole cost and expense. In the event Tenant elects to exercise its right to install Telecommunication Equipment as set forth in this Section 18.24, then Tenant shall give Landlord prior notice thereof and Tenant's installation thereof shall be made in accordance with the terms of Section 6.3. Tenant's maintenance of such Telecommunication Equipment and the removal thereof at the end of the Lease Term shall be made in accordance with Section 6.1 and 18.8, respectively. Tenant shall ensure that the use of any such Telecommunication Equipment located on the roof of Building 8 shall not unreasonably interfere with the Telecommunication Equipment located on any other Building or other portions of the Project and Tenant's indemnity obligations in Section 7.7 shall be deemed to apply to the installation and use of the Telecommunication Equipment.

18.25 Survival of Provisions Upon Termination of Lease. Any term, covenant or condition of this Lease which requires the performance of obligations or forbearance of an act by either party hereto after the termination of this Lease shall survive such termination of this Lease. Such survival shall be to the extent reasonably necessary to fulfill the intent thereof, or if specified, to the extent of such specification, as same is reasonably necessary to perform the obligations and/or forbearance of an act set forth in such term, covenant or condition. Notwithstanding the foregoing in the event a specific term, covenant or condition is expressly provided for in such a clear fashion as to indicate that such performance of an obligation or forbearance of an act is no longer required, then the specific shall govern over this general provision of this Lease.

LANDLORD AND TENANT EACH HAS CAREFULLY READ AND HAS REVIEWED THIS LEASE AND BEEN ADVISED BY LEGAL COUNSEL OF ITS OWN CHOOSING AS TO EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOWS ITS INFORMED AND VOLUNTARY CONSENT THERETO. EACH PARTY HEREBY AGREES THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS AND CONDITIONS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

Executed as of the reference date.

LANDLORD: VII PAC SHORES INVESTORS, LLC,
a Delaware limited liability corn

By: /s/ Daniel Schwaegler
Name: Daniel Schwaegler
Title: Senior Vice President

Address:

VII Pac Shores Investors, LLC
c/o Starwood Asset Management
100 Pine Street, Suite 3000
San Francisco, California 94111

With a copy to:

Shartsis Friese LLP
One Maritime Plaza, 18th Floor
San Francisco, California 94111
Attention: Derek Boswell, Esq.
Telephone: (415) 773-7246

TENANT: C3, LLC,
a Delaware limited liability company

By: /s/ Thomas M. Siebel
Name: Thomas M. Siebel
Title: Chief Executive Officer

Address (if prior to Commencement Date):

1820 Gateway Drive, Suite 250
San Mateo, CA 94404
Attention: Howie Shohet
Telephone: (650) 235-7004
Facsimile:

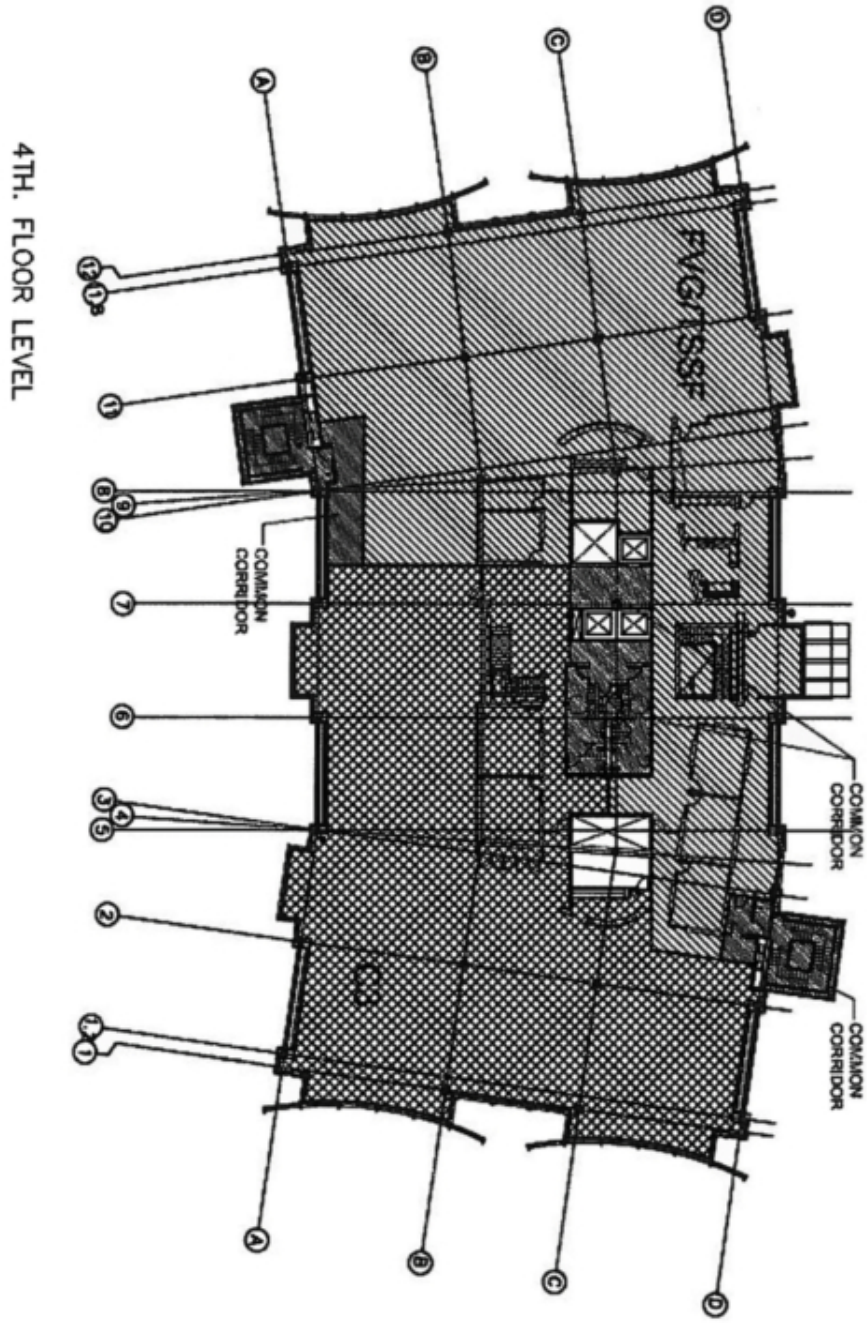
Address (if after Commencement Date:

At the Premises

Attention: /s/ Howie Shohet
Telephone: (650) 235-7004
Facsimile:

EXHIBIT A

PREMISES FLOOR PLAN



5TH. FLOOR LEVEL

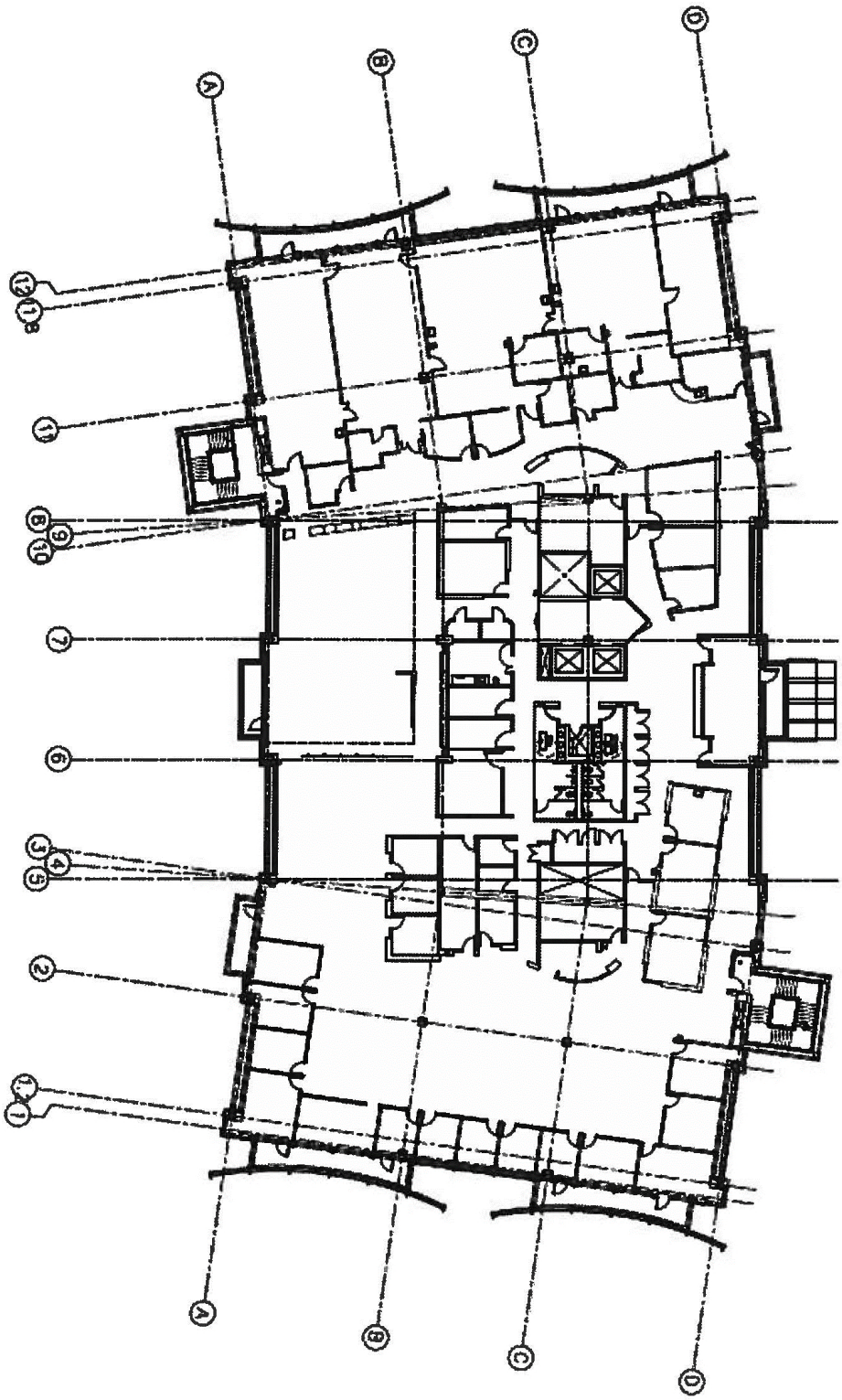


EXHIBIT B

HAZARDOUS MATERIALS DISCLOSURE

Landlord has provided Tenant, and Tenant acknowledges that it has received and pursuant to Section 18.20(b) of the Lease, reviewed same, a copy of each of those certain documents entitled: (i) Phase I, Environmental Site Assessment, Pacific Shores Center, Redwood City, California, Prepared for: The Jay Paul Company, San Francisco, California, Prepared by: Iris Environmental, Oakland, California, December 20, 1999, Job No. 99-122A; and (ii) Phase II, Environmental Site Assessment, Pacific Shores Center, 1000 Seaport Boulevard, Redwood City, California, Prepared for: The Jay Paul Company, San Francisco, California, Prepared by: Iris Environmental, Oakland, California, January 14, 1999, Job No. 99-122-B.

TENANT: C3, LLC,
a Delaware limited liability company

By: /s/ Thomas M. Siebel
Name: Thomas M. Siebel
Title: Chief Executive Officer

EXHIBIT C

NOTICE TO TENANTS AND TRANSFEREES OF CURRENT OR FUTURE USES OF ADJACENT PORT PROPERTY

Notice is hereby given to all lessees, tenants and transferees of land or interests in land located within Pacific Shores Center of the presence or potential future presence of Port related industrial activities on Port property adjacent to and west of Pacific Shores Center. All recipients of this notice should be aware of the following facts:

1. The parcel of Port property adjacent to Pacific Shores Center to the northwest shown on the ***Exhibit C - Figure One*** attached hereto (the "**Port Parcel**") is now or may be developed for Port related maritime and industrial uses similar to those occupying other properties along the west side of Seaport Boulevard and to the west of Pacific Shores Center.

2. Such Port related maritime and industrial activities are those which are permitted by the general industrial zoning of the City of Redwood City and may include heavy industrial land uses, including uses which involve the receipt, transport, storage or management of hazardous wastes, aggregates, cement, gravel and similar materials, including the outdoor storage and handling of such materials.

3. Pacific Shores Center Limited Partnership, on behalf of itself, its successors and assigns, has recognized, accepted and approved such uses of the Port Parcel subject to the utilization of Best Available Management Practices in the development and use of the Port Parcel. Best Available Management Practices are defined on ***Exhibit C — Schedule One*** attached hereto.

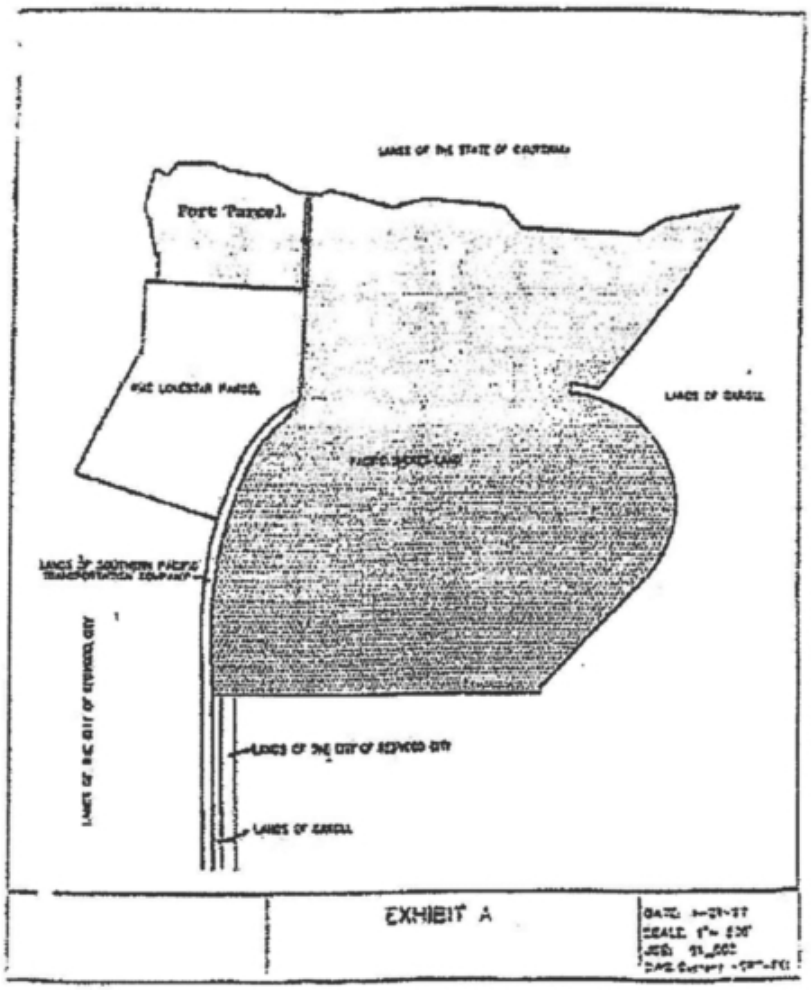
4. Despite the use of Best Available Management Practices on the Port Parcel by the Port and its lessees and licensees and despite Pacific Shores Center Limited Partnership's efforts to ensure compatibility between such uses and those in Pacific Shores Center, it is possible that such uses will cause emissions into the air of dust or other particulate matter, or noise or odorous substances which may be offensive to or be perceived as a nuisance by occupants of Pacific Shores Center.

5. Pursuant to covenants made by Pacific Shores Center Limited Partnership on behalf of its successors and assigns, tenants and lessees, the tenants, lessees and transferees of Pacific Shores Center Limited Partnership have approved and accepted such neighboring uses subject to their utilization of Best Available Management Practices.

6. Any actions to enjoin the continuation of such uses or to recover any damages to persons or property related to their operations are subject to a requirement for prior notice found in recorded covenants by Pacific Shores Center Limited Partnership. The following language is excerpted from such covenants:

In the event that either party hereto believes that the other has failed to perform any covenant made herein in favor of the other, at least ten (10) days prior to the commencement of any action to enforce the covenants hereunder or to recover damages for the breach thereof, that party who believes that a failure to perform has occurred (the "**Complaining Party**") shall give written notice (the "**Notice**") to the party alleged not to have performed the covenant (the "**Non-Complaining Party**") of the specific nature of the alleged failure and of the intent of the Complaining Party to take action to remedy the breach by the Non-Complaining Party. In the event that the nature of the alleged failure to perform is such that the same cannot reasonably be cured within ten (10) days after receipt of the Notice (the "**Notice Period**"), the Non-Complaining Party shall not be deemed to be in violation of its covenants and no action shall be commenced by the Complaining Party if, within the Notice Period, the Non-Complaining Party commences such cure and thereafter diligently and continuously prosecutes the same to completion within a reasonable time. Provided, however, that the Complaining Party shall not be precluded from recovering any actual damages suffered by reason of the alleged failure to perform prior to or after delivery of the Notice, whether or not such failure is thereafter cured.

FIGURE ONE
TO
EXHIBIT C



SCHEDULE ONE
TO
EXHIBIT C

"Best Available Management Practices" ("BAMP") moons the following:

1. Compliance with all laws. rules and regulations. and operating permits, whether Federal, state or local, applicable to the uses of the Exchange Parcel and industrial operations thereon, including without limitation all laws, rules and regulations and operating permits applicable to emissions into the air of gases, substances and particulate matter, the generation or release of odors or odorous substances into the air, and the generation of noise.

2. Initiation and maintenances of reasonable precautious to minimize emission and transport of dust from the Exchange Parcel and the New Road Access onto the Project Site. As used herein the term "reasonable precautions" shall mean the use of materials, techniques and equipment reasonably available at the time of commencement of a use or operation and designed to minimize emissions during predictably adverse climatic conditions common in the area (collectively, "initial measures") plus the addition of one or more of the following additional measures if not already in use and if initial measures prove inadequate to achieve minimization of emission and transport of dust onto the Project Site:

(a) Paving of surfaces used for active operations where the absence of such paving causes emissions and transport of dust onto the Project Site;

(b) Installation of wind fences to a height of not less than 20 feet with 50% porosity around areas of open storage and areas of active dust-generating uses causing emission and transport of dust onto the Project Site;

(c) Use of storage silos, opened-ended enclosures or water spray equipment for the outdoor storage and handling of materials, such as rock, concrete, soil, mineral substances, and similar materials, causing emission and transport of dust onto the Project Site;

(d) Installation of enclosures or use of water or foam spray bars both above and below the belt, surface of all conveyors used for loading and unloading materials, causing emission and transport of dust onto the Project Site; and

3. Initiation of a reasonable, regularly scheduled sweeping program for the New Road Access to minimize accumulation of dust and dirt and/or installation of dust traps, wheel washers or other methods of minimizing the tracking of dust onto the Road Access Area and resulting emission and transport of dust onto the Project Site.

EXHIBIT D

NOTICE TO PACIFIC SHORES TENANTS, LESSEES, SUCCESSORS, ASSIGNS AND TRANSFEREES REGARDING CURRENT OR FUTURE USES OF ADJACENT RMC LONESTAR AND PORT PROPERTY

Notice is hereby given to all tenants, lessees, successors, assigns and transferees of land or interest in land located within the Pacific Shores Center of the presence or potential future presence of maritime and industrial activities on RMC Lonestar and Port of Redwood City property west and adjacent to Pacific Shores Center. Recipients of this notice should be aware of the following:

1. The RMC Lonestar property and parcels of port property adjacent to and west of Pacific Shores Center are shown on the map attached to this notice. The RMC Lonestar and Port properties are now devoted to, or will be developed for, maritime and industrial uses.

2. These maritime and industrial uses are those which are permitted by the "Heavy Industry" General Plan designation and general industrial zoning of the City of Redwood City. These uses include, by way of example and not limitation, uses involving the receipt, transport, storage, handling, processing or management of aggregates, cement, concrete, asphalt, soil or other landscaping materials, recyclable metals and plastics, recyclable concrete and asphalt, chemicals, petroleum products, hazardous wastes, and similar materials, including indoor storage, mixing and handling of these materials.

3. These uses may cause, on either a regular or intermittent basis, air emissions, including, without limitation, dust and other particulates, odors, vibrations, loud noises, and heavy truck, rail or marine vessel traffic. These uses may have visual, aesthetic or other aspects that may be offensive or perceived as a nuisance by occupants of Pacific Shores Center.

EXHIBIT E

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of Building 8 without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person chosen by Landlord.

2. The directory of Building 8 will be provided exclusively for the display of the name and location of tenants, and Landlord reserves the right to exclude any other names therefrom. Tenant shall not have to pay any charge for Tenant's listing thereon and for any changes by Tenant.

3. Except as consented to in writing by Landlord or in accordance with Building 8 standard improvements, no draperies, curtains, blinds, shades, screens or other devices shall be hung at or used in connection with any window or exterior door or doors of the Premises. No awning shall be permitted on any part of the Premises. Tenant shall not place anything against or near glass partitions or doors or windows which may appear unsightly from outside the Premises.

4. Tenant shall not obstruct any sidewalks, halls, lobbies, passages, exits, entrances, elevators or stairways of Building 8. No tenant and no employee or invitee of any tenant shall go upon the roof of Building 8 or make any roof or terrace penetrations. Tenant shall not allow anything to be placed on the outside terraces or balconies without the prior written consent of Landlord.

5. All cleaning and janitorial services for Building 8 shall be provided only by contractors approved by Landlord, which approval shall not unreasonably be withheld. Subject to the foregoing, Tenant shall directly provide janitorial services for its own Premises. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any tenant for any loss of property on the Premises, however occurring, or for any damage to any tenant's property by the janitor or any other employee or person.

6. Heating, ventilation and air conditioning ("**HVAC**") will be provided during the hours of 7:00 a.m. to 6:00 p.m. Monday through Friday, excluding Holidays (such hours are collectively referred to herein as "**Building Hours**"). As used herein, "**Holidays**" shall include New Year's Day, Washington's Birthday (observed), Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas and any other national or state holiday customarily recognized by operators of comparable Project Buildings. HVAC service shall be provided to the Premises other than during Building Hours (for a minimum period of three (3) consecutive hours at a time), provided that Tenant shall pay to Landlord for each such hour of HVAC service during non-Building Hours, the then prevailing charge by Landlord for such service. As of the date of this Lease, Landlord's prevailing charge for after hours HVAC service is Thirty Five Dollars

($35.00) per hour. Amounts payable by Tenant under the Lease shall be paid as additional rent E-1 within fifteen (15) days following Tenant's receipt of Landlord's billing therefor. Tenant agrees to reasonably cooperate with Landlord, and to abide by all reasonable regulations and requirements which Landlord may prescribe for the proper function and protection of the Building 8 HVAC system. Tenant agrees not to connect any apparatus, device, conduit or pipe to the Building 8 chilled and hot water air conditioning supply lines. Tenant further agrees that neither Tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of Building 8 or unreasonably tamper with, touch or otherwise affect said installations or facilities. The cost of maintenance and service calls to adjust and regulate the HVAC system shall be charged to Tenant if the need for maintenance work results from either Tenant's unreasonably tampering with room thermostats, defects in the HVAC system as installed by Tenant, or Tenant's failure to comply with its obligations under this Section, or Tenant's heat or cold generation in excess of that which is customary for general office use.

7. Landlord will furnish Tenant, free of charge, with two keys to Tenant's suite entrance. Landlord may make a reasonable charge for any additional keys and for having any locks changed. Tenant shall not make or have made additional keys without Landlord's prior written consent, and Tenant shall not alter any lock or install a new additional lock or bolt on any door of its Premises without Landlord's prior written consent, provided that Tenant may install a card key system for the Premises . Tenant shall deliver to Landlord, upon the termination of its tenancy, the keys to all locks for doors on the Premises, and in the event of loss of any keys furnished by Landlord, shall pay Landlord therefor.

8. If Tenant requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain, and comply with, Landlord's instructions for their installation.

9. The elevators shall be available for use by all tenants in Building 8, subject to reasonable scheduling as Landlord in its discretion shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in Building 8 or carried in the elevators except between the hours, in the manner and in the elevators as may be designated by Landlord.

10. Tenant shall not place a load upon any floor of the Premises which exceeds the maximum load per square foot which the floor was designed to carry and which is allowed by law. Tenant's business machines and mechanical equipment which cause noise or vibration which may be transmitted to the structure of Building 8 or to any space therein, and which is objectionable to Landlord or to any tenants in Building 8, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration.

11. Tenant shall not use or keep in the Premises any toxic or hazardous materials or any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other

occupants of Building 8 by reason of noise, odors or vibrations. No animal, except seeing eye dogs when in the company of their masters, may be brought into or kept in Building 8.

12. Tenant shall not use any method of heating or air-conditioning other than that supplied by Landlord, unless Tenant receives the prior written consent of Landlord.

13. Tenant shall cooperate fully with Landlord to assure the most effective operation of Building 8's heating and air-conditioning and to comply with any governmental energy saving rules, laws or regulations of which Tenant has actual notice. Tenant shall refrain from attempting to adjust controls other than room thermostats installed for Tenant's use.

14. Tenant shall keep corridor doors and sliding glass doors closed, and shall close window coverings at the end of each business day.

15. Landlord reserves the right, exercisable without notice and without liability to Tenant, to change the name and street address of Building 8.

16. Landlord reserves the right to exclude any person from Building 8 between the hours of 6:00 p.m. and 7:00 a.m. the following day, or any other hours as may be established from time to time by Landlord, and on Saturdays, Sundays and legal holidays, unless that person is known to the person or employee in charge of Building 8 and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of those persons. Landlord shall not be liable for damages for any error in admitting or excluding any person from Building 8. Landlord reserves the right to prevent access to Building 8 by closing the doors or by other appropriate action in case of invasion, mob, riot, public excitement or other commotion.

17. Tenant shall close and lock the doors of its Premises, shut off all water faucets or other water apparatus and turn off all lights and other equipment which is not required to be continuously run. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of Building 8 or Landlord for noncompliance with this Rule.

18. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose' other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be placed therein. The expense of any breakage, stoppage or damage resulting from any violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

19. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of Building 8. Tenant shall not interfere with radio or television broadcasting or reception from or in Building 8 or elsewhere.

20. Tenant shall not cut or bore holes for wires in the partitions, woodwork or plaster of the Premises. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair, or be responsible for the cost of repair of any damage resulting from noncompliance with this Rule.

21. Tenant shall not install, maintain or operate upon the Premises any vending machine without the prior written consent of Landlord.

22. Canvassing, soliciting and distributing handbills or any other written material and peddling in Building 8 are prohibited, and each tenant shall cooperate to prevent these activities.

23. Landlord reserves the right to exclude or expel from Building 8 any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs, or who is in violation of any of the Rules and Regulations of Building 8.

24. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal within Building 8. Tenant shall reasonably ensure that Tenant's janitorial services contractor for the Premises complies with trash and garbage disposal in accordance with these Rules and Regulations. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.

25. Use by Tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages and microwaving food shall be permitted, provided that the equipment and use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

26. Tenant shall not use the name of Building 8 in connection with or in promoting or advertising the business of Tenant, except as Tenant's address, without the written consent of Landlord.

27. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency. Tenant shall be responsible for any increased insurance premiums attributable to Tenant's use of the Premises, Building 8 or the Project.

28. Tenant assumes any and all responsibility for protecting its Premises from theft and robbery, which responsibility includes keeping doors locked and other means of entry to the Premises closed.

29. Tenant shall not use the Premises, or suffer or permit anything to be done on, in or about the Premises, which may result in an increase to Landlord in the cost of insurance maintained by Landlord on Building 8 and Common Areas.

30. Tenant's requests for assistance will be attended to only upon appropriate application to the office of Building 8 by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

31. To the extent Tenant has been granted any parking privileges in the Lease, Tenant shall not park its vehicles in any parking areas designated by Landlord as areas for parking by visitors to Building 8 or other reserved parking spaces. Tenant shall not leave vehicles in the Building 8 parking structure overnight, nor park any vehicles in the Building 8 parking structure, other than automobiles, motorcycles, motor driven or non-motor driven bicycles or four-wheeled trucks. Tenant, its agents, employees and invitees shall not park any one (1) vehicle in more than one (1) parking space.

32. The scheduling and manner of all Tenant move-ins and move-outs shall be subject to the discretion and approval of Landlord, and move-ins and move-outs shall take place only after 6:00 p.m. on weekdays, on weekends, or at other times as Landlord may designate. Landlord shall have the right to approve or disapprove the movers or moving company employed by Tenant, and Tenant shall cause the movers to use only the entry doors and elevators designated by Landlord. If Tenant's movers damage the elevator or any other part of the Project, Tenant shall pay to Landlord the amount required to repair the damage.

33. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no waiver by Landlord shall be construed as a waiver of the Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing the Rules and Regulations against any or all of the tenants of Building 8.

34. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of premises in Building 8.

35. Landlord reserves the right to make other reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of Building 8 and for the preservation of good order therein. Tenant agrees to abide by all Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted.

36. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

Exhibit F

Work letter

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of improvements to the Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction within the Premises, in sequence, as such issues will arise during such construction. All references in this Tenant Work Letter to Paragraphs of "this Lease" shall mean the relevant portions of the Lease, and all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portions of Sections 1 through 4 of this Tenant Work Letter.

1. Tenant Improvements

1.1 Tenant Improvement Allowance. Tenant shall be entitled to a one-time tenant improvement allowance (the "**Tenant Improvement Allowance**") in the amount of thirty-five dollars ($35.00) for each rentable square foot of the Premises for the costs relating to the initial design (including consultant and project management fees), permitting and construction of Tenant's improvements which are affixed to the Premises (collectively, the "**Tenant Improvements**") and for the "Tenant Improvement Allowance Items," as that term is defined in Section 1.2(a) below. In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. Tenant shall have no claim for any Tenant Improvement Allowance, and Landlord shall have no obligation to reimburse Tenant for any Tenant Improvement costs, that have not been requested by June 30, 2014. Tenant's Improvements may include, without limitation, demising walls.

1.2 Disbursement of the Tenant Improvement Allowance.

(a) Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**") and, except as otherwise specifically and expressly provided in this Tenant Work Letter, Landlord shall not deduct any other expenses from the Tenant Improvement Allowance. The Tenant Improvement Allowance Items shall consist of:

(i) Payment of the fees and costs of the "**Architect**" and the "**Engineers**," as those terms are defined in Section 2.1 below of this Tenant Work Letter, costs paid to Tenant's consultants in connection with the design, construction and move into the Premises and all related design and construction costs, including the fees and costs of Tenant's project management consultants;

(ii) The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

(iii) The cost of construction of the Tenant Improvements, including, without limitation, testing and inspection costs, and trash removal costs, after hours utility usage, and contractors' fees and general conditions;

(iv) The cost of any changes in the base Building when such changes are required by the Construction Drawings (including if such changes are due to the fact that such work is prepared on an unoccupied basis) or to comply with Laws, such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

(v) The cost of the "Coordination Fee," as that term is defined in Section 3.2(e) of this Tenant Work Letter;

(vi) The cost of any changes to the Construction Drawings or Tenant Improvements required by all applicable building codes or approved or required by Landlord hereunder;

(vii) any applicable sales and use taxes; and (viii) Tenant's construction management fees and the cost of furniture, fixtures and equipment installed in the Premises, collectively not to exceed ten dollars ($10.00) for each square foot of Rentable Area of the Premises.

(b) Disbursement of Tenant Improvement Allowance. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

(i) Over Allowance Amount. Prior to any funding of any portion of the Tenant Improvement Allowance by Landlord, Tenant shall pay out of its own funds for Tenant Improvement Allowance Items in an amount equal to the difference between the amount of the Final Costs (as defined in Section 3.2(a) below) and the amount of the Tenant Improvement Allowance (the "**Over-Allowance Amount**").

(ii) Monthly Disbursements. Once each month on a day designated by Landlord or if no date is designated by Landlord, then on the first Tuesday of each month (in either event, a "**Submittal Date**") during the period from the date hereof through the construction of the Tenant Improvements, Tenant shall deliver to Landlord: (A) a request for payment of the "Contractor," as that term is defined in Section 3.1 of this Tenant Work Letter, and/or to the "Architect" and/or to the "Engineers," as such terms are defined in Section 2.1 below, and/or to Tenant's various consultants or other persons or entities entitled to payment (or reimbursement to Tenant if Tenant has already paid the Contractor or other person or entity entitled to payment), approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises, detailing the portion of the work completed; (B) invoices from all of Tenant's Agents (hereinafter defined) for labor rendered and materials delivered to the Premises for the applicable payment period; (C) executed conditional mechanics' lien releases from all of Tenant's Agents which shall substantially comply with the appropriate provisions of California Civil Code

Section 3262(d) or unconditional releases if appropriate; provided, however, that with respect to fees and expenses of the Architect, Engineers, or construction or project managers or other similar consultants, and/or any other pre-construction items for which the payment scheme set forth in items (A) through (C) above of this Tenant Work Letter, is not applicable (collectively, the "**Non-Construction Allowance Items**"), Tenant shall only be required to deliver to Landlord on or before the applicable Submittal Date, reasonable evidence of incurring the cost for the applicable Non-Construction Allowance Items (unless Landlord has received a preliminary notice in connection with such costs in which event conditional lien releases must be submitted in connection with such costs); and (D) all other information reasonably requested in good faith by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request vis-à-vis Landlord. Within forty-five (45) days following the Submittal Date, and assuming Landlord receives all of the information described in items (A) through (D) above, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant or if Tenant elects, to the Contractor, subcontractor, architect, engineer or consultant designated by Tenant and/or a separate check to Tenant where Tenant has provided evidence reasonably satisfactory to Landlord that Tenant has paid such Contractor (or other supplier of services or goods) accompanied when appropriate by unconditional lien releases, or any other provider of goods and services designated by Tenant to Landlord, and Tenant in payment of the lesser of: (1) the amounts so requested by Tenant, as set forth above in this Section 1.2(b)(i), less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**"); provided, however, that no such retention shall be duplicative of the retention Tenant would otherwise withhold (but will not withhold) pursuant to its agreement with such Contractor and no such deduction shall be applicable to amounts due to Tenant's consultants, the Architect, or the Engineer or for Non-Construction Allowance Items or other Tenant Improvement Allowance Items in connection with the payment of suppliers for materials delivered to the Premises and subcontractors for completing performance of their work substantially in advance of the completion of the Tenant Improvements pursuant to the Approved Construction Drawings, and (2) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention). In the event that Landlord or Tenant identifies any material non-compliance with the Approved Construction Drawings, or substandard work, Landlord or Tenant as appropriate shall be provided a detailed statement identifying such material non-compliance or substandard work by the party claiming the same, and Tenant shall cause such work to be corrected so that such work is no longer substandard. Such procedure shall also be applicable in connection with the payment of the Final Retention. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request. If Tenant receives a check payable to anyone other than solely to Tenant, Tenant may return such check to Landlord and receive a replacement check made payable only to Tenant within ten (10) business days, if Tenant provides the releases and evidence to the extent required above to receive a check payable solely to Tenant.

(iii) Final Retention. A check for the Final Retention payable jointly to Tenant and Contractor (or payable solely to Tenant if Contractor is no longer owed any money by Tenant for work performed in the Premises) shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (A) Tenant delivers to

Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4), (B) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant Improvements in the Premises has been substantially completed in accordance with the terms of this Tenant Work Letter, and (C) Tenant fulfills its obligations pursuant to Section 3.3 of this Tenant Work Letter.

(iv) Other Terms. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items or are otherwise expressly permitted hereunder.

1.3 Standard Tenant Improvement Package. Landlord has established specifications (the "**Specifications**") for the Building standard components to be used in the construction of the Tenant Improvements in the Premises, which Specifications have been supplied to Tenant. The quality of Tenant Improvements shall be equal to or of greater quality than the quality of the Specifications, provided that the Tenant Improvements shall comply with certain Specifications as designated by Landlord.

2. Construction Drawings

2.1 Selection of Architect/Construction Drawings. Tenant shall retain an architect/space planner approved by Landlord, which approval shall not be unreasonably withheld or delayed (the "**Architect**") to prepare the "Construction Drawings," as that term is defined in this Section 2.1. Landlord shall, within four (4) business days after Landlord's receipt of the name of any proposed Architect either provide such approval or disapproval, along with reasons therefor, provided that Studio O+A is hereby pre-approved as Architect. Tenant shall retain the engineering consultants approved by Landlord (the "**Engineers**"), which approval shall not be unreasonably withheld or delayed, to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Premises as part of the Tenant Improvements. Landlord shall, within four (4) business days after Landlord's receipt of the name of any proposed Engineer either provide such approval or disapproval, along with reasons therefor. In the event Landlord fails to promptly respond to Tenant's request for approval of Tenant's architect or engineer within said four (4) business day period, then Tenant may resubmit the same to Landlord's representative with a cover letter stating "Landlord's failure to respond within four (4) business days shall result in the deemed approval of the attached" in all capital letters and in bold face type. In the event Landlord thereafter fails to respond thereto by the date which is the later of the original response period set forth above or the four (4) business days following the second notice, then the request shall be deemed approved by Landlord. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings**." All Construction Drawings shall comply at a minimum with Landlord's Specifications and shall be in a drawing format reasonably acceptable to Landlord. Landlord's review of the Construction Drawings as set forth in this Section 2, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, code

compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith, except to the extent that Landlord has specifically requested a modification to the Construction Drawings as a condition to Landlord's approval of the Construction Drawings, and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Tenant's waiver and indemnity set forth in this Lease shall specifically apply to the Construction Drawings. Each time Landlord is granted the right to review, consent or approve the Construction Drawings or any component thereof (collectively, "**Consent**"), such Consent shall not be unreasonably withheld, conditioned or delayed.

2.2 Final Space Plan. Tenant and the Architect shall prepare the final space plan for the Tenant Improvements (the "**Final Space Plan**"), and shall deliver the Final Space Plan to Landlord for Landlord's approval. The Final Space Plan shall show all corridors, internal and external offices and partitions, and exiting. Landlord shall, within four (4) business days after Landlord's receipt of the Final Space Plan (i) approve the Final Space Plan, (ii) approve the Final Space Plan subject to reasonable specified conditions to be complied with when the Final Working Drawings are submitted by Tenant to Landlord, or (iii) reasonably disapprove the Final Space Plan. If Landlord so disapproves the Final Space Plan, Tenant may resubmit the Final Space Plan to Landlord at any time, and Landlord shall approve or disapprove of the resubmitted Final Space Plan, based upon the criteria set forth in this Section 2.2, within four (4) business days after Landlord receives such resubmitted Final Space Plan. Such procedures shall be repeated until the Final Space Plan is approved. The Final Space Plan may be provided by Tenant to Landlord in one or more stages and at one or more times and the time periods set forth herein shall apply to each portion submitted. In the event Landlord fails to respond to the Final Space Plan within said four (4) business day period, then Tenant may resubmit the same to Landlord's representative with a cover letter stating "Landlord's failure to respond shall result in the deemed approval of the attached" in all capital letters and in bold face type. In the event Landlord fails to respond to the Final Space Plan within four (4) business days following such second submittal, then such second failure by Landlord shall be deemed acceptance and approval of the Final Space Plan by Landlord. Any changes to Base Building must be pre-approved by Landlord. As used in this Work Letter, "**Base Building**" shall mean the structural portions of the Building, and the public restrooms, elevators, exit stairwells and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located.

2.3 Completion of Construction Drawings. Once Landlord has approved the Final Space Plan, Tenant, the Architect and the Engineers shall complete the Construction Drawings for the Premises in a form which is sufficient to obtain applicable permits and shall submit such Construction Drawings to Landlord for Landlord's approval. Landlord shall, within ten (10) business days after Landlord's receipt of the Construction Drawings, either (i) approve the Construction Drawings, which approval shall not be unreasonably withheld or conditioned if the same are logical evolutions of the Final Space Plan and do not deviate in any material respect therefrom, (ii) approve the Construction Drawings subject to specified conditions which must be

stated in a reasonably clear and complete manner to be satisfied by Tenant prior to submitting the Approved Construction Drawings for permits as set forth in Section 2.4 below of this Tenant Work Letter, or (iii) disapprove and return the Construction Drawings to Tenant with requested revisions. If Landlord disapproves the Construction Drawings, Tenant may resubmit the Construction Drawings to Landlord at any time, and Landlord shall approve or disapprove the resubmitted Construction Drawings, based upon the criteria set forth in this Section 2.3, within four (4) business days after Landlord receives such resubmitted Construction Drawings. Such procedure shall be repeated until the Construction Drawings are approved. In the event Landlord fails to promptly respond to the Construction Drawings, then Tenant may resubmit the same to Landlord's representative with a cover letter stating "Landlord's failure to respond within four (4) business days shall result in the deemed approval of the attached" in all capital letters and in bold face type. In the event Landlord thereafter fails to respond to the Construction Drawings by the date which is the later of the original response period set forth above or the four (4) business days following the second notice, then such Construction Drawings shall be deemed approved by Landlord.

2.4 ***Approved Construction Drawings***. The Construction Drawings for the Tenant Improvements shall be approved by Landlord (the "**Approved Construction Drawings**") prior to the commencement of construction of the Tenant Improvements. Tenant shall, at its sole cost and expense (subject to reimbursement by the Tenant Improvement Allowance in accordance with the terms of this Work Letter), cause to be obtained all applicable building permits required in connection with the construction of the Tenant Improvements ("**Permits**"). Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any Permits or certificate of occupancy for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate at no cost to Landlord with Tenant in performing ministerial acts reasonably necessary to enable Tenant to obtain any such Permits or certificate of occupancy. No changes, modifications or alterations in the Approved Construction Drawings (other than immaterial field changes) may be made without the prior written consent of Landlord pursuant to the terms of Section 2.5 below.

2.5 ***Change Orders***. In the event Tenant desires to change the Approved Construction Drawings (other than immaterial field changes), Tenant shall deliver notice (the "**Drawing Change Notice**") of the same to Landlord, setting forth in detail the changes (the "**Tenant Change**") Tenant desires to make to the Approved Construction Drawings. Landlord shall, within four (4) business days of receipt of a Drawing Change Notice, either (i) approve the Tenant Change, which approval shall not be unreasonably withheld if the same is materially consistent with the Final Space Plan or (ii) disapprove the Tenant Change and deliver a notice to Tenant specifying in reasonably sufficient detail the reasons for Landlord's disapproval. Any additional costs which arise in connection with such Tenant Change shall be paid by Tenant (subject to reimbursement by the Tenant Improvement Allowance in accordance with the terms of this Work Letter). Landlord's failure to provide either approval or disapproval in writing within any applicable time period shall be deemed approval by Landlord.

3. Construction of the Tenant Improvements

3.1 Tenant's Selection of Contractors.

(a) The Contractor. Tenant shall retain a licensed general contractor (the "**Contractor**") pre-approved by Landlord, which approval shall not be unreasonably withheld or delayed, prior to Tenant causing the Contractor to construct the Tenant Improvements. Landlord shall, within two (2) business days after Landlord's receipt of the name of any proposed Contractor either provide such approval or disapproval, along with reasons therefor.

(b) Tenant's Agents. All major trade subcontractors and suppliers used by Tenant (such major trade subcontractors and material suppliers along with all other laborers, materialmen, and suppliers, and the Contractor to be known collectively as "**Tenant's Agents**") must be approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, provided that, subject to the terms hereof, Tenant shall cause the designated structural, electrical, HVAC, mechanical, and curtainwall subcontractors to be retained in connection with the Tenant Improvements. Landlord shall, within four (4) business days after Landlord's receipt of the name of any proposed Tenant's Agent either provide such approval or disapproval, along with reasons therefor. If Landlord does not approve any of Tenant's proposed subcontractors, laborers, materialmen or suppliers, Tenant shall submit other proposed subcontractors, laborers, materialmen or suppliers for Landlord's written approval. The Contractor and the Contractor's subcontractors (collectively, "**Tenant's Contractors**") and their respective workers shall conduct their activities in and around the Premises, the Building and the Project in a harmonious relationship with all other subcontractors, laborers, materialmen and supplies at the Premises, the Building and the Project. In the event Landlord fails to promptly respond to Tenant's request for approval of Tenant's Contractors within said four (4) business day period, then Tenant may resubmit the same to Landlord's representative with a cover letter stating "Landlord's failure to respond within four (4) business days shall result in the deemed approval of the attached" in all capital letters and in bold face type. In the event Landlord thereafter fails to respond thereto by the date which is the later of the original response period set forth above or the four (4) business days following the second notice, then the request shall be deemed approved by Landlord.

3.2 Construction of Tenant Improvements by Tenant's Agents.

(a) Construction Contract. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall deliver to Landlord a copy of the construction contract and general conditions with Contractor (the "**Contract**") along with a detailed breakdown, by trade, of the final costs to be incurred or which have been incurred in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor, which costs form a basis for the amount of the Contract (the "**Final Costs**"). Landlord acknowledges that the build out by Tenant of the Premises may be accomplished by Tenant in one or more stages and at one or more times and the Final Costs as defined herein shall apply to each such stage.

(b) Tenant's Agents.

(i) Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (A) the Tenant Improvements shall be constructed in conformance with the Approved Construction Drawings; and (B) Tenant shall abide by all reasonable construction guidelines and reasonable rules made by Landlord's Project manager with respect to any matter, within reason, in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements.

(ii) Indemnity. Tenant's indemnity of Landlord as set forth, qualified and conditioned in this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities to the extent related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. The waivers of subrogation set forth in this Lease pertaining to property damage shall be fully applicable to damage to property arising as a result of any work performed pursuant to the terms of this Tenant Work Letter.

(iii) Requirements of Tenant's Agents. Tenant's Contractor shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Tenant's Contractor shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after final completion. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

(iv) Insurance Requirements.

(A) General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in this Lease (provided that the limits of liability to be carried by Tenant's Agents and Contractor, shall be in an amount which is customary for such respective Tenant's Agents employed by tenants constructing improvements in the Comparable Buildings), and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

(B) Special Coverages. Contractor shall carry "Builder's All Risk" insurance, in an amount approved by Landlord but not more than the amount of the Contract, covering the construction of the Tenant Improvements, and such other insurance as

Landlord may reasonably require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord (to the extent they are generally required by landlords of Comparable Buildings) and shall be in a form and with companies as are required to be carried by Tenant pursuant to the terms of this Lease.

(C) General Terms. Certificates for all insurance carried pursuant to this Section 3.2(b)(iv) shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the Project. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days' prior notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof and this Lease is not terminated, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the completion of the Tenant Improvements. All such insurance relating to property, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by Landlord is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 3.2(b)(ii) of this Tenant Work Letter and Tenant's right with respect to the waiver of subrogation.

(c) Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (i) all Laws; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

(d) Inspection by Landlord. Landlord shall have the right to inspect the Tenant Improvements at all reasonable times; provided, however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. In the event that Landlord should disapprove any portion of the Tenant Improvements during an inspection (which disapproval shall occur only in the event that the Tenant Improvements materially deviate from the tenant improvements contemplated by the Construction Drawings or are materially defective), Landlord shall notify Tenant in writing within a reasonable time of such inspection of such disapproval and shall specify in reasonably sufficient detail the items disapproved. Any defects or deviations in, and/or disapprovals in accordance herewith by Landlord of, the Tenant Improvements shall be rectified by Tenant at Tenant's expense and at no expense to Landlord; provided, however, that in the event Landlord determines that a material defect or deviation exists, Landlord may, following notice to Tenant and a reasonable period of time for Tenant to cure, take such action as Landlord deems necessary

to correct the same, at Tenant's expense, and at no additional expense to Landlord, and without incurring any liability on Landlord's part.

(e) Coordination Fee. Tenant shall reimburse Landlord for its reasonable actual third-party costs incurred in connection with the oversight and coordination of the construction of the Tenant Improvements, which may include, without limitation, all costs and expenses of third party consultants, engineers, architects and others for reviewing plans and specifications (the "**Coordination Fee**").

(f) Meetings. Tenant shall hold periodic meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and the construction of the Tenant Improvements, which meetings shall be held at a location reasonably designated by Tenant. Landlord and/or its agents shall receive prior notice of, and shall have the right to attend monthly meetings at which, during the construction phase, shall include the review of Contractor's current request for payment.

3.3 Notice of Completion; Copy of Record Set of Plans. Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall prepare a Notice of Completion, which Landlord shall execute if factually correct, and Tenant shall cause such Notice of Completion to be recorded in the appropriate office of the county recorder in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Construction Drawings as necessary to reflect all changes made to the Approved Construction Drawings during the course of construction, (B) to certify to the best of their knowledge that the updated drawings are true and correct, which certification shall survive the expiration or termination of this Lease, and (C) to deliver to Landlord two (2) CD-ROMs of such updated Approved Construction Drawings, in CAD format, within thirty (30) days following issuance of a certificate of occupancy for the Premises, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises.

3.4 Landlord Work. Landlord shall use commercially reasonable efforts to cause all laboratory improvements located on the 5th floor portion of the Premises to be demolished and removed from the Premises (the "**Landlord Work**") on or before January 10, 2012 ("**Landlord Demolition Completion Date**"). Landlord and Tenant hereby acknowledge that the Landlord Work may take place concurrently with the construction of certain portions of the Tenant Improvements. In connection therewith, Landlord will use commercially reasonable efforts, at no material additional cost to Landlord, to schedule the construction of the Landlord's Work at times and in a manner which will permit Tenant to perform the Tenant Improvements while Landlord is performing Landlord's Work. Notwithstanding the foregoing, to facilitate construction of the Landlord's Work in conjunction with the Tenant Improvements, Tenant agrees to cooperate with Landlord and take all actions reasonably required by Landlord to

facilitate the completion of the Landlord's Work. Landlord and Landlord's employees, agents and contractors shall be granted access to the Premises at all times for the purpose of constructing the Landlord Work within the Premises. To facilitate the same, Landlord and Landlord's contractors shall have keys to the Premises and shall have the right to enter upon the Premises 24-hours a day, 7-days a week to complete the Landlord Work. Without limiting the foregoing, Tenant hereby acknowledges and agrees that Landlord shall be under no duty to notify Tenant prior to accessing any portion of the Premises in connection with completion of construction of the Landlord's Work. Tenant acknowledges that during construction of the Landlord's Work that the areas of the Premises then being accessed by Tenant will not be separated from the work being performed by Landlord and Landlord's contractors and that, as a result of Landlord's construction of the Landlord's Work, there will be construction noise, dust and related inconveniences to Tenant's use of the Premises. If for any reason whatsoever, Landlord cannot complete the Landlord Work by the Landlord Demolition Completion Date, the Commencement Date and Expiration Date shall be extended by the same number of days that Landlord's Work is completed after the Landlord Demolition Completion Date.

4. Miscellaneous

4.1 Tenant's Representative. Tenant has designated Howie Shohet, CFO as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter, provided that Tenant may hereafter designate one or more additional or replacement representatives in writing.

4.2 Landlord's Representative. Landlord has designated William Moyer, General Manager as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter, provided that Landlord may hereafter designate one or more additional or replacement representatives in writing ..

4.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

4.4 Tenant's Lease Default. Notwithstanding any terms to the contrary contained in this Lease, upon any Event of Default, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Tenant Improvements (in which case, Tenant shall be responsible for any delay in the completion of the Tenant Improvements caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be suspended until such time as such Event of Default is cured pursuant to the terms of the Lease. Notwithstanding the forgoing, if such Event of Default is cured, forgiven or waived, Landlord's suspended obligations shall be fully reinstated and resumed, effective immediately.

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "**Amendment**") is made and entered into effective as of April 4, 2017 (the "**Effective Date**"), by and between GOOGLE INC., a Delaware corporation ("**Landlord**"), and C3 IOT, INC., a Delaware corporation ("**Tenant**")

R E C I T A L S:

A. Landlord (as successor-in-interest to VII Pac Shores Investors, LLC), and Tenant (as successor by merger and name change to C3, LLC) are parties to that certain Triple Net Space Lease dated October 28, 2011 (the "**Lease**"), pursuant to which Landlord is currently leasing to Tenant, and Tenant is currently leasing from Landlord, certain space (the "**Premises**") containing approximately 51,307 rentable square feet located on the fourth (4th) and fifth (5th) floors of that certain building addressed as 1300 Seaport Boulevard, Redwood City, California (the "**Building**").

B. Tenant has exercised the one (1) option to extend the Term of the Lease as provided in Section 3.4 of the Lease.

C. Landlord and Tenant now desire to amend the Lease (i) to memorialize the extended term of the Lease, and (ii) to modify various terms and provisions of the Lease, all as hereinafter provided.

A G R E E M E N T:

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Capitalized Terms. All capitalized terms when used herein shall have the same meanings given such terms in the Lease unless expressly superseded by the terms of this Amendment.

2. Extension of Lease Term. Pursuant to the extension rights provided in Section 3.4 of the Lease, Landlord and Tenant hereby acknowledge and agree that the Term of the Lease, which is currently scheduled to expire on September 30, 2017, is hereby extended for a period of sixty (60) months ("**Extended Term**"), commencing on October 1, 2017 ("**Extended Term Commencement Date**") and expiring on September 30, 2022, unless sooner terminated pursuant to the terms of the Lease, as hereby amended.

3. Rent. Prior to the Extended Term, the Base Rent payable by Tenant shall continue to be as set forth in the Lease. During the Extended Term, Tenant shall pay monthly installments of Base Rent to Landlord for the Premises as set forth in the following schedule:

Period of Extended Term	Monthly Installment of Base Rent
10/1/17 – 9/30/18	$189;835.90
10/1/18 – 9/30/19	$195,530.98
10/1/19 – 9/30/20	$201,396.91
10/1/20 – 9/30/21	$207,438.81
10/1/21 – 9/30/22	$213,661.98

In addition, Tenant shall continue to pay for Tenant's Share of Operating Expenses in accordance with the terms of the Lease.

4. Base Rent Abatement. Provided Tenant is not in default (after expiration of any applicable notice and cure periods), Tenant shall have no obligation to pay Base Rent with respect to the Premises for the first two (2) months of the Extended Term (the "**Abatement Period**"). The total amount of Base Rent abated during the Abatement Period shall not exceed $379,671.80. If Tenant shall be in default under the Lease, and shall fail to cure such default within the time, if any, provided for cure pursuant to the Lease, then, in addition to any other remedies Landlord may have under the Lease, Landlord, at its option, may elect any or all of the following remedies: (i) Tenant shall immediately become obligated to pay to Landlord the amount of all Base Rent previously abated hereunder during the Abatement Period, together with interest on such amounts as provided in the Lease from the date such Base Rent would have otherwise been due but for the Base Rent abatement provided herein; or (ii) the unexpired portion of the Abatement Period as if such default shall be moved to the end of the Extended Term (provided that such abatement shall not exceed $379,671.80 in the aggregate), and Tenant shall immediately be obligated to begin paying Base Rent at the full amounts of the monthly installments therefor set forth above.

5. Condition of Premises. Tenant is currently in possession of the Premises and shall continue to accept and occupy the Premises and the Building in their current "**AS IS**" condition as of the Effective Date and the Extended Term Commencement Date without any agreements, representations, understandings or obligations on the part of Landlord to perform or pay for any alterations, repairs or improvements to the Premises, except as otherwise expressly set forth in the Lease, as hereby amended.

6. Landlord's Address for Notices. Effective as of the Effective Date, all notices, consents, demands and other communications delivered by Tenant to Landlord pursuant to and in accordance with the Lease must be addressed to the following addresses:

Originals sent to:

Google Inc.
1600 Amphitheatre Parkway
Mountain View, California 94043
Attention: Lease Administration

and

Google Inc.
1600 Amphitheatre Parkway
Mountain View, California 94043
Attention: Legal Department / RE Matters

7. Statutory CASp Disclosure. For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises have not undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of and in connection with such notice: (i) Tenant, having read such notice and understanding Tenant's right to request and obtain a CASp inspection and with advice of counsel, hereby elects not to obtain such CASp inspection and forever waives its rights to obtain a CASp inspection with respect to the Premises, the Building, and/or the Project to the extent permitted by applicable laws now or hereafter in effect; and (ii) if the waiver set forth in clause (i) hereinabove is not enforceable pursuant to applicable laws now or hereafter in effect, then Landlord and Tenant hereby agree as follows (which constitute the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (A) Tenant shall have the one-time right to request for and obtain a CASp inspection, which request must be made, if at all, in a written notice delivered by Tenant to Landlord on or before the Extended Term Commencement Date; (B) any CASp inspection timely requested by Tenant shall be conducted (1) between the hours of 9:00 a.m. and 5:00 p.m. on any business day, (2) only after ten (10) days' prior written notice to Landlord of the date of such CASp inspection, (3) in a professional manner by a CASp designated by Landlord and without any testing that would damage the Premises, the Building, or the Project in any way, (4) in accordance with all of the provisions of the Lease applicable to Tenant contracts for construction, and (5) at Tenant's sole cost and expense, including, without limitation, Tenant's payment of the fee for such CASp inspection, the fee for any reports and/or certificates prepared by the CASp in connection with such CASp inspection (collectively, the "**CASp Reports**") and all other costs and expenses in connection therewith; (C) Landlord shall be an express third party beneficiary of Tenant's contract with the CASp, and any CASp Reports shall be addressed to both Landlord and Tenant; (D) Tenant shall deliver a copy of any CASp Reports to Landlord within two (2) business days after Tenant's receipt thereof; (E) any information generated by the CASp inspection and/or contained in the CASp Reports shall not be disclosed by Tenant to anyone other than (I) contractors, subcontractors and/or consultants of Tenant, in each instance who have a need to know such information and who agree in writing not to further disclose such

information, or (II) any governmental entity, agency or other person, in each instance to whom disclosure is required by law or by regulatory or judicial process; (F) Tenant, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Premises to correct violations of construction-related accessibility standards, including, without limitation, any violations disclosed by such CASp inspection; and (G) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of construction-related accessibility standards relating to those items of the Building, and/or the Project located outside the Premises that are Landlord's obligation to repair as set forth in the Lease, then Landlord shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by applicable laws to correct such violations, and Tenant shall reimburse Landlord for the cost of such improvements, alterations, modifications and/or repairs within ten (10) business days after Tenant's receipt of an invoice therefor from Landlord.

8. Brokers. Landlord and Tenant each hereby represents and warrants to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment, other than CBRE, Inc., representing Landlord (the "**Broker**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Amendment. Landlord shall be solely responsible for paying any commission owed to the Broker in connection with this Amendment pursuant to the terms and conditions set forth in a separate written agreement. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any breach of the foregoing representation and warranty by the indemnifying party in connection with this Amendment. The provisions of this Section 8 shall survive the expiration or earlier termination of the Lease.

9. Authority. If Tenant is a corporation, trust, limited liability company or partnership, each individual executing this Amendment on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Amendment and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after Landlord's written request, deliver to Landlord satisfactory evidence of such authority, and, upon demand by Landlord, Tenant shall also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of formation; and (ii) qualification to do business in California.

10. Counterparts. This Amendment may be executed in any number of counterparts, which may be delivered electronically, via facsimile or by other means. Each party may rely upon signatures delivered electronically or via facsimile as if such signatures were originals. Each counterpart of this Amendment shall be deemed to be an original, and all such counterparts (including those delivered electronically or via facsimile), when taken together, shall be deemed to constitute one and the same instrument.

11. No Options. Notwithstanding anything to the contrary contained in the Lease, as hereby amended, Tenant hereby acknowledges and agrees that: (1) Tenant has no (A) options to extend or renew the Lease, (B) early termination options, (C) options or rights to expand the Premises or to lease additional space in the real property of which the Premises are a part, (D) rights of first offer and/or rights of first refusal to lease any space in the real property of which the Premises are a part (except as expressly set forth in Section 17 of the Lease), and (E) options or preferential rights to purchase all or any portion of the Premises or the real property of which the Premises are a part nor any other rights or interests with respect to the Premises or the real property of which the Premises are a part, other than as "**Tenant**" under the Lease; and (ii) Tenant is not entitled to any improvement allowance, free or abated rent or any other concessions under the Lease. Without limiting the generality of the foregoing, Tenant acknowledges and agrees that the provisions of Section 3.4 of the Lease (as amended) are deleted and of no further force or effect.

12. No Further Modification. Except as set forth in this Amendment, all of the terms and provisions of the Lease are hereby ratified and confirmed and shall remain unmodified and in full force and effect. In the event of any conflict between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

[**SIGNATURES CONTAINED ON THE FOLLOWING PAGE**]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed by their duly authorized representatives as of the date first above written.

"LANDLORD":		**"TENANT":**	
GOOGLE INC., a Delaware corporation		C3, IOT INC., a Delaware corporation	
By:	/s/ David Radcliffe	By:	/s/ Thomas M. Siebel
Name:	David Radcliffe	Name:	Thomas M. Siebel
Title:	Authorized Signatory	Title:	CEO

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (this "**Amendment**") is made and entered into effective as of November 7, 2017 (the "**Effective Date**"), by and between GOOGLE LLC, a Delaware limited liability company ("**Landlord**"), and C3 IOT, INC., a Delaware corporation ("**Tenant**").

R E C I T A L S:

A. Landlord and Tenant are parties to that certain Lease (as defined below), pursuant to which Landlord is currently leasing to Tenant, and Tenant is currently leasing from Landlord, certain space (the "**Existing Premises**") containing approximately 51,307 rentable square feet located on the fourth (4th) and fifth (5th) floors of that certain building addressed as 1300 Seaport Boulevard, Redwood City, California (the "**Building**"). As used herein, "**Lease**" shall mean and refer, collectively, to the following document(s):

i. Triple Net Space Lease dated as of October 28, 2011 (the "**Original Lease**"), between VII Pac Shores Investors, LLC (as predecessor-in-interest to Landlord), and Tenant (as successor by merger and name change to "**C3, LLC**"); and

ii. First Amendment to Lease dated as of April 4, 2017 (the "**First Amendment**"), between Landlord (formerly known as "**Google Inc., a Delaware corporation**"), and Tenant.

B. Landlord and Tenant now desire to amend the Lease: (i) to expand the Existing Premises to include that certain space (the "**Expansion Space**") containing approximately 33,070 rentable square feet consisting of the entire second (2nd) floor of the Building, as depicted on **Exhibit A** attached hereto; and (ii) to modify various terms and provisions of the Lease, all as hereinafter provided.

A G R E E M E N T:

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Capitalized Terms. All capitalized terms when used herein shall have the same meanings given such terms in the Lease unless expressly superseded by the terms of this Amendment.

2. Expansion Space.

2.1 Addition of Expansion Space. Commencing on the Expansion Space Commencement Date (as defined below), the Existing Premises shall be expanded to include the Expansion Space, which Expansion Space shall be leased on the same terms and conditions set forth in the Lease, as hereby amended. From and after the Expansion Space Commencement

Date, the Existing Premises and the Expansion Space shall be collectively referred to as the "**Premises**" and shall contain a total of approximately 84,377 rentable square feet.

2.2 Expansion Space Term. The lease term for the Expansion Space (the "**Expansion Space Term**") shall commence on the Expansion Space Commencement Date and shall expire coterminously with the lease term for the Existing Premises on September 30, 2022 (sometimes referred to herein as the "**Term Expiration Date**"). For purposes of this Amendment, the "**Expansion Space Commencement Date**" shall mean the date which is the earlier of (i) the date Tenant commences business operations in the Expansion Space, or (ii) January 1, 2018.

2.3 Confirmation of Dates. Following the Expansion Space Commencement Date, Landlord shall have the right to deliver to Tenant a Commencement Agreement (the "**Commencement Agreement**"), which Commencement Agreement shall be substantially in the form of Exhibit B attached hereto, as a confirmation only of the information set forth therein. Tenant shall execute three (3) copies of the Commencement Agreement and deliver the same to Landlord within five (5) business days after Tenant's receipt thereof from Landlord.

3. Base Rent. The Base Rent payable by Tenant with respect to the Existing Premises shall continue to be as set forth in the Lease. During the Expansion Space Term, Tenant shall pay monthly installments of Base Rent to Landlord for the Expansion Space as set forth in the following schedule:

Period of Expansion Space Term	Monthly Installment of Base Rent
01/01/18 – 12/31/18	$125,996.70
01/01/19 – 12/31/19	$129,634.40
01/01/20 – 12/31/20	$133,602.80
01/01/21 – 12/31/21	$137,571.20
01/01/22 – Term Expiration Date	$122,359.00

Notwithstanding anything to the contrary in the Lease, as hereby amended, upon the execution of this Amendment, Tenant shall prepay to Landlord Base Rent for the month of May, 2018, in the amount of $122,359.00.

4. Tenant's Share. Tenant shall continue to pay Tenant's Share-of Operating Expenses in accordance with the terms of the Lease; provided, however, notwithstanding anything to the contrary contained in the Lease, as hereby amended, from and after the Expansion Space Commencement Date, as a result of the addition of the Expansion Space to the Existing Premises pursuant to the applicable provisions of this Amendment above, Tenant's Share of Building 8 items shall be revised to equal 51.22% (*i.e.*, 84,377 rentable square feet within the Existing Premises and the Expansion Space divided by 164,732 rentable square feet within Building 8) and Tenant's Share of Project items shall be 5.05% (i.e., 84,377 rentable square feet within the Existing Premises and the Expansion Space divided by 1,672,073 rentable

square feet within the Project). Effective as of the Effective Date, Landlord and Tenant hereby stipulate for all purposes of the Lease that the rentable square footage of Building 8 shall be deemed to contain 164,732 rentable square feet of space and that the rentable square footage of the Project shall be deemed to contain 1,672,073 rentable square feet of space.

5. Base Rent Abatement. Provided Tenant is not in default (after expiration of any applicable notice and cure periods), Tenant shall have no obligation to pay Base Rent with respect to the Expansion Space for the first four (4) months of the Expansion Space Term (the "**Expansion Space Abatement Period**") The total amount of Base Rent abated during the Expansion Space Abatement Period shall not exceed $489,436.00. If Tenant shall be in default under the Lease, as hereby amended, and shall fail to cure such default within the time, if any, provided for cure pursuant to the Lease, as hereby amended, then, in addition to any other remedies Landlord may have under the Lease, Landlord, at its option, may elect any or all of the following remedies: (i) Tenant shall immediately become obligated to pay to Landlord the amount of all Base Rent previously abated hereunder during the Expansion Space Abatement Period, together with interest on such amounts as provided in the Lease from the date such Base Rent would have otherwise been due but for the Base Rent abatement provided herein; or (ii) the unexpired portion of the Expansion Space Abatement Period as if such default shall be moved to the end of the Expansion Space Term (provided that such abatement shall not exceed $489,436.00 in the aggregate), and Tenant shall immediately be obligated to begin paying Base Rent for the Expansion Space at the full amounts of the monthly installments therefor set forth above.

6. Letter of Credit. Landlord and Tenant acknowledge that, in accordance with the terms of the Lease, Tenant has previously delivered to Landlord a letter of credit in the total sum of $425,000.00 as security for the faithful performance by Tenant of the terms, covenants and conditions of the Lease. Landlord and Tenant agree that Landlord shall continue to hold the Letter of Credit during the Expansion Space Term, pursuant to the terms of the Lease, as hereby amended.

7. Landlord Early Termination Right; Expansion Space. Notwithstanding anything to the contrary contained in the Lease, Landlord, upon prior written notice (the "**Expansion Space Termination Notice**") to Tenant, shall have the option to terminate the Lease as of 11:59 p.m. on the Expansion Space Termination Date (as defined below) with respect to the Expansion Space only (and not the Existing Premises). The Expansion Space Termination Notice shall specify the Early Termination Fee (as defined in Section 7.3 below) and the Expansion Space Termination Date. As used herein, the "**Expansion Space Termination Date**" shall be the date specified by Landlord in its Expansion Space Termination Notice, which date must be the last day of a calendar month, but in no event shall the Expansion Space Termination Date be earlier than six (6) months after the date Tenant receives the Expansion Space Termination Notice and in no event may the Expansion Space Termination Date be earlier than June 30, 2020.

7.1 Surrender; Effect of Early Termination. If Landlord shall exercise its early termination option, all rights, liabilities and duties of the parties under the Lease with respect to the Expansion Space (including, without limitation, Tenant's obligations to pay Base Rent and

Tenant's Share of Operating Expenses) shall terminate effective as of the Expansion Space Termination Date as if it were the Term Expiration Date; provided, however, that: (i) Tenant's obligation to comply with all covenants and agreements under the Lease, as amended, with respect to the Expansion Space shall continue through and including the date (the "**Surrender Date**") that is the later of the Expansion Space Termination Date or the date on which Tenant surrenders the Expansion Space to Landlord in the condition required by the Lease, as amended hereby; (ii) nothing contained herein is intended to release Tenant from any obligations accruing under the Lease with respect to the Expansion Space prior to the Surrender Date, and without limitation of the foregoing, Tenant's obligation to indemnify, defend and hold Landlord harmless contained in the Lease, as amended hereby, with respect to the Expansion Space shall survive such early termination of the Lease with respect to all claims, liabilities, damages, costs and expenses, including attorneys' fees, arising from circumstances, actions or omissions that occurred prior to the Surrender Date with respect to the Expansion Space; (iii) on or before the Expansion Space Termination Date, Tenant shall vacate and surrender the Expansion Space to Landlord broom clean, free, clear and vacant of all (A) tenants, subtenants and other occupants claiming any possessory interest in the Premises or any portion thereof by, through or under Tenant, and (B) furniture, fixtures, equipment and personal property, and otherwise in the condition required under the Lease, as amended hereby; and (iv) if Tenant fails to deliver possession of the Expansion Space to Landlord on or before the Expansion Space Termination Date in the condition required hereunder, Tenant's continued possession of the Expansion Space shall be on the basis of a tenancy at sufferance without Landlord's consent and the relevant holdover provisions set forth in Section 18.9 of the Original Lease shall apply. Landlord's exercise of its early termination right under this Section 7 shall not entitle Landlord to revoke Tenant's right to Monument Signage and/or Building Signage under Section 18.14 of the Original Lease.

7.2 Early Termination Amendment. If Landlord exercises its early termination option pursuant to this Section 7, Landlord shall prepare an amendment to the Lease (the "**Early Termination Amendment**") to reflect the reduced square footage of the Premises (i.e., modify the Base Rent, Tenant's Share and other appropriate terms). The Early Termination Amendment shall be sent to Tenant within a reasonable time after Landlord's delivery of the Expansion Space Termination Notice and Tenant shall execute and return the Early Termination Amendment to Landlord within ten (10) days after Tenant's receipt of same, but, upon Landlord's delivery of the Expansion Space Termination Notice as described herein, an otherwise valid exercise of Landlord's early termination option shall be fully effective whether or not the Early Termination Amendment is executed.

7.3 Offset Right; Early Termination Fee. If Landlord exercises its early termination option pursuant to this Section 7, then subject to the terms of this Section 7.3 below, Tenant shall be entitled to offset against Base Rent payable under the Lease with respect to the Existing Premises and the Expansion Space a monthly amount (the "**Early Termination Fee**") equal to the product of (A) the lesser of (1) 50% of the amount that tenant spends on any Alteration (including, without limitation, "soft" costs thereof) of the Expansion Space ("**Tenant Costs**") divided by 27, and (2) $91,861, multiplied by (B) the number of full calendar months between the Expansion Space Termination Date and the Term Expiration Date as set forth in

Section 2.2. For example, if the Expansion Space Termination Date is August 30, 2022 and 50% of the total Tenant Costs was in excess of $2,480,250, then the Early Termination Fee shall not exceed $91,861. By way of further example, if the Expansion Space Termination Date is September 30, 2021 and 50% of the total Tenant Costs was in excess of $2,480,250, then the Early Termination Fee shall not exceed $1,102,332. By way of further example, if the Expansion Space Termination Date is June 30, 2020 and 50% of the total Tenant Costs was in excess of $2,480,250, then the Early Termination Fee shall not exceed $2,480,250.

8 Delivery of Expansion Space; Condition of Premises. Landlord shall deliver the Expansion Space to Tenant with the plumbing, lighting, heating, ventilating, air conditioning, gas, electrical and plumbing systems serving the Expansion Space in good working condition (the "**Delivery Condition**") no later than one (1) business day after the mutual execution and delivery of this Amendment. Subject to Landlord's delivery of the Expansion Space in the Delivery Condition, Tenant (a) shall continue to accept and occupy the Existing Premises and the Building, in their current "AS IS" condition as of the Effective Date, and (b) shall accept the Expansion Space in its current "AS IS" condition as of the Effective Date and the Expansion Space Commencement Date, in each instance, without any agreements, representations, understandings or obligations on the part of Landlord to perform or pay for any alterations, repairs or improvements to the Existing Premises or the Expansion Space, except as otherwise expressly set forth in the Lease, as hereby amended.

9 Statutory CASp Disclosure. For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that neither the Existing Premises nor the Expansion Space have undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of and in connection with such notice: (i) Tenant, having read such notice and understanding Tenant's right to request and obtain a CASp inspection and with advice of counsel, hereby elects not to obtain such CASp inspection and forever waives its rights to obtain a CASp inspection with respect to the Premises, the Building and/or the Project to the extent permitted by applicable laws now or hereafter in effect; and (ii) if the waiver set forth in clause (i) hereinabove is not enforceable pursuant to applicable laws now or hereafter in effect, then Landlord and Tenant hereby agree as follows (which constitute the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (A) Tenant shall have the one-time right to request for and obtain a CASp inspection, which request must be made, if at all, in a written notice delivered by Tenant to Landlord on or before the Expansion Space Commencement Date, with respect to the Expansion Space; (B) any CASp inspection

timely requested by Tenant shall be conducted (1) between the hours of 9:00 a.m. and 5:00 p.m. on any business day, (2) only after ten (10) days' prior written notice to Landlord of the date of such CASp inspection, (3) in a professional manner by a CASp designated by Landlord and without any testing that would damage the Premises, the Building or the Project in any way, (4) in accordance with all of the provisions of the Lease applicable to Tenant contracts for construction, and (5) at Tenant's sole cost and expense, including, without limitation, Tenant's payment of the fee for such CASp inspection, the fee for any reports and/or certificates prepared by the CASp in connection with such CASp inspection (collectively, the "**CASp Reports**") and all other costs and expenses in connection therewith; (C) Landlord shall be an express third party beneficiary of Tenant's contract with the CASp, and any CASp Reports shall be addressed to both Landlord and Tenant; (D) Tenant shall deliver a copy of any CASp Reports to Landlord within two (2) business days after Tenant's receipt thereof; (E) any information generated by the CASp inspection and/or contained in the CASp Reports shall not be disclosed by Tenant to anyone other than (I) contractors, subcontractors and/or consultants of Tenant, in each instance who have a need to know such information and who agree in writing not to further disclose such information, or (II) any governmental entity, agency or other person, in each instance to whom disclosure is required by law or by regulatory or judicial process; (F) Tenant, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Premises to correct violations of construction-related accessibility standards, including, without limitation, any violations disclosed by such CASp inspection; and (G) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of construction-related accessibility standards relating to those items of the Building and/or the Project located outside the Premises that are Landlord's obligation to repair as set forth in the Lease, then Landlord shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by applicable laws to correct such violations, and Tenant shall reimburse Landlord for the cost of such improvements, alterations, modifications and/or repairs within ten (10) business days after Tenant's receipt of an invoice therefor from Landlord.

10 Brokers. Landlord and Tenant each hereby represents and warrants to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment, other than CBRE, Inc., representing Landlord (the "**Broker**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Amendment. Landlord shall be solely responsible for paying any commission owed to the Broker in connection with this Amendment pursuant to the terms and conditions set forth in a separate written agreement. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any breach of the foregoing representation and warranty by the indemnifying party in connection with this Amendment. The provisions of this Section 10 shall survive the expiration or earlier termination of the Lease.

11 Authority. If Tenant is a corporation, trust, limited liability company or partnership, each individual executing this Amendment on behalf of Tenant hereby represents

and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Amendment and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after Landlord's written request, deliver to Landlord satisfactory evidence of such authority, and, upon demand by Landlord, Tenant shall also deliver to Landlord satisfactory evidence of: (i) good standing in Tenant's state of formation; and (ii) qualification to do business in California.

12 Counterparts. This Amendment may be executed in any number of counterparts, which may be delivered electronically, via facsimile or by other means. Each party may rely upon signatures delivered electronically or via facsimile as if such signatures were originals. Each counterpart of this Amendment shall be deemed to be an original, and all such counterparts (including those delivered electronically or via facsimile), when taken together, shall be deemed to constitute one and the same instrument.

13 No Options. Notwithstanding anything to the contrary contained in the Lease, as hereby amended, Tenant hereby acknowledges and agrees that except: (i) Tenant has no (A) options to extend or renew the Lease, (B) early termination options, (C) options or rights to expand the Premises or to lease additional space in the real property of which the Premises are a part, (D) rights of first offer and/or rights of first refusal to lease any space in the real property of which the Premises are a part (except as expressly set forth in Section 17 of the Original Lease), and (E) options or preferential rights to purchase all or any portion of the Premises or the real property of which the Premises are a part nor any other rights or interests with respect to the Premises or the real property of which the Premises are a part, other than as "**Tenant**" under the Lease; and (ii) Tenant is not entitled to any improvement allowance, free or abated rent (except as provided in this Amendment) or any other concessions under the Lease.

14 Miscellaneous. The term "**Premises**" as used in Section 18.14(d)(ii) of the Original Lease shall mean only the Existing Premises.

15 No Further Modification. Except as set forth in this Amendment, all of the terms and provisions of the Lease are hereby ratified and confirmed and shall remain unmodified and in full force and effect. In the event of any conflict between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

[**SIGNATURES CONTAINED ON THE FOLLOWING PAGE**]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed by their duly authorized representatives as of the date first above written.

"LANDLORD":

GOOGLE LLC,

a Delaware limited liability company

By: */s/ David Radcliffe*

Name: David Radcliffe

Title: Authorized Signatory

"TENANT":

C3 IOT, INC.,

a Delaware corporation

By: */s/ Paul Phillip*

Name: Paul Phillip

Title: CFO

By: _____

Name: _____

Title: _____

EXHIBIT A

EXPANSION SPACE

The image which follows is intended solely to identify the general location of the Expansion Space, and should not be used for any other purpose. All areas, dimensions and locations are approximate, and any physical conditions indicated may not exist as shown.

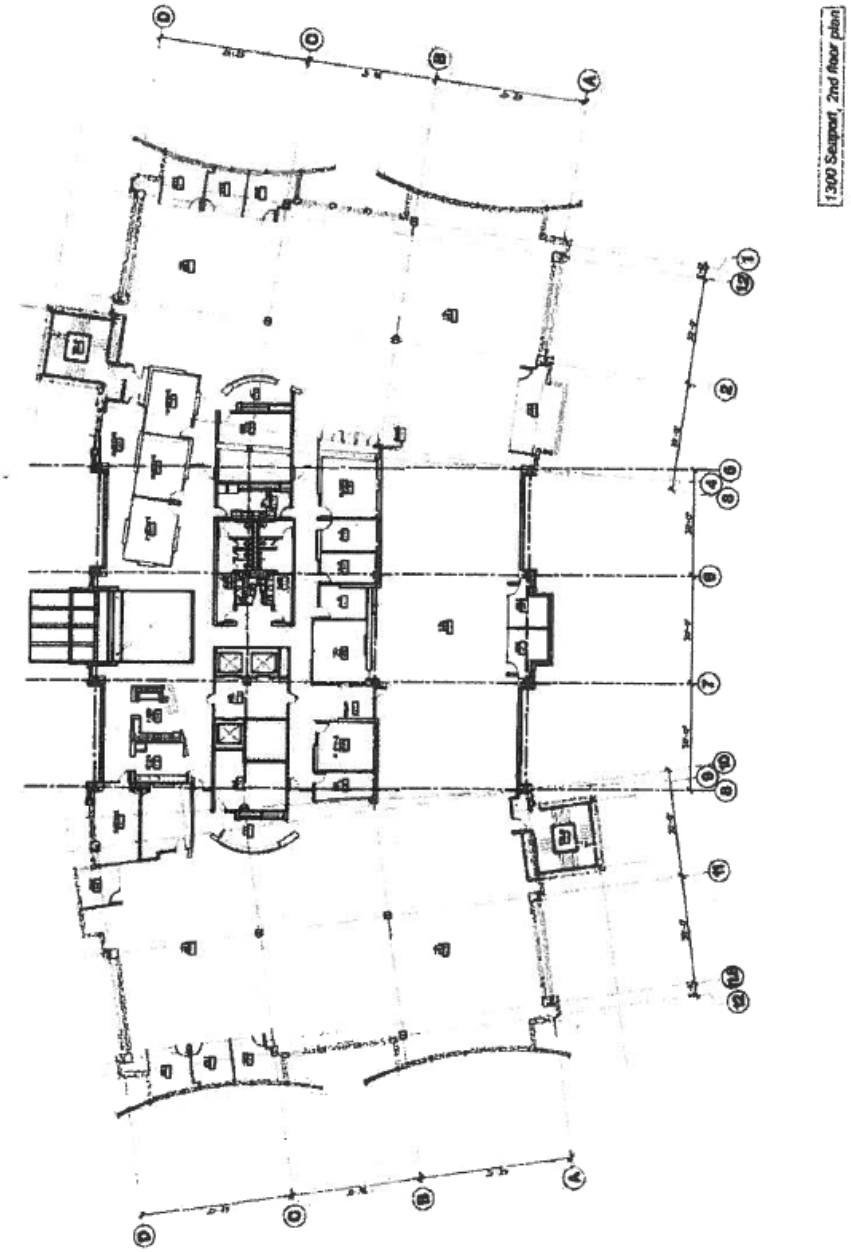


EXHIBIT B

FORM OF

COMMENCEMENT AGREEMENT

_____, 2017

C3 Iot, Inc.

1300 Seaport Boulevard

Redwood City, California

Attention: _____

Re: Commencement Agreement with respect to that certain Second Amendment to Lease dated as of November 7, 2017 (the "**Amendment**"), by and between GOOGLE LLC, a Delaware limited liability company (the "**Landlord**") and C3 IOT, INC., a Delaware corporation (the "**Tenant**"), concerning that certain space (the "**Expansion Space**") containing approximately 33,070 rentable square feet consisting of the entire second (2nd) floor of the building addressed as 1300 Seaport Boulevard, Redwood City, California.

Dear _____:

In accordance with the terms and conditions of the above-referenced Amendment, Tenant has accepted possession of the Expansion Space and Landlord and Tenant hereby agree to the following:

1. The Expansion Space Commencement Date is January 1, 2018;

2. The Expansion Space Term shall expire on September 30, 2022, unless sooner terminated in accordance with the terms of the Lease, as amended by the Amendment;

3. Landlord has received from Tenant an amount equal to $_____, to be applied as follows:

   $_____ for the Security Deposit;

   $_____ for the Base Rent; and

   $_____ for the Operating Expenses;

4. Landlord has received a certificate of insurance for the Expansion Space from Tenant; and

5. Tenant has received keys to the Expansion Space from Landlord.

Please acknowledge your acceptance of possession of the Expansion Space and agreement to the terms set forth hereinabove by executing and delivering to Landlord three (3) copies of this Commencement Agreement.

[SIGNATURES CONTAINED ON THE FOLLOWING PAGE]

AGREED AND ACCEPTED

"LANDLORD":

GOOGLE LLC,

a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

"TENANT":

C3 IOT, INC.,

a Delaware corporation

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

[**SIGNATURE PAGE TO COMMENCEMENT AGREEMENT**]

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

JOINT VENTURE AGREEMENT

between C3.ai and Baker Hughes, a GE company, LLC

June 6, 2019

C3.ai

BAKER HUGHES a GE company

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This JOINT VENTURE AGREEMENT (this "***Agreement***"), effective as of June 6, 2019 (the "***Effective Date***"), is entered into by and between **C3 IoT, Inc. d/b/a** C$_3$**.ai**, a Delaware corporation, with its principal place of business at 1300 Seaport Boulevard, Suite 500, Redwood City, CA, 94063 USA ("C$_3$***.ai***"), and Baker Hughes, a GE company, LLC ("***BHGE***") (each of C3.ai and BHGE, a "***Party***" and together, the "***Parties***").

WHEREAS, C3.ai is a software provider for developing, deploying, and operating AI, predictive analytics, and IoT applications;

WHEREAS, BHGE is a leading oilfield industrial services, equipment, and digital services company;

WHEREAS, C3.ai and BHGE wish to accelerate the global enterprise digital transformation in the oil and gas industry by collaborating in the promotion, marketing, distribution, sale, and delivery of C3.ai's products and services to oil and gas enterprise end customers;

WHEREAS, the Parties are entering into this Agreement to appoint BHGE to promote, market, distribute, and resell C3.ai's software and services to BHGE's customers worldwide, as specified in this Agreement; and

WHEREAS, to achieve success, each Party agrees to make significant operational investments and commitments, including certain technology development by C3.ai, and the efforts of, and management by BHGE of, BHGE's marketing and sales organizations committed to selling C3.ai's offerings, as specified in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties agree as follows:

1. CERTAIN DEFINITIONS

1.1 "***Affiliate***" or "***Affiliated***" means any entity that directly or indirectly Controls, is Controlled by, or is under common Control with, the subject entity. "***Control***," for purposes of this definition, means direct or indirect ownership or control of more than 50% of the voting interests of the subject entity; *provided that*, for the purposes of this Agreement, references to BHGE's "Affiliates" shall be deemed to exclude General Electric Company and its subsidiaries that are not BHGE's subsidiaries.

1.2 "***Anti-Corruption Laws***" has the meaning as set forth in Section 13.4.

1.3 "***Approved Partners***" has the meaning as set forth in Section 2.2.

1.4 "***BHGE/C3 Brand***" has the meaning as set forth in Section 4.2.

1.5 "***BHGE Exclusivity***" has the meaning as set forth in Section 2.2.

1.6 "***BHGE Field***" means the worldwide oil and gas market that includes upstream, midstream, downstream, distribution, petrochemical, liquid natural gas and fertilizer industries as of the Effective Date of this Agreement, including companies engaged in the following activities: (a) drilling, evaluation, processing, completion and/or production, (b) compression and/or boosting liquids, and (c) pipeline inspection and/or integrity management.

1.7 "***BHGE Indemnified Parties***" has the meaning as set forth in Section 10.2(a).

1.8 "***BHGE Marks***" has the meaning as set forth in Section 8.2(b).

1.9 "***BHGE Offerings***" has the meaning as set forth in Section 3.1(a).

1.10 "***BHGE Provided Technology***" has the meaning as set forth in Section 8.4.

1.11 "***BHGE Technology***" means all technology, products, and services of BHGE, including without limitation the BHGE Offerings (including the Updated BHGE Offerings) and BHGE Provided Technology.

1.12 "***C3 AI Suite***" means a platform-as-a-service software solution for the design, development, provisioning, and operating of big data, predictive analytics, AI and/or IoT software-as-a-service applications, that is made generally commercially available by C3.ai as C3 AI Suite™ and that is described in Appendix A-1.1.

1.13 "***C3 Capabilities***" has the meaning as set forth in Section 3.1(a).

1.14 "***C3 House Account***" means [***].

1.15 "***C3 House Account Agreements***" means the agreements between C3.ai and/or its Affiliates, on the one hand, and C3 House Account, on the other hand, entered into prior to the Effective Date, and any and all renewals and expansions thereof.

1.16 "***C3 Marks***" has the meaning as set forth in Section 8.2(a).

1.17 "***C3 MNDA***" means the C3.ai's standard mutual non-disclosure agreement in the form attached hereto as Exhibit G-1.

1.18 "***C3 Offering(s)***" means [***].

1.19 "***C3 Offering Internal BHGE Subscription***" means the non-exclusive subscription(s) purchased by BHGE to use the C3 Offerings for BHGE, its Affiliates, and its joint ventures pursuant to the master subscription and services agreement effective as of April 29, 2019 between the Parties, including any associated order forms or statements of work entered into thereunder (including the order form effective as of April 29, 2019 (the "***Initial Order Form***")) (collectively, the "C3 ***Offering Internal BHGE Subscription MSSA***").

1.20 "***C3 Price List***" means the amounts set forth in C3.ai's price list for the C3 Offerings set forth in Exhibit C, as may be amended from time to time upon written notice by C3.ai.

1.21 "***C3 Revenue***" means [***].

1.22 "***C3 Technology***" means all technology, products, and services of C3.ai, including without limitation the C3 Offerings.

1.23 "***C3.ai Indemnified Parties***" has the meaning as set forth in Section 10.1.

1.24 "***Claim Against BHGE***" has the meaning as set forth in Section 10.2(a).

1.25 "***Claim Against C3.ai***" has the meaning as set forth in Section 10.1.

1.26 "***Confidential Information***" has the meaning as set forth in Section 9.1.

1.27 "***Customer(s)***" has the meaning as set forth in Section 2.1.

1.28 "***Customer Opportunity***" has the meaning as set forth in Section 12.3(c).

1.29 "***EAR***" has the meaning as set forth in Section 13.3.

1.30 "***ECCN***" has the meaning as set forth in Section 13.3.

1.31 "***Exclusive Opportunity Period***" has the meaning as set forth in Section 12.3(c)

1.32 "***Executive Sponsor(s)***" has the meaning as set forth in Section 7.3.

1.33 "***FDE***" has the meaning as set forth in Section 3.2(b).

1.34 "***Feedback***" has the meaning as set forth in Section 8.4.

1.35 "***Force Majeure Event***" has the meaning as set forth in Section 13.9.

1.36 "***FTE***" has the meaning as set forth in Section 3.2(a).

1.37 "***GAAP***" means generally accepted accounting principles in the United States, consistently applied.

1.38 "***Initial Term***" has the meaning as set forth in Section 12.1.

1.39 "***Intellectual Property Rights***" means any and all intellectual property or similar proprietary rights throughout the world, including any and all common law and statutory rights anywhere in the world associated with patents and patent applications; copyrights, copyright registrations, and copyright applications; trade and industrial secrets, know-how, inventions, confidential information and other proprietary information; trademarks, trade names, logos, trade dress, and service marks; and any analogous rights to the foregoing.

1.40 "***IP Claim Against BHGE***" has the meaning as set forth in Section 10.2(a).

1.41 "***Marketing Plan***" has the meaning as set forth in Section 4.1.

1.42 "***Marks***" means (a) with respect to BHGE, the BHGE Marks and (b) with respect to C3.ai, the C3 Marks.

1.43 "***MDF***" has the meaning as set forth in Section 4.1.

1.44 "***MDF Contribution***" has the meaning as set forth in Section 4.1.

1.45 "***Minimum Annual Revenue Commitment***" means the annual C3 Revenue commitment made by BHGE for each year of the Term, in the amount(s) specified in Exhibit B-1.

1.46 "***MSSA***" means C3.ai's standard Master Subscription and Services Agreement for the sale of C3 Offerings, the current form of which is attached hereto as Exhibit G-3.

1.47 "***Offering***" means (a) with respect to C3.ai, any of the C3 Offerings and (b) with respect to BHGE, any of the BHGE Offerings.

1.48 "***Order(s)***" means an ordering document that specifies the C3 Offerings purchased by a Customer that is entered C3.ai and Customer, the current form of which is attached hereto as Exhibit G-4.

1.49 "***Personnel***" has the meaning as set forth in Section 13.4.

1.50 "***Project Leader(s)***" has the meaning as set forth in Section 7.1.

1.51 "***Renewal Term***" has the meaning as set forth in Section 12.1.

1.52 "***Reseller***" has the meaning as set forth in Section 2.1.

1.53 "***Restricted Parties***" has the meaning as set forth in Section 9.2.

1.54 "***Restricted Purchaser***" has the meaning as set forth in Section 13.10.

1.55 "***Revenue***" means GAAP revenue recognized by C3.ai in the ordinary course of business. C3.ai's current Revenue Recognition Policy is attached hereto as Exhibit B-2.

1.56 "***Rules of Arbitration***" has the meaning as set forth in Section 13.11.

1.57 "***Rules of Mediation***" has the meaning as set forth in Section 13.11.

1.58 "***Sales Agent***" has the meaning as set forth in Section 2.1.

1.59 "***Sensitive Information***" has the meaning as set forth in Section 9.1.

1.60 "***Term***" has the meaning as set forth in Section 12.1

1.61 "***Third Party Component***" has the meaning as set forth in Section 10.2(a).

1.62 "***Third Party Offering***" means any software or services that BHGE or its Customer licenses or procures from a third party that a Customer uses in connection with, or which interoperates with, any C3 Offering.

1.63 ***"Trial MSSA"*** means C3.ai's standard Trial Master Subscription and Services Agreement for the trial of C3 Offerings, the current form of which is attached hereto as Exhibit G-2.

1.64 "***Updated BHGE Offerings***" has the meaning as set forth in Section 3.1(a).

2. APPOINTMENT OF BHGE

2.1 Appointment of BHGE. Subject to the terms and conditions of this Agreement, C3.ai appoints BHGE, and BHGE accepts such appointment, during the Term, to offer, market, promote, distribute, license to third parties and resell the C3 Offerings: (a) on an exclusive basis (as described in Section 2.2, but without limiting C3.ai's rights set forth in Section 2.3), into the BHGE Field directly (including through Affiliates), or with C3's prior approval (not to be unreasonably withheld, conditioned or delayed), through sub-distributors, to enterprise end customers ("***Customer(s)***") (*provided that* the Parties shall work together to enable BHGE's resale of the C3 Offering through indirect channels), and (b) subject to the prior written approval of C3.ai (subject to applicable antitrust and competition law), on a non-exclusive basis, to Customers outside the BHGE Field (including through Affiliates). In connection with the foregoing, BHGE (or its Affiliates) may act either as an independent sales representative as further described in Exhibit D-1 ("***Sales Agent***") or as a reseller as further described in Exhibit D-2 ("***Reseller***"). Neither Party has the authority, express or implied, to make any commitment or incur any obligations on the other Party's behalf.

2.2 BHGE Exclusivity. In consideration for the rights granted under this Agreement, C3.ai shall not, during the Term, directly or indirectly, partner or collaborate (a) with a Restricted Purchaser or (b) without BHGE's prior written approval, with any other third party (except the parties set forth in Exhibit K ("***Approved Partners***"), that are hereby expressly approved; *provided that* BHGE's prior written approval shall be required prior to any use of the BHGE/C3 Brand by such Approved Partners), in each case for the purpose of the distribution, licensing, sale or resale of the C3 Offerings into the BHGE Field ("***BHGE Exclusivity***").

2.3 Reservation of Rights by C3.ai. Notwithstanding any other term of this Agreement, C_3.ai reserves the right to promote, market, distribute, license, and sell the C3 Offerings (a) directly or through multiple channels of distribution (subject to Section 2.2) to Customers in the BHGE Field ([***]), and (b) directly or through multiple channels of distribution, outside of the BHGE Field.

2.4 Implementation.

(a) Go-To-Market Plan and Sales Process. Subject to applicable antitrust and competition law, as promptly as reasonably practicable following the Effective Date, C3.ai shall provide to BHGE a list of existing prospects in the BHGE Field, and the Parties shall in good faith establish a go-to-market plan and a sales process to maximize sales in the BHGE Field and to mitigate channel conflicts.

(b) Compliance With Law. In connection with the foregoing, within thirty (30) days of the Effective Date, the Parties will collaborate in good faith to discuss and determine reasonable antitrust and competition law compliance guidance for each Party's respective sales and technical staff involved in the activities contemplated by this Agreement, which guidance will address, without limitation, appropriate limitations on discussions of BHGE resale customer pricing and associated margins.

2.5 Authorized BHGE Sub-Distributors. Each authorized sub-distributor of BHGE under this Agreement must be subject to a written agreement with BHGE that is pre-approved by C3.ai and consistent with the applicable terms of this Agreement.

3. DISTRIBUTION OF C3 OFFERINGS BY BHGE

3.1 Preferred AI Platform.

(a) Non-Competition. In consideration for the rights granted under this Agreement, BHGE shall not, during the Term, promote, market, distribute, license to third parties, and sell in the BHGE Field any software products or related services with capabilities that are directly competitive with the C3 Offerings listed in Exhibit A-1 and the C3 capabilities listed in Exhibit A-1 ("***C3 Capabilities***"); *provided that* BHGE may continue to promote, market, distribute, license to third parties and sell (i) any of BHGE's digital offerings existing as of the Effective Date, including BHGE's digital offerings and BHGE's digital capabilities listed in Exhibit A-2, as well as any derivatives and reasonable extensions thereof (such derivatives and reasonable extensions, collectively, the "***Updated BHGE Offerings***"), and (ii) any future digital offerings that do not compete with the C3 Offerings listed in Exhibit A-1 and the C3 Capabilities (the items described in (i) and (ii) above, collectively, the "***BHGE Offerings***"). Notwithstanding the foregoing, the Parties acknowledge that, to the extent BHGE adds capabilities directly competitive with the C3 Capabilities to the BHGE Offerings in order to make an Updated BHGE Offering, BHGE will use the C3 Offerings listed in Exhibit A-1 if it is practical to do so.

(b) Preferred AI Platform. The Parties shall publish a mutually agreed upon statement that the C3 AI Suite has been selected as BHGE's internal use and external market offering standard for the design, development, and deployment of AI applications in connection with the joint marketing announcement published pursuant to Section 13.7.

3.2 Resources:

(a) BHGE Sales Personnel. BHGE will maintain an adequate direct sales and marketing force to originate and help close commercial opportunities for C3 Offerings, including a minimum of dedicating [***] full-time equivalent ("***FTE***") sales personnel during Year 1, [***] FTE sales personnel during Year 2, and [***] FTE sales personnel during Year 3. C3.ai shall cooperate with, and provide assistance to, BHGE in developing a sales plan.

(b) C3.ai FDE Personnel. C3.ai will maintain an adequate team of forward deployed engineering personnel (pre-sales) ("***FDE***") that will assist BHGE sales team with customer visits, meetings, demonstrations, and sales calls. C3.ai will maintain the ratio of [***] C3 FDE to [***] BHGE direct sales FTEs.

(c) C3.ai Training. At the request of BHGE, C3.ai will provide annual sales training and annual train-the-trainer services to up to [***] BHGE sales personnel at no charge, except reasonable T&E

expenses, if applicable, and will certify BHGE personnel to provide implementation and training to Customers. C3.ai will provide adequate training and follow-on support.

4. JOINT MARKETING

4.1 Marketing Plan and MDF. The Parties agree to work together to develop within ninety (90) days of the Effective Date, a joint go-to-market plan ("***Marketing Plan***") to promote and market the C3 Offerings in the BHGE Field, subject to applicable antitrust and competition law. The Parties will also establish a joint market development fund ("***MDF***") to support the activities agreed under the Marketing Plan. Each Party agrees to contribute a minimum of [***] per contract year during the Term ("***MDF Contribution***") to the MDF. The MDF will be used for cooperative marketing and promotion of the C3 Offerings within the BHGE Field as agreed in the Marketing Plan. The Parties agree to conduct quarterly meetings to approve the allocation of the MDF during the subsequent quarter. The initial such meeting shall be held within ninety (90) days of the Effective Date in connection with the development of the joint go-to-market plan pursuant to this Section 4.1. Notwithstanding any other term of this Agreement, MDF Contributions shall not be credited against any Minimum Annual Revenue Commitments.

4.2 Co-Branding. The Parties agree that the C3 Offerings sold by or on behalf of BHGE hereunder or by or on behalf of C3.ai into the BHGE Field shall be co-branded with such brand as mutually agreed in writing by the Parties prior to the commencement of the promotion and marketing of the C3 Offerings in the BHGE Field ("***BHGE/C3 Brand***"). Notwithstanding such co-branding, nothing in this Agreement shall be deemed to result or be construed as resulting in the other Party's obtaining any ownership interest whatsoever in the brand names, logos, trademarks, trade dress, or other Intellectual Property Rights of the other Party. No joint trademark rights are created under this Agreement. The Parties shall cooperate in good faith in connection with the maintenance, enforcement and protection of the BHGE/C3 Brand, including, as applicable, asserting the BHGE/C3 Brand against third parties. Notwithstanding the foregoing, BHGE's prior written approval shall be required prior to any use of the BHGE/C3 Brand by any Approved Partners.

5. MINIMUM ANNUAL REVENUE COMMITMENT

5.1 Minimum Annual Revenue Commitment.

(a) BHGE hereby makes an irrevocable, non-cancellable minimum commitment to C3.ai equal to the Minimum Annual Revenue Commitment.

(b) At the end of each year during the Term, C3.ai will provide to BHGE its calculation of the C3 Revenue and the terms set forth in Exhibit B-1 shall apply.

5.2 C3 House Account. Notwithstanding anything to the contrary set forth in this Agreement, if BHGE solicits, actively drives, and completes a new sale of a C3 Offering to a C3 House Account, then with C3.ai's prior written agreement, C3.ai may count such sale against the Minimum Annual Revenue Commitment.

5.3 Expenses. Except as expressly set forth in this Agreement, each Party shall bear its own costs and expenses that it incurs in carrying out its obligations under this Agreement.

5.4 Records and Reporting. During the Term and for three (3) years thereafter, each Party shall maintain complete and accurate books and records regarding (a) in the case of BHGE, its direct and indirect sales of the C3 Offerings, and (b) in the case of C3.ai, its direct and indirect sales of the C3 Offerings into the BHGE Field and the annual C3 Revenue. Each Party shall provide to the other Party quarterly sales reports summarizing direct and indirect C3 Offerings sales and distribution in the immediately preceding fiscal quarter (for the avoidance of doubt, C3.ai shall only be obligated to provide such sales reports with respect to sales and distribution into the BHGE Field). The preliminary quarterly sales reports shall be provided no later than five (5) days of the applicable quarter end, and the final quarterly sales reports shall be provided within ten (10) days of the applicable quarter end.

5.5 Audit. Each Party may appoint an independent third party auditor reasonably acceptable to the other Party, to audit the other Party's relevant records solely for the purpose of confirming such other Party's compliance with its obligations under this Agreement. Any such audit will be conducted upon reasonable prior written notice, not more than once every year during the Term, and up to one (1) time within three (3) years thereafter, at the audited Party's facilities during normal business hours with minimal disruption to the audited Party's operations. The audit will be conducted at the auditing Party's sole expense unless the results of an audit establish that the audited Party is not in material compliance with its obligations under this Agreement, in which case the audited Party shall promptly correct any such noncompliance and shall bear the reasonable cost of the audit.

6. DEVELOPMENT

6.1 C3 Applications Development. C3.ai shall use commercially reasonable efforts to develop and maintain the C3 Applications for Oil and Gas listed in Exhibit E, and the Parties shall otherwise comply with their respective obligations set forth in Exhibit E.

6.2 Changes to the C3 Offerings. C3.ai reserves the right at any time in its absolute discretion to update, modify or expand the C3 Offerings, or replace any features or functionality thereof; *provided that* (a) C3.ai shall not discontinue or decrease the functionality of the C3 Offerings (i) that are C3 Applications for Oil and Gas, unless mutually agreed between the Parties, or (ii) that have been sold to Customers as authorized under this Agreement, if such discontinuance or decrease in functionality of the C3 Offerings would result in a liability to BHGE under then existing contracts with Customers, and (b) C3.ai shall keep BHGE informed of any upcoming updates, modifications, expansions or deprecations to the C3 Offerings on a quarterly basis in connection with one of the monthly meetings scheduled during such quarter pursuant to Section 7.1. The foregoing restriction in subsection (a) shall not apply to any Third Party Offerings that are discontinued, become incompatible with a C3 Offering, or for which BHGE or its Customer, as applicable, is unable to secure a required license on commercially reasonable terms.

7. ALLIANCE MANAGEMENT

7.1 Project Leaders. Promptly upon the Effective Date, each Party will assign an executive project leader ("***Project Leader(s)***") and an additional program management team to manage its internal activities and to coordinate communication between the Parties for the activities contemplated by this Agreement. Exhibit F sets forth the Project Leaders initially designated by each Party, and can be updated by either Party upon prior written notice to the other Party. The Project Leaders and their respective staffs shall gather no less frequently than monthly to discuss, among other relevant matters, matters relating to the activities conducted under this Agreement and the relationship of the Parties. The Parties will promptly identify any additional program management team as needed. The matters subject to the governance process and if needed issue resolution escalation set forth in this Section 7 may include but are not limited to addressing (a) any shortfalls for the development or maintenance of the C3 Applications for Oil and Gas as set forth in Section 6.1; (b) staffing requirements for BHGE's sales and marketing FTEs as set forth in Section 3.2(a) and for C3.ai's FDEs as set forth in Section 3.2(b); (c) product roadmaps; (d) Customer satisfaction reviews; (e) reviews of Customer delivery capacity; and (f) reviews of C3 Revenue and related booking projections.

7.2 Initial Issue Resolution. If either Party identifies a concern related to this Agreement or the other Party's performance, including without limitation, an alleged breach by the other Party, it may submit the issue for resolution in accordance with this Section 7. Promptly following the submission by either Party of an issue for consideration under these governance procedures, the Project Leaders will work cooperatively and in good faith to promptly resolve such issue after receipt of written notice thereof (email is sufficient).

7.3 Escalation to Executive Sponsors. If the Project Leaders have not successfully resolved an issue referred to them under Section 7.2 within thirty (30) days after it is submitted, either Project Leader may submit the dispute to each Party's respective executive sponsor ("***Executive Sponsor(s)***"). Exhibit F sets forth the Executive Sponsors initially designated by each Party, and can be updated by either Party upon prior written notice to the other

Party. The Executive Sponsors must negotiate in good faith to resolve the issue in at least one face-to-face or telephone meeting to be held within thirty (30) days after the issue has been escalated to the Executive Sponsors.

7.4 Required Process. For the avoidance of doubt, each Party must initiate the governance process and participate in such process in good faith before initiating any litigation or other legal proceeding regarding this Agreement, and before terminating this Agreement pursuant to Section 12.2, except that a Party may pursue immediate injunctive or other equitable relief in U.S. federal or state courts without regard to the governance provisions of this Agreement, if such Party determines in its sole discretion that such relief is necessary to prevent irreparable harm or protect its Confidential Information, Intellectual Property Rights, or other proprietary rights. Pending resolution of any matter submitted to this governance process, the Parties will continue performance under this Agreement, to the extent feasible.

8. INTELLECTUAL PROPERTY RIGHTS

8.1 Ownership

(a) C3.ai. As between the Parties, C3.ai hereby retains all rights, title and interest, including all Intellectual Property Rights, in and to the C3 Technology and the C3 Marks, including all derivative works, modifications, enhancements, and adaptations thereto. No rights are assigned or licenses granted to BHGE hereunder, by implication, estoppel or otherwise, except as expressly set forth in this Agreement, and C3.ai expressly reserves all rights not expressly granted in this Agreement. Except as set forth in Section 4.2, BHGE will not delete or in any manner alter C3.ai's copyright, patent, or other proprietary notices, if any, appearing in any C3 Technology. The C3 Offerings and all copies thereof are offered for resale as subscriptions or licenses, and nothing set forth in this Agreement shall be construed as a sale of any proprietary or Intellectual Property Rights in or to the C3 Technology, any copies or any part thereof. Accordingly, all references to sale or purchases of the C3 Offerings or any copies thereof, or references of like effect, shall be read and understood to mean subscriptions or licenses thereto.

(b) BHGE.

i. [***]

ii. Except as set forth in the foregoing Section 8.1(b)i, (A) as between the Parties, BHGE hereby retains all rights, title and interest, including all Intellectual Property Rights, in and to the BHGE Technology and the BHGE Marks, including all derivative works, modifications, enhancements, and adaptations thereto and (B) no rights are assigned or licenses granted to C3.ai hereunder, by implication, estoppel or otherwise, except as expressly set forth in this Agreement, and BHGE expressly reserves all rights not expressly granted in this Agreement. Except as set forth in Section 4.2, C3.ai will not delete or in any manner alter BHGE's copyright, patent, trademark, or other proprietary notices, if any, appearing in any BHGE Technology.

(c) Except as expressly set forth in Section 8.1(b)i, nothing set forth in Section 8.1(a) or Section 8.1(b) above is intended to modify the Intellectual Property Rights ownership provisions of the C3 Offering Internal BHGE Subscription MSSA.

8.2 Marks Licenses.

(a) C3.ai. Subject to the terms and conditions of this Agreement, C3.ai hereby grants to BHGE, during the Term, a non-exclusive, non-transferable (except as set forth in Section 13.10), non-sublicensable (except to authorized channel partners), revocable, royalty-free right, in those countries in which C3.ai has such rights, to use C3.ai's trademarks and brand materials associated with, the C3 Offerings (the "C3 ***Marks***") or the BHGE/C3 Brand, as applicable, in connection with the promotion, marketing, distribution, licensing and resale of the C3 Offerings pursuant to the terms of this Agreement. BHGE's use of the C3 Marks will be in accordance with C3.ai's written guidelines and policies regarding trademark usage as established from time to time by C3.ai and provided to BHGE in advance; *provided that*, in the event of any update to C3.ai's written trademark usage

guidelines and policies, BHGE shall be permitted to continue using any materials existing as of the date of receipt of such notice and bearing the C3 Marks for ninety (90) days following the receipt of such notice. All use of the C3 Marks, and all goodwill arising out of such use, shall inure to the sole benefit of C3.ai. BHGE shall not adopt or use as part or all of any corporate name, trade name, trademark, service mark, certification mark, any of the C3 Marks or any other designation confusingly similar to any of the C3 Marks, without C3.ai's prior written approval. BHGE shall comply with all applicable laws and regulations pertaining to the proper use and designation of the C3 Marks. BHGE shall not make any use of the C3 Marks that will tarnish, blur or dilute the quality associated with the C3 Marks or the associated goodwill. BHGE will not register any of the C3 Marks or any combination of words that are confusingly similar to the C3 Marks anywhere in the world. The Parties agree that the current level of quality of the goods being offered meets the trademark owner's standards.

(b) BHGE. Subject to the terms and conditions of this Agreement, BHGE hereby grants to C3.ai, during the Term, a non-exclusive, non-transferable (except as set forth in Section 13.10), non-sublicensable, revocable, royalty-free right, in those countries in which BHGE has such rights, to use BHGE's trade names (but in no event any trade names of General Electric Company) (the "***BHGE Marks***") (i) to the extent included in the BHGE/C3 Brand, as applicable, in connection with the promotion, marketing, distribution, licensing and resale of the C3 Offerings in the BHGE Field pursuant to the terms of this Agreement and (ii) in connection with the promoting and marketing of the C3 Offerings in press releases and other similar materials and related activities promoting the relationship of the Parties and the activities conducted under this Agreement. Any use by C3.ai of the BHGE Marks shall be in accordance with BHGE's written guidelines and policies regarding trademark usage as established from time to time by BHGE and conveyed in advance to C3.ai; *provided that*, in the event of any update to BHGE's written trademark usage guidelines and policies, C3.ai shall be permitted to continue using any materials existing as of the date of receipt of such notice and bearing the BHGE Marks for ninety (90) days following the receipt of such notice. All use of the BHGE Marks, and all goodwill arising out of such use, shall inure to the sole benefit of BHGE. C3.ai shall not adopt or use as part or all of any corporate name, trade name, trademark, service mark, certification mark, any of the BHGE Marks or any other designation confusingly similar to any of the BHGE Marks, without BHGE's prior written approval. C3.ai shall comply with all applicable laws and regulations pertaining to the proper use and designation of the BHGE Marks. C3.ai shall not make any use of the BHGE Marks that will tarnish, blur or dilute the quality associated with the BHGE Marks or the associated goodwill. C3.ai will not register any of the BHGE Marks or any combination of words that are confusingly similar to the BHGE Marks anywhere in the world.

8.3 No Joint Development. The Parties do not intend to jointly develop or create any intellectual property under or in connection with this Agreement. The Parties will negotiate a separate agreement prior to the creation of any joint intellectual property.

8.4 BHGE Technology License. BHGE may determine that it is in the best interests of both Parties for BHGE to make available to C3.ai (a) certain technology (including software or machine learning models) in which BHGE owns the Intellectual Property Rights ("**BHGE Provided Technology"**) applicable to the BHGE Field and (b) feedback concerning the C3 Offerings ("**Feedback**"), in each case in order to accelerate or improve the achievement of the objectives of this Agreement to effect the digital transformation in the BHGE Field. To the extent that BHGE (i) expressly provides, identifies and makes available electronically or in writing any BHGE Provided Technology or (ii) otherwise provides to C3.ai any Feedback, BHGE hereby grants to C3.ai and its Affiliates, a non-exclusive, irrevocable, perpetual, worldwide, fully paid-up, non-transferable, sub-licensable license to copy, use, modify, and distribute such BHGE Provided Technology and Feedback in connection with C3's development obligations set forth in Section 6.1 and the promotion, marketing, distribution, licensing, and sale of the C3 Offerings.

8.5 BHGE and C3 Responsibilities. During the Term, neither Party shall, or assist third parties to: (a) other than in connection with routine documented cybersecurity testing, attempt to gain unauthorized access to any Offering of the other Party or any related systems or networks; (b) reverse engineer any Offering of the other Party (to the extent such restriction is permitted by law); or (c) alter, modify or create derivative works of any Offering of the other Party (except, in the case of BHGE, as permitted under the C3 Offering Internal BHGE Subscription MSSA).

9. CONFIDENTIALITY

9.1 Confidential Information. "***Confidential Information***" means each Party's trade secrets or other information that is not generally available to the public, whether of a technical, business or other nature (including, without limitation, information relating to either Party's technology, software, data, products, services, designs, methodologies, business structure, finances, business plans, marketing plans, customers, prospects or other affairs), including any such information that is marked "confidential" or is otherwise clearly identified in writing as confidential at the time of disclosure. Confidential Information also includes any non-public information that has been made available to disclosing Party by third parties that the disclosing Party is obligated to keep confidential. "***Sensitive Information***" means the Confidential Information of a Party that is intended to only be disclosed to certain individuals and/or job functions, and is designated accordingly. The term "Confidential Information" shall not be deemed to include information which (a) is now, or hereafter becomes, through no act or failure to act on the part of the receiving Party, generally known or available to the public; (b) is known by the receiving Party at the time of receiving such information from the disclosing Party, without any obligation to keep such information confidential, as evidenced by the receiving Party's contemporaneous written records; (c) is hereafter furnished to the receiving Party by a third party, as a matter of right and without restriction on disclosure by such third party; (d) is independently developed by the receiving Party without any breach of this Agreement or use of Confidential Information of the disclosing Party, as evidenced by the receiving Party's contemporaneous written records; or (e) is the subject of a prior written permission to disclose provided by the disclosing Party.

9.2 Non-Use and Nondisclosure. Each Party shall maintain the Confidential Information of the other Party in trust and confidence, including using at least those measures it uses to protect its own most valuable confidential information, and shall not disclose to any third party or use any Confidential Information of the other Party for any unauthorized purpose. Without limiting the foregoing, (a) BHGE may not disclose any of C3.ai's Confidential Information to any of the persons listed in Exhibit I (***"Restricted Parties"***); (b) prior to disclosing any of the disclosing Party's Confidential Information to any third party, the receiving Party shall enter into a mutual non-disclosure agreement in substance as protective thereof as the terms of the C3 MNDA; and (c) C3.ai may not disclose any of BHGE's Confidential Information to Restricted Purchasers. Each Party may use the Confidential Information of the other Party only to the extent required for the purpose of exercising its rights and performing its obligations pursuant to this Agreement. Neither Party may use the Confidential Information of the other Party for any other purpose or in any manner that would constitute a violation of any laws or regulations. Each Party's obligations of confidentiality and nondisclosure under this Agreement shall be in effect until such information falls under the exceptions under Section 9.1, except as a result of the receiving Party's breach of this Agreement. The C3 Offerings shall be deemed the Confidential Information of C3.ai and the BHGE Offerings shall be deemed the Confidential Information of BHGE.

9.3 Disclosure to Employees. Confidential Information of the disclosing Party may only be disclosed to the receiving Party's (a) employees (including the employees of its Affiliates), (b) subcontractors (who in the case of BHGE, may not be Restricted Parties and, in the case of C3.ai, may not be Restricted Purchasers), (c) BHGE's sub-distributors (that have been pre-approved pursuant to Section 2.1 and that may not be Restricted Parties) and (d) C3's sub-distributors in the BHGE Field (that have been approved pursuant to Section 2.2), in each case of (a) – (d) who have a need to know such information under this Agreement, and who have entered into confidentiality agreements with the receiving Party that are no less protective than this Agreement. Without limiting the foregoing, no Sensitive Information of the disclosing Party may be disclosed by the receiving Party other than to (i) those individuals and/or job functions expressly designated in writing by the disclosing Party, (ii) solely to the extent necessary as a result of legal or compliance requirements, the receiving Party's legal representatives and (iii) pursuant to Section 9.5. Each Party shall advise its employees (and the employees of its Affiliates), subcontractors, and sub-distributors, who may have access to the Confidential Information of the other Party of the confidential nature thereof and of their duty to protect such Confidential Information from improper use or disclosure, and agrees that each Party will be responsible for the actions or omissions of such employees (including the employees of their Affiliates), subcontractors and sub-distributors.

9.4 Return of Confidential Information. Upon a Party's written request, or upon expiration or termination of this Agreement, the other Party shall return all originals and all reproductions and copies of all

Confidential Information of the requesting Party, whether printed or otherwise, or delete all Confidential Information of the other Party from its electronic records and shall certify that it has done so, in a writing signed by an officer of such Party, provided that (a) C3.ai may retain copies of, and continue to use, the BHGE Technology as intended under Section 8.4 and (b) the receiving Party may retain copies of any of the disclosing Party's Confidential Information solely as necessary for compliance purposes and as necessary to continue to fulfill its surviving obligations under this Agreement and any then outstanding Customer agreements, all in accordance with such receiving Party's document retention policy (*provided that* any such copies shall be maintained in compliance with the confidentiality obligations of this Section 9 and such receiving Party's information security standards).

9.5 Required Disclosure. Each Party may disclose the Confidential Information of the other Party when required by law or otherwise in response to a valid order of a court or other governmental body (provided, however, that, if legally permissible, such Party shall first have given notice to the other Party and shall have made a reasonable effort to obtain a protective order requiring that the Confidential Information so disclosed be used only for the purposes for which the order was issued) and in any event, does not disclose any more Confidential Information than is reasonably necessary in the circumstances.

9.6 Without limiting the foregoing, each Party agrees that any unauthorized use of the other Party's Confidential Information may cause immediate and irreparable injury to the disclosing Party and therefore money damages would be incalculable and insufficient. Accordingly, in such instances each Party will be entitled, in addition to any other available remedies at law or in equity, to seek equitable relief, including immediate injunctive relief or specific performance or both, without bond and without necessity of showing actual monetary damages, with any competent court or enforcement agencies.

10. INDEMNIFICATION

10.1 By BHGE. BHGE will defend C3.ai, its Affiliates, and each of its and their respective officers, directors, agents, and employees ("***C3.ai Indemnified Parties***") against any claim, suit or proceeding made or brought against any of them by a third party based on or arising out of, (a) BHGE's marketing, promotion or distribution of the C3 Offerings other than in accordance with this Agreement; (b) any warranties or representations made by BHGE to Customers with regard to the C3 Offerings that have not been authorized or that differ from those provided by C3.ai; (c) BHGE's employees' claim(s) related to their employment with, or termination of employment with, BHGE; or (d) BHGE's material breach of this Agreement (a "***Claim Against C3.ai***"), and will indemnify C3.ai Indemnified Parties from any damages, attorneys' fees and costs finally awarded against any of them as a result of, or for amounts paid by a C3.ai Indemnified Party under a settlement approved by BHGE in writing of, a Claim Against C3.ai, provided C3.ai (i) promptly gives BHGE written notice of the Claim Against C3.ai, (ii) gives BHGE sole control of the defense and settlement of the Claim Against C3.ai (except that BHGE may not settle any Claim Against C3.ai unless it unconditionally releases C3.ai of all liability), and (iii) gives BHGE all reasonable assistance, at BHGE's expense.

10.2 By C3.ai.

(a) C3.ai will defend BHGE, its Affiliates, and each of its and their respective officers, directors, agents, and employees ("***BHGE Indemnified Parties***") against any claim, suit or proceeding made or brought against any of them by a third party (i) alleging that BHGE's distribution of C3 Offerings as authorized hereunder infringes, misappropriates or otherwise violates such third party's Intellectual Property Rights (an "***IP Claim Against BHGE***") or (ii) based on or arising out of C3.ai's material breach of this Agreement (any claim, suit or proceeding described in subsections (i) and (ii), a "***Claim Against BHGE***"), and will indemnify BHGE Indemnified Parties from any damages, attorneys' fees and costs finally awarded against any of them as a result of, or for amounts paid by an BHGE Indemnified Party under a settlement approved by C3.ai in writing of, a Claim Against BHGE, provided BHGE (x) promptly gives C3.ai written notice of the Claim Against BHGE, (y) gives C3.ai sole control of the defense and settlement of the Claim Against BHGE (except that C3.ai may not settle any Claim Against BHGE unless it unconditionally releases BHGE of all liability), and (z) gives C3.ai all reasonable assistance, at C3.ai's expense. The foregoing obligation shall not apply with respect to an IP Claim Against BHGE to the extent such claim arises out of: (A) BHGE's unauthorized distribution of a C3 Offering or use of a C3

Offering other than in accordance with the terms and conditions of this Agreement, (B) use of a C3 Offering in combination with any software, hardware, network, data, or system not supplied or warranted by C3.ai ***("Third Party Component"),*** unless the structure or operation of the Third Party Component is only incidental to the Claim Against Customer, (C) any modification or alteration of a C3 Offering (other than by or on behalf of C3.ai), or (D) BHGE's continued use of the allegedly infringing, misappropriating or otherwise violating activity after being informed of modifications that without materially deprecating the functionality, would avoid the alleged infringement, misappropriation or violation without BHGE incurring any cost, obligation or liability.

(b) In the event of any such IP Claim Against BHGE, C3.ai may in C3.ai's reasonable discretion (without limiting its indemnification obligations under this Section 10.2) and at no cost to BHGE (i) modify the C3 Offering so that it is no longer claimed to infringe, misappropriate or otherwise violate, (ii) obtain a license for BHGE's continued distribution of that C3 Offering in accordance with this Agreement, or (iii) terminate BHGE's right to distribute that C3 Offering, subject to agreement with BHGE on the appropriate financial accommodation to be provided to BHGE in connection therewith.

11. WARRANTY DISCLAIMER; LIMITATION OF LIABILITY

11.1 EXCEPT FOR THE WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTIES TO THE OTHER PARTY, AND EACH PARTY HEREBY DISCLAIMS ALL STATUTORY OR IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE OF TRADE. WHEN ACTING AS A SALES AGENT, BHGE IS NOT AUTHORIZED TO MAKE ANY WARRANTY OR REPRESENTATION CONCERNING THE C3 OFFERINGS OTHER THAN AS PROVIDED, IF AT ALL, TO CUSTOMERS BY C3.ai OR AS SET FORTH IN THE TRIAL MSSA OR MSSA OR OTHERWISE AGREED BY C3.ai. WHEN ACTING AS A RESELLER, BHGE MAY MAKE SUCH ADDITIONAL WARRANTIES AND REPRESENTATIONS; PROVIDED THAT ANY INCREMENTAL LIABILITY RESULTING FROM SUCH ADDITIONAL WARRANTIES AND REPRESENTATIONS SHALL BE BORNE BY BHGE. Except for the warranties expressly set forth in this Agreement, the C3 Offerings are not designed, intended, or warranted for use or inclusion in life support or nuclear reactions applications, nor applications where failure or inaccuracy might cause death or personal injury.

11.2 IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR: (A) ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED AND WHETHER OR NOT ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES; OR (B) DAMAGES FOR LOST PROFITS. WITHOUT LIMITING THE FOREGOING, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTY, OR EXCLUSION OF DAMAGES IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER SUCH PROVISION. FURTHER, IN THE EVENT THAT ANY REMEDY HEREUNDER IS DETERMINED TO HAVE FAILED OF ITS ESSENTIAL PURPOSE, ALL LIMITATIONS OF LIABILITY AND EXCLUSIONS OF DAMAGES SHALL REMAIN IN EFFECT. IN NO EVENT SHALL EITHER PARTY'S AGGREGATE LIABILITY ARISING UNDER, WITH RESPECT TO, OR IN CONNECTION WITH THE SUBJECT MATTER OF, THIS AGREEMENT EXCEED [***]. NONE OF THE LIMITATIONS SET FORTH IN THIS SECTION 11.2 APPLIES TO AMOUNTS PAYABLE BY EITHER PARTY PURSUANT TO SECTION 5, OR TO LIABILITIES ARISING OUT OF A PARTY'S INDEMNIFICATION OBLIGATIONS OR VIOLATIONS OF A PARTY'S INTELLECTUAL PROPERTY RIGHTS.

12. TERM AND TERMINATION

12.1 Term. This Agreement shall commence on the Effective Date and unless earlier terminated as set forth below, shall remain in full force and effect for a period of three (3) years (the "***Initial Term***"). The Parties shall negotiate in good faith the renewal(s) of this Agreement for additional three (3) year term(s) a minimum of six (6) months prior to the expiration of the immediately preceding term; *provided that*, for the avoidance of doubt, any

such renewal(s) may or may not include minimum payment obligations (subject to the mutual agreement of the Parties during such negotiations) (each renewal term, if any mutually agreed, shall be referred to as the "***Renewal Term***," and together with the Initial Term, the "***Term***").

12.2 Termination. Provided the Parties have first exhausted the escalation and resolution procedures of Section 7, either C3.ai or BHGE may terminate this Agreement immediately upon written notice in the event that (a) the other materially breaches this Agreement, and such material breach is not cured within thirty (30) days of written notice thereof; (b) a receiver or trustee is appointed for the other Party and is not discharged within sixty (60) days;

(a) the other Party admits in writing its inability to pay debts as they mature, is adjudicated bankrupt, or makes an assignment for the benefit of its creditors or another arrangement of similar import; or (d) proceedings under bankruptcy or insolvency laws for the purposes of bankruptcy, reorganization or liquidation are commenced by or against the other Party and are not dismissed within sixty (60) days.

12.3 Effect of Termination.

(a) Following the termination or expiration of this Agreement:

i. Subject to Sections 12.3(a)ii and 12.3(c), all rights granted by each Party to the other Party shall terminate immediately, and BHGE will cease immediately any marketing, promotion, distribution, licensing and resale of the C3 Offerings;

ii. Subject to Section 12.3(c), as promptly as reasonably practicable, but in any event within sixty (60) days following termination or expiration of this Agreement, each Party shall cease any and all display, advertising, and other use of the other Party's Marks or the BHGE/C3 Brand; and

iii. as promptly as reasonably practicable (but no later than ninety (90) days after the effective date of termination or expiration of this Agreement or, if applicable, the Exclusive Opportunity Period), (A) BHGE will, except as set forth in Section 12.3(a)iv, make a cash payment to C3.ai equal to all undisputed amounts unpaid with respect to the Minimum Annual Revenue Commitment, and (B) C3.ai will pay to BHGE all undisputed amounts unpaid with respect to Sales Commissions (as defined in Exhibit B-1), if any;

iv. Notwithstanding Section 5.1(a) in the event of any termination of this Agreement by BHGE pursuant to Sections 12.2, 13.9, or 13.10, BHGE shall have no further obligation to pay to C3 any amounts unpaid with respect to the Minimum Annual Revenue Commitment for the remainder of the Term (including the contract year in which termination occurs).

(b) Expiration or termination of this Agreement shall not affect (i) the rights of those Customers that licensed or subscribed to the C3 Offerings prior to the effective date of such expiration or termination or (ii) the rights granted to BHGE under the C3 Offering Internal BHGE Subscription MSSA, subject, in each case, to the applicable terms of their respective agreements governing the use of the C3 Offerings. Notwithstanding the foregoing, in the event that C3.ai terminates this Agreement pursuant to Section 12.2 for BHGE's material breach of its payment obligations with respect to a certain Customer to which BHGE resold C3 Offerings under Exhibit D-2, C3.ai may in its sole discretion terminate any and/or all rights granted to such Customer with respect to such C3 Offerings.

(c) For a period of six (6) months following (i) the expiration of this Agreement or (ii) at the election of the terminating Party in its sole discretion in the event of a termination of this Agreement by such Party, the termination of this Agreement (the "***Exclusive Opportunity Period***"), the Parties will continue to participate in any then active negotiations for the sale of C3 Offerings to prospective Customers (each, a "***Customer Opportunity***"), and the terms of this Agreement shall continue in full force and effect during the Exclusive Opportunity Period solely with respect to each such specific Customer Opportunity (and not with respect to any other opportunities with such prospective Customer(s) or any other customers) until the earlier of, (A) the end of the Exclusive Opportunity Period, or (B) the conclusion of the contract for the Customer Opportunity.

12.4 Survival. Sections 2.3 (Reservation of Rights by C3.ai), 5.4 (Records and Reporting), 5.5 (Audits), 8 (Intellectual Property Rights) (provided that Section 8.2 (Marks Licenses) shall survive only as set forth in Section 12.3), 9 (Confidentiality), 10 (Indemnification), 11 (Warranty Disclaimer; Limitation of Liability), 12.3 (Effect of Termination), 12.4 (Survival), 13 (General Provisions) and any provisions that survive during the Exclusive Opportunity Period pursuant to Section 12.3 (c), will survive the expiration or termination of this Agreement.

13. GENERAL PROVISIONS

13.1 Intellectual Property. C3.ai represents and warrants that it solely and exclusively owns all right, title and interest in and to, or has the right to license as contemplated under this Agreement, the C3 Offerings, and that the C3 Offerings do not infringe, misappropriate or otherwise violate the Intellectual Property Rights of any third party. Section 10.2 is BHGE's sole remedy and C3.ai's sole liability for breach of this Section 13.1.

13.2. U.S. Government Contracts. BHGE will not distribute the C3 Offerings to the United States Federal Government either directly or indirectly, or through the General Services Administration without C3.ai's prior written approval.

13.2 Export Controls. Each Party agrees to comply with all applicable export and reexport control laws and regulations, including the Export Administration Regulations (" ***EAR***") (15 CFR Part 730 et seq.) maintained by the U.S. Department of Commerce, trade and economic sanctions maintained by the Treasury Department's Office of Foreign Assets Control, and the International Traffic in Arms Regulations (22 CFR Part 121 et seq.) maintained by the Department of State, and the DoD Industrial Security Regulation (DoD 5220.22-R). Specifically, each Party covenants that it shall not -- directly or indirectly -- sell, export, reexport, transfer, divert, or otherwise dispose of any products, software, or technology (including products derived from or based on such technology) of C3.ai distributed under this Agreement to any destination, entity, or person prohibited by the laws or regulations of the United States, without obtaining prior authorization from the competent government authorities as required by those laws and regulations. To the extent required by applicable law, C3.ai shall (a) maintain the License Exception ENC (EAR Part 740.17) for the C3 Offerings (including, without limitation, by meeting any applicable annual or semiannual reporting requirements) and (b) ensure that the correct Export Control Classification Number ("**ECCN**") is attributed to each of the C3 Offerings. C3.ai will notify BHGE in the event of any update to the ECCN of any C3 Offering. Each Party represents that it is not named on any U.S. government denied-party list. Each Party agrees to indemnify, to the fullest extent permitted by law, the other Party from and against any fines or penalties that may arise as a result of such Party's breach of this Section 13.3.

13.3 Anti-Corruption. Each Party represents and warrants that it has reviewed and understands the applicable Anti-Corruption Laws and that, in connection with this Agreement, it has not and shall not take, directly or indirectly, any action that would constitute a violation of the Anti-Corruption Laws, or otherwise cause the other Party, its Affiliates, or its or their Personnel to be in violation of the Anti-Corruption Laws. Upon reasonable written notice, a Party shall provide available documents to verify training for compliance with the Anti-Corruption Laws. For purposes of this Section 13.4, "***Anti-Corruption Laws***" means any applicable U.S. or foreign anti-bribery and anti-corruption laws, along with their implementing rules and regulations, as amended from time to time, including, but not limited to, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act 2010, the Brazil Clean Company Act, Law No. 12.846 (2013), Russian Federal Anti-Corruption Law No. 273, and those laws and regulations intended to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. "***Personnel***" includes a Party's or its Affiliates' current officers, directors, employees or agents. Each Party agrees to indemnify, to the fullest extent permitted by law, the other Party from and against any fines or penalties that may arise as a result of such Party's breach of this Section 13.4.

13.4 Privacy and Data Protection. To the extent the Processing by either Party of Personal Data (as defined in the Regulation (EU) 2016/679) relating to data subjects in the European Economic Area is required under this Agreement, the Parties shall, and shall cause their Affiliates and Personnel to, comply with all applicable laws and regulations with respect to such Processing.

13.5 Compliance with Laws. Without limiting any other terms set forth in this Agreement, each Party will and will require its Affiliates and Personnel to observe and comply with all applicable laws and the safety and security policies of the other Party.

13.6 Publicity. Subject to applicable law, (a) the Parties agree to make a joint market announcement no later than thirty (30) days following the Effective Date and (b) thereafter, neither Party will issue any press release or public statements regarding the terms and conditions of this Agreement, and/or the details of the relationship between the Parties contemplated hereby, without the prior written approval of the other Party (not to be unreasonably withheld, conditioned or delayed).

13.7 Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and addressed to the other Party's Project Leader at such other Party's corporate office or as otherwise designated in writing and shall be deemed effectively given on the earliest of: (a) when delivered, if personally delivered; (b) on the third (3rd) business day following the date of mailing if delivered by certified or registered mail, return receipt requested; (c) on the date of transmission, if delivered by facsimile or email transmission; (d) the scheduled day of delivery if delivered via express courier; or (e) when received by the Party to whom notice is intended or required to be given.

13.8 Force Majeure. Any delay in the performance of any duties or obligations of a Party (except the payment of money) will not be considered a breach of this Agreement if such delay is caused by a fire, earthquake, flood, war, or any other event beyond the reasonable control of such Party (a "***Force Majeure Event***"); *provided that* such Party uses reasonable efforts, under the circumstances, to notify the other Party of the circumstances causing the delay and to resume performance as soon as possible. Notwithstanding anything in this Agreement to the contrary, in the event of a Force Majeure Event that prevents the ability of a Party to materially perform under this Agreement for more than one hundred and eighty (180) days, the other Party may terminate this Agreement immediately upon written notice to such other Party without any further liability to the notifying Party.

13.9 Assignment. Except to an Affiliate, neither Party may assign this Agreement without the prior written consent of the other Party. A change of control of a Party (including by way of an initial public offering), a sale or transfer of all or substantially all of a Party's assets or business related to the subject matter of this Agreement (by merger, acquisition, stock sale, asset sale or otherwise), reorganization, derivative transaction, reincorporation, or a similar transaction or series of transactions shall not be deemed an assignment. C3.ai shall provide BHGE with written notice prior to the consummation of a transaction (or a series of transactions) pursuant to which a person listed on Exhibit H ("**Restricted Purchaser**") would acquire all or substantially all of C3.ai's (together with its Affiliates') assets or business related to the subject matter of this Agreement (by merger, acquisition, stock sale, asset sale or otherwise), and BHGE may terminate this Agreement upon written notice to C3.ai within no more than ten (10) business days from the date of receipt of C3's written notice; *provided that* such termination shall only become effective upon consummation of such transaction (or series of transactions). Any purported assignment or transfer of this Agreement, except as permitted herein, shall be null and void. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. For the avoidance of doubt, this Agreement shall remain in full force and effect in accordance with its terms notwithstanding any sales by General Electric Company of its direct or indirect interests in BHGE, or General Electric Company's ceasing to be a 50%+ direct or indirect equity holder of BHGE.

13.10 Governing Law; ICC Mediation and Arbitration. This Agreement shall be interpreted and construed, and the legal relationships created hereby shall be construed in accordance with the laws of the State of Delaware (USA), without regard to its conflicts of law principles. The application of the United Nations Convention on Contracts for the International Sale of Goods is expressly excluded. In the event that 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 mediation or arbitration, exists after the process set forth in Section 7 has been completed, the Parties shall refer the dispute, claim or controversy to proceedings under the International Chamber of Commerce (ICC) Mediation Rules (the "***Rules of Mediation***"), to be conducted in San Francisco, California. If any such dispute has not been settled pursuant to the Rules of Mediation within sixty (60) days following the filing of a request for mediation, such dispute, claim or

controversy shall thereafter be determined pursuant to the Rules of Arbitration of the International Chamber of Commerce (the "***Rules of Arbitration***") by three arbitrators appointed in accordance with the Rules of Arbitration, which arbitration shall be held in San Francisco, California. Judgment on the award may be entered in the Federal and state courts located in San Francisco, California. This Section 13.11 shall not preclude the Parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. Each of the Parties hereby consents to service of process by registered mail, return receipt requested, at such Party's address. All offers, promises, and conduct, whether oral or written, made in the course of the issue resolution pursuant to Section 7 by the Parties or their agents are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

13.11 Independent Contractors; No Partnership. It is expressly agreed that C3.ai and BHGE are acting hereunder as independent contractors and under no circumstances shall any employees of one Party be deemed the employees of the other Party for any purpose; provided that nothing set forth herein or otherwise restricts or prohibits either party from soliciting or hiring employees or subcontractors of the other party. Each Party shall bear responsibility for its own employees, including terms of employment, wages, hours, tax withholding, required insurance, and daily direction and control. This Agreement shall not be construed as authority for either Party to act for the other Party in any agency or other capacity, or to make commitments of any kind for the account of, or on behalf of, the other. The Parties agree that BHGE is not a partner, broker, employee or franchisee of C3.ai.

13.12 Attorneys' Fees. In the event of any arbitration or other legal proceedings arising out of or related to this Agreement, the prevailing Party shall be entitled to attorneys' fees and all costs and expenses of proceedings incurred in connection therewith.

13.13 Amendments; Waivers. No purported amendment, modification or waiver of any provision hereof shall be binding unless set forth in a writing signed by both Parties (in the case of amendments and modifications) or by the Party to be charged thereby (in the case of waivers). Any waiver shall be limited to the circumstance or event specifically referenced in the written waiver document and shall not be deemed a waiver of any other term of this Agreement or of the same circumstance or event upon any recurrence thereof.

13.14 Severability. In the event that a provision of this Agreement is held invalid by a court of competent jurisdiction, the remaining provisions shall nonetheless be enforced in accordance with their terms. Further, in the event that any provision is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and shall be enforced as amended.

13.15 No Third Party Beneficiary. Nothing in this Agreement is intended to, or shall, create any third-party beneficiaries, whether intended or incidental, and no Party shall make any representation to the contrary.

13.16 Construction. The Parties acknowledge that this Agreement was negotiated at arms-length by commercial entities with access to legal counsel, and no term or provision herein shall be construed favorably or unfavorably as to either Party based upon which Party drafted or negotiated such term or provision.

13.17 Exhibits. The exhibits attached hereto are an integral part of this Agreement and are hereby incorporated by reference into this Agreement.

13.18 Entire Agreement. This Agreement, together with the exhibits attached hereto, constitutes the entire agreement between the Parties and supersedes any and all prior and contemporaneous oral or written understandings between the Parties relating to the subject matter hereof. No Party has relied on any statements or representations that have not been included in this Agreement. The order of precedence shall be: (a) this Agreement and (b) the exhibits hereto.

13.19 Counterparts. This Agreement may be executed in counterparts, each of which shall be considered an original. This Agreement may be executed by one or more of the Parties by facsimile or other electronically

transmitted signature and each Party agrees that the reproduction of signatures by way of such methods will be treated as though such reproductions were executed originals.

Signature Page Follows

The Parties hereto have executed this Joint Venture Agreement as of the Effective Date.

C3.ai:

C3 IoT, Inc. d/b/a C3.ai

By: /s/ Thomas M. Siebel

Name: Thomas M. Siebel

Title: CEO

BHGE:

Baker Hughes, a GE company, LLC

By: _____

Name: _____

Title: _____

The Parties hereto have executed this Joint Venture Agreement as of the Effective Date.

C3.ai:		**BHGE**:	
C3 IoT, Inc. d/b/a C3.ai		Baker Hughes, a GE company, LLC	
By:		By:	/s/ Derek Mathieson
Name:		Name:	Derek Mathieson
Title:		Title:	Chief Marketing & Technology Officer

EXHIBIT B-1

MINIMUM ANNUAL REVENUE COMMITMENT

1. Minimum Annual Revenue Commitment.

	Annual Period of the Agreement from the Effective Date	Minimum Annual Revenue Commitment Amount
1.	Year 1	Fifty Million US Dollars (US$50 Million)
2.	Year 2	One Hundred Million US Dollars (US$100 Million)
3.	Year 3	One Hundred Seventy Million US Dollars (US$170 Million)
4.	**TOTAL**	Three Hundred Twenty Million US Dollars (US$320 Million)

2. Shortfall. Subject to Section 4 of this Exhibit B-1, if the C3 Revenue is less than the corresponding Minimum Annual Revenue Commitment for such year ("***Shortfall***"), BHGE shall pay C3.ai a cash payment in the amount equal to the difference between the applicable Minimum Annual Revenue Commitment and the actual C3 Revenue ("***Shortfall Cash Payment***"). For example, if during Year 1, the actual C3 Revenue is US$45 million, the Shortfall Cash Payment will equal US$5 million.

3. Overage. [***]

4. Conditions. [***]

[***]

EXHIBIT E

DEVELOPMENT

1. Development Roadmap

1.1. C3.ai will use commercially reasonable efforts to develop and maintain the C3 Reliability™ for Oil and Gas pursuant to the Product Statement of Direction attached as **Appendix E-1** hereto; provided that, at BHGE's request and upon mutual agreement (not to be unreasonably withheld, conditioned or delayed), the Parties may swap out one or more features for features of a comparable scope, prior to the start of a product specification of a feature.

1.2. C3.ai will use commercially reasonable efforts to develop and maintain the C3 Production Optimization™ for Oil and Gas pursuant to the Product Statement of Direction attached as **Appendix E-2** hereto; provided that, at BHGE's request and upon mutual agreement (not to be unreasonably withheld, conditioned or delayed), the Parties may swap out one or more features for features of a comparable scope, prior to the start of a product specification of a feature.

1.3. In addition, by the end of the second year of the Initial Term ("***Year 2***"), C3.ai will deliver up to [***] new features to be agreed no later than 90 days in advance of the start of Year 2 as part of a joint roadmap planning session. Each new feature shall be comparable in scope to a feature agreed in Year 1.

1.4. By the end of the third year of the Initial Term ("***Year 3***"), C3.ai will deliver up to [***] new features to be agreed no later than 90 days in advance of the start of Year 3 as part of a joint roadmap planning session. Each new feature shall be comparable in scope to a feature agreed in Year 1.

1.5. C3.ai and BHGE will meet and prioritize a joint roadmap every 3 months during the Initial Term, to prioritize the features for subsequent releases of these software products. This will include the executive sponsors, product, customer service, and sales leadership.

1.6. C3.ai will train and enable BHGE (and potentially other) domain experts to provide high-end domain analytic services to Customers. These analytics should periodically be reviewed for potential generalization and future product roadmap.

2. **Professional Services**

2.1. C3.ai will manage a C3.ai professional services and data science team and/or with third-party partners to collaboratively deliver use-cases as set forth in statement(s) of work with Customer(s). A use-case can be a custom development project or an implementation of an existing product or early feature development.

2.2. C3.ai will work with system integrators and other relevant partners to provide service capabilities in the appropriate locations to create custom workflows and use cases for Customers. These custom workflows and use cases should periodically be reviewed with BHGE for potential generalization and incorporation into the C3.ai product roadmap.

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

FIRST AMENDMENT
TO
JOINT VENTURE AGREEMENT

THIS FIRST AMENDMENT (this "Amendment) to the Joint Venture Agreement between Baker Hughes, a GE company, LLC ("BHGE"), and C3.ai, Inc., f/k/a C3 IoT, Inc. ("C3.ai"), effective June 6, 2019 (the "JV Agreement"), is made and entered into by and between BHGE and C3.ai for the purposes of amending certain provisions of the JV Agreement. BHGE and C3.ai may be collectively referred to herein as the "Parties."

With respect to the JV Agreement, BHGE and C3.ai hereby agree to the following:

1. Article 1 of the JV Agreement, entitled "Certain Definitions," is hereby amended to include the following additional definitions:"**Year 1**" shall mean the period starting with the Effective Date and ending on April 30, 2020.

   1.65 "**Year 2**" shall mean the period starting May 1, 2020 and ending on April 30, 2021.

   1.66 "**Year 3**" shall mean the period starting May 1, 2021 and ending on April 30, 2022.

   For clarity, all references in the JV Agreement to the defined terms "**Year 1,**" "**Year 2,**" and "**Year 3**" shall now refer to the above language.

2. Section 5.l(b) of the JV Agreement is hereby deleted and replaced with the following:

   (b) At the end of each of Year 1, Year 2, and Year 3 during the Term, C3.ai will provide to BHGE its calculation of the C3 Revenue and the terms set forth in Exhibit B-1 shall apply.

3. Section 12.1 of the JV Agreement, entitled "**Term**" is hereby deleted and replaced with the following:

   12.1 Term. This Agreement shall commence on the Effective Date and unless earlier terminated as set forth below, shall remain in full force and effect until April 30, 2022 (the "***Initial Term***"). The Parties shall negotiate in good faith the renewal(s) of this Agreement for additional three (3) year term(s) a minimum of six (6) months prior to the expiration of the immediately preceding term; *provided that*, for the avoidance of doubt, any such renewal(s) may or may not include minimum payment obligations (subject to the mutual agreement of the Parties

during such negotiations) (each renewal term, if any mutually agreed, shall be referred to as the "***Renewal Term***," and together with the Initial Term, the "***Term***").

For clarity, all references in the JV Agreement to the defined terms "**Initial Term**," "**Referral Term,**" and "**Term**" shall now refer to the above language.

4. Section I of Exhibit B-1 to the JV Agreement is hereby deleted and replaced with the following:

    1. Minimum Annual Revenue Commitment.

	Annual Period (as defined in the Agreement)	Minimum Annual Revenue Commitment Amount
1.	Year 1	Fifty Million US Dollars (US$50 Million)
2.	Year 2	One Hundred Million US Dollars (US$100 Million)
3.	Year 3	One Hundred Seventy Million US Dollars (US$170 Million)
4.	**TOTAL**	Three Hundred Twenty Million US Dollars (US$320 Million)

5. Sections 1.3 and 1.4 of Exhibit E to the JV Agreement are hereby deleted and replaced with the following language:

    1.3 In addition, by April 30, 2021, C3.ai will deliver up to [***] new features to be agreed no later than February 28, 2020, as part of a joint roadmap planning session. Each new feature shall be comparable in scope to a feature agreed prior to April 30, 2020.

    1.4 By April 30, 2022, C3.ai will deliver up to [***] new features to be agreed no later than February 28, 2021, as part of a joint roadmap planning session. Each new feature shall be comparable in scope to a feature agreed prior to April 30, 2020.

6. Except as expressly provided herein, the terms and conditions of the JV Agreement are unaltered and remain in full force and effect

7. This Amendment shall be interpreted and construed, and the legal relationships created hereby shall be construed in accordance with the laws of the State of Delaware (USA), without regard to its conflicts of law principles. The application of the United Nations Convention on Contracts for the International Sale of Goods is expressly excluded. In the event that any dispute, claim or controversy arising out of or relating to this Amendment or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Amendment to mediation or arbitration, exists after the process set forth in Section 7

of the JV Agreement has been completed, the Parties shall refer the dispute, claim or controversy to proceedings under the International Chamber of Commerce (ICC) Mediation Rules (the “Rules of Mediation”), to be conducted in San Francisco, California. If any such dispute has not been settled pursuant to the Rules of Mediation within sixty (60) days following the filing of a request for mediation, such dispute, claim or controversy shall thereafter be determined pursuant to the Rules of Arbitration of the International Chamber of Commerce (the “Rules of Arbitration”) by three arbitrators appointed in accordance with the Rules of Arbitration, which arbitration shall be held in San Francisco, California. Judgment on the award may be entered in the Federal and state courts located in San Francisco, California. This paragraph shall not preclude the Parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. Each of the Parties hereby consents to service of process by registered mail, return receipt requested, at such Party's address. All offers, promises, and conduct, whether oral or written, made in the course of the issue resolution pursuant to Section 7 of the JV Agreement by the Parties or their agents are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

[SIGNATURE PAGE FOLLOWS]

In Witness Whereof, each of the Parties hereto has duly executed this First Amendment to the JV Agreement as of the last date set forth below.

C3.ai, Inc. (f/k/a C3 IoT, Inc.)	**Baker Hughes, a GE company, LLC**
/s/ Thomas M. Siebel	/s/ Daniel Brennan
Signature	Signature
Thomas M. Siebel	Daniel Brennan
Name	Name
Chief Executive Officer	Vice President - Operations
Title	Title
Sept. 25, 2019	09-26-2019
Date	Date

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

SECOND AMENDMENT
TO
JOINT VENTURE AGREEMENT

THIS SECOND AMENDMENT TO JOINT VENTURE AGREEMENT (this "Second Amendment") is made and entered into by and between Baker Hughes Holdings LLC, f/k/a Baker Hughes, a GE company, LLC ("BH") and C3.ai, Inc., f/k/a C3 IoT, Inc. ("C3.ai") for the purposes of amending that certain Joint Venture Agreement between BH and C3.ai, effective June 6, 2019 (the "JV Agreement"), as previously amended by the First Amendment to Joint Venture Agreement, last dated September 26, 2019 (the "First Amendment"). BH and C3.ai may be collectively referred to herein as the "Parties."

With respect to the JV Agreement, BH and C3.ai hereby agree to the following:

1. Throughout the JV Agreement the nomination "BHGE" is deleted and replaced with the nomination "BH".

2. Section 1.1 of the JV Agreement, entitled "**Definitions,**" is hereby amended to include the following additional definitions:

    1.68 "**Year 4**" shall mean the period starting May 1, 2022 and ending on April 30, 2023.

    1.69 "**Year 5**" shall mean the period starting May 1**,** 2023 and ending on April 30, 2024.

3. Section 5.l(b) of the JV Agreement is hereby deleted and replaced with the following:

    (b) At the end of each of Year I, Year 2, Year 3, Year 4 and Year 5 during the Term, C3.ai will provide to BHGE its calculation of the C3 Revenue and the terms set forth in Exhibit B-1 shall apply.

4. Section 12.1 of the JV Agreement, entitled "**Term**" is hereby deleted and replaced with the following:

    12.1 Term. This Agreement shall commence on the Effective Date and unless earlier terminated as set forth below, shall remain in full force and effect until April 30, 2024 (the "***Initial Term***")**.** BH shall have the right to renew this Agreement for additional three (3) year term(s) (the "***Renewal Term(s)***") a minimum of six (6) months prior to the expiration of the immediately preceding term; *provided that*, (A) any such renewal(s) shall include Minimum Annual

Revenue Commitments in the first year of such renewal that are 20% higher than the Minimum Annual Revenue Commitment in the last year of the then-existing Term and the Minimum Annual Revenue Commitment of each subsequent year of the renewal term shall be 20% higher than the preceding year and (B) BH maintains or extends its C3 Offering Internal BH Subscription to cover the entirety of the Renewal Term with a minimum annual subscription of at least $28 million in each year of the Renewal Term (all Renewal Terms, together with the Initial Term, the "***Term***").

For clarity, all references in the JV Agreement to the defined terms "**Initial Term,**" "**Referral Term,**" and "**Term**" shall now refer to the above language.

5. Exhibit B-1 to the JV Agreement is hereby deleted and replaced in its entirety by the Restated Exhibit B-1 attached hereto as Exhibit A.

6. Exhibit E to the JV Agreement is hereby deleted and replaced in its entirety by the restated Exhibit E attached hereto as Exhibit B.

7. Exhibit F to the JV Agreement is hereby deleted and replaced in its entirety by the restated Exhibit F attached hereto as Exhibit C.

8. Except as expressly provided herein, the terms and conditions of the JV Agreement are unaltered and remain in full force and effect.

9. This Second Amendment shall be interpreted and construed, and the legal relationships created hereby shall be construed in accordance with the laws of the State of Delaware (USA), without regard to its conflicts of law principles. The application of the United Nations Convention on Contracts for the International Sale of Goods is expressly excluded. In the event that any dispute, claim or controversy arising out of or relating to this Second Amendment or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Second Amendment to mediation or arbitration, exists after the process set forth in Section 7 of the JV Agreement has been completed, the Parties shall refer the dispute, claim or controversy to proceedings under the International Chamber of Commerce (ICC) Mediation Rules (the "Rules of Mediation"), to be conducted in San Francisco, California. If any such dispute has not been settled pursuant to the Rules of Mediation within sixty (60) days following the filing of a request for mediation, such dispute, claim or controversy shall thereafter be determined pursuant to the Rules of Arbitration of the International Chamber of Commerce (the "Rules of Arbitration") by three arbitrators appointed in accordance with the Rules of Arbitration, which arbitration shall be held in San Francisco, California. Judgement on the award may be entered in the Federal and state courts located in San Francisco, California. This paragraph shall not preclude the Parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. Each of the Parties hereby consents to service of process by registered mail, return receipt requested, at such Party's address. All offers, promises, and conduct, whether oral or written, made in the course of the issue resolution pursuant

to Section 7 of the JV Agreement by the Parties or their agents are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

In Witness Whereof, each of the Parties hereto has duly executed this Second Amendment to the JV Agreement as of the last date set forth below.

C3.ai, Inc. (f/k/a C3 IoT, Inc.) LLC)	**Baker Hughes, Holdings LLC (f/k/a Baker Hughes, a GE company, LLC**
/s/ Marc Levine	/s/ Uwem Ukpong
Signature	Signature
Marc Levine	Uwem Ukpong
Name	Name
CFO	EVP
Title	Title
6-1-2020	06-01-2020
Date	Date

EXHIBIT A

RESTATED EXHIBIT B-1

EXHIBIT B-1

MINIMUM ANNUAL REVENUE COMMITMENT

1. Minimum Annual Revenue Commitment.

	Annual Period (as defined in the Agreement)	Minimum Annual Revenue Commitment Amount
1.	Year 1	Forty-Six Million, Seven Hundred Thousand US Dollars (US$46.7 Million)
2.	Year 2	Fifty-Three Million, Three Hundred Thousand US Dollars (US$53.3 Million)
3.	Year 3	Seventy-Five Million US Dollars (US$75 Million)
4.	Year 4	One Hundred Twenty-Five Million US Dollars (US$125 Million)
5.	Year 5	One Hundred Fifty Million US Dollars (US$150 Million)
6.	**TOTAL**	Four Hundred Fifty Million US Dollars (US$450 Million)

2. Shortfall. Subject to Section 4 of this Exhibit B-1. if the C3 Revenue is less than the corresponding Minimum Annual Revenue Commitment for such year *("**Shortfall**")*, BH shall pay C3.ai a cash payment in the amount equal to the difference between the applicable Minimum Annual Revenue Commitment and the actual C3 Revenue *("**Shortfall Cash Payment**")*. For example, if during Year 2, the actual C3 Revenue is US$50 million, the Shortfall Cash Payment will equal US$3.3 million.

3. Overage. [***]

4. Conditions. [***]

   [***]

Exhibit 21.1

Subsidiaries of C3.ai, Inc.

Name of Subsidiary	Jurisdiction of Organization
C3, Inc.	United States of America
C3.ai Gov, Inc.	United States of America
C3.ai International, Inc.	United States of America
AI Press, Inc.	United States of America
C3.ai France, S.A.S.	France
C3.ai UK Ltd.	United Kingdom
C3.ai Italy S.r.l.	Italy
C3.ai Belgium SRL	Belgium
C3.ai Japan K.K.	Japan
C3.ai Netherlands B.V.	The Netherlands
C3.ai Australia Pty Ltd.	Australia
C3.ai Hong Kong Limited	Hong Kong
C3.ai Singapore Pte Ltd.	Singapore

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of our report dated September 18, 2020, relating to the financial statements of C3.ai, Inc. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
November 13, 2020