

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

FORM 10-K (Annual Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **September 30, 2016**
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number: **001-35451**

MACOM Technology Solutions Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

27-0306875
(I.R.S. Employer Identification No.)

100 Chelmsford Street, Lowell, Massachusetts
(Address of principal executive offices)

01851
(Zip Code)

Registrant's telephone number, including area code: **(978) 656-2500**
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001 per share	NASDAQ Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of April 1, 2016, the last business day of the registrant's second fiscal quarter, was approximately \$1.3 billion based on the closing price of the registrant's common stock as of such date as reported on the NASDAQ Global Select Market. For purposes of the foregoing calculations only, shares of common stock held by each executive officer and director of the registrant and their respective affiliates have been excluded, as such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, as of November 11, 2016 was 53,689,550.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant's definitive proxy statement for the 2017 Annual Meeting of Stockholders, which will be filed no later than 120 days after the close of the registrant's fiscal year ended September 30, 2016.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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CAUTIONARY STATEMENT

This Annual Report on Form 10-K (Annual Report) contains forward-looking statements, including statements regarding our business outlook, strategy, plans, expectations, estimates and objectives for future operations, and our future results of operations and financial position. Forward-looking statements include all statements that are not historical facts and generally may be identified by terms such as “anticipates,” “believes,” “could,” “continue,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “targets,” “will,” “would” or similar expressions or variations or the negatives of those terms, but are not the exclusive means of identifying forward-looking statements in this Annual Report.

Although forward-looking statements in this Annual Report reflect the good faith judgment of our management based on what we know at the time they are made, such statements involve inherent risks and uncertainties and actual results and outcomes may differ materially and adversely from the results and outcomes expressed or implied by our forward-looking statements. A number of important factors could cause actual results to differ materially and adversely from those in the forward-looking statements. We urge you to consider the risks and uncertainties in “Item 1A - Risk Factors” and elsewhere in this Annual Report and the other documents filed by us with the Securities and Exchange Commission (SEC). Except as required by law, we have no plans, and undertake no obligation, to revise or update our forward-looking statements to reflect any event or circumstance that may arise after the date of this Annual Report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

In this document, the words “Company,” “we,” “our,” “us,” and similar terms refer only to MACOM Technology Solutions Holdings, Inc. and its consolidated subsidiaries, and not any other person or entity.

“MACOM,” “M/A-COM,” “M/A-COM Technology Solutions,” “M/A-COM Tech,” “Partners in RF & Microwave” and related logos are trademarks of MACOM Technology Solutions Holdings, Inc. All other brands and names listed are trademarks of their respective owners.

PART I

ITEM 1. BUSINESS

Overview

We are a leading provider of high-performance analog semiconductor solutions that enable next-generation internet applications, the cloud connected apps economy, and the modern, networked battlefield across the radio frequency (RF), microwave, millimeterwave and photonic spectrum. Our technology enables next-generation radars for air traffic control and weather forecasting, as well as mission success on the modern networked battlefield. We help our customers, including some of the world's leading communications infrastructure, aerospace and defense companies, solve complex challenges in areas including network capacity, signal coverage, energy efficiency and field reliability, utilizing our best-in-class team and broad portfolio of analog RF, microwave, millimeterwave and photonic semiconductor solutions.

We design and manufacture differentiated, high-value products for customers who demand high performance, quality and reliability. We offer a broad portfolio of over 4,500 standard and custom devices, which include integrated circuits (IC), multi-chip modules (MCM), power pallets and transistors, diodes, amplifiers, switches and switch limiters, passive and active components and complete subsystems, across more than 40 product lines serving over 6,500 end customers in three primary markets. Our semiconductor products are electronic components that our customers incorporate into their larger electronic systems, such as, point-to-point wireless backhaul radios, high density networks, active antenna arrays, radar, magnetic resonance imaging systems (MRI) and unmanned aerial vehicles (UAVs). Our primary markets are: Networks, which includes carrier and enterprise infrastructure, wired broadband and cellular backhaul, cellular infrastructure, photonic solutions and fiber optic applications; Aerospace and Defense (A&D), which includes military and commercial radar, RF jammers, electronic countermeasures, and communication data links; and, Multi-market, which includes industrial, medical, test and measurement and scientific applications.

We have built upon a 60-year heritage of delivering innovative solutions dating back to the founding of Microwave Associates, Inc. We utilize our system-level knowledge and our extensive capabilities in high-frequency modeling, IC design, integration, packaging and manufacturing of semiconductors to address our customers' needs. Our specialized engineers and technologists located across 17 global design centers collaborate with our customers during the early stage of their system development process to incorporate our standard products and identify custom products we can develop to enhance their overall system performance. We intend to continue to expand our revenue opportunities through our market-facing strategy of aligning our solutions with our customers' needs and collaborating with them during the product definition stage of their systems toward design-in of our products. We believe this approach will allow us to sell more complete semiconductor solutions that integrate more functions and incorporate more highly-valued content into our products. We believe the combination of our market-facing strategy, targeted development projects, our engineering expertise and our fabrication capabilities enables us to identify profitable growth opportunities and rapidly develop and deliver new products and solutions.

Many of our products have long life cycles ranging from five to ten years, and some of our products have been shipping for over 20 years. We continue to develop or acquire new products and technologies to improve our ability to serve our target markets. Our growth strategy is to increase our market share, strengthen our customer relationships and capture more design wins. As we grow our portfolio and technology base we believe our customers will select more of our components for use in their systems.

We believe our "fab-lite" manufacturing model provides us with a competitive advantage and an attractive financial model by allowing us to utilize our variable cost structure and enabling us to adapt to changing market conditions and customer demands. We operate semiconductor fabrication facilities at our Lowell, Massachusetts headquarters and in Ithaca, New York. We manufacture compound semiconductors including Gallium Arsenide (GaAs) and Indium Phosphide (InP), and we are currently in the process of adding Gallium Nitride (GaN) fabrication capacity as well. In the A&D market, a domestic fabrication facility may be a requirement to be a strategic supplier, and we believe our status as a "Trusted Foundry" offers us further competitive differentiation.

We also utilize external semiconductor foundries to supply us with additional capacity and lower costs, and to provide us access to additional process technologies. The ability to utilize a broad array of internal proprietary process technologies and commercially available foundry technologies allows us to select the most appropriate technology to solve our customers' needs. We believe our fab-lite strategy provides us with dependable domestic supply, control over quality, reduced capital investment requirements, faster time to market and additional outsourced capacity when needed. In addition, the experience base cultivated through the continued operation of our internal fabrication lines provides us with the expertise to better manage our external foundry suppliers.

We serve our broad and diverse customer base through a multi-channel sales strategy utilizing our direct sales force, a global network of independent sales representatives, distributors and an e-commerce channel. Our direct sales force and application engineers are focused on securing design wins by supporting industry-leading original equipment manufacturer (OEM) customers. Our external sales representatives, distributors and our e-commerce channel are focused on increasing our design wins with smaller or emerging customers early in their new product development efforts.

Our Markets & Products

The growth of advanced electronic systems using analog RF, microwave, millimeterwave and photonic semiconductor technologies has created demand for high-performance analog semiconductor components, modules and solutions. The terms RF, microwave and millimeterwave are used to refer to electromagnetic waves in a particular frequency range produced by applying an alternating current

to an antenna or conductor. A wide variety of advanced electronic systems rely on electromagnetic waves for high-speed data transmission or reception. We offer high-performance analog semiconductor products for both wireless and wireline applications across the frequency spectrum from RF to millimeterwave and beyond through photonics. We develop high-value products to serve our customers in three primary markets including Networks, A&D and Multi-market.

The market demand for high-performance analog RF, microwave, millimeterwave, and photonic semiconductors is driven by the growth of mobile Internet devices, cloud computing and streaming video that strain existing network capacity, as well as the growth in advanced information-centric military applications. In addition, the increasing need for real-time information, sensing and imaging functions in industrial, medical, scientific and test and measurement applications is driving demand for our products.

Networks . Growth in the Networks market is driven by the proliferation of wireless and wired devices from smartphones and tablets to data centers, as well as the data rich applications and services they enable such as mobile Internet, cloud computing, video-on-demand, social media, global positioning functionality and location based services. Growth in global next-generation Internet and Internet of Things (IoT) applications drives demand for communications infrastructure equipment requiring amplifiers, filters, receivers, switches, synthesizers, transformers, upconverters and other components to expand and upgrade cellular backhaul, cellular infrastructure, wired broadband and fiber optic networks. Semiconductor products and solutions must continually deliver greater bandwidth and functionality as the demands of our customers and end users increase.

In December 2014, we completed the acquisition of BinOptics Corporation (BinOptics), a leading merchant provider of InP lasers for data centers, mobile backhaul, silicon photonics and access networks (BinOptics Acquisition). With this acquisition, we have broadened our position in the growing optical component market and expanded our growth opportunities in data center networks, including silicon photonics applications. This transaction expands our optical portfolio with differentiated edge-emitting and surface-emitting Fabry Perot and Distributed Feedback lasers, incorporating proprietary and patented Etched Facet Technology (EFT) for lasers that enables wafer-scale economics in both device manufacturing and testing.

In December 2015, we completed the acquisition of FiBest Limited (FiBest) a Japan-based merchant market component supplier of optical sub-assemblies (FiBest Acquisition). We acquired FiBest to expand our position in optical networking components. The operations of FiBest are included in our consolidated financial statements from the date of acquisition.

Our expertise in system-level architectures and advanced IC design capability allow us to offer Networks OEM customers highly-integrated solutions optimized for performance and cost. Our portfolio of opto-electronics products includes lasers, clock and data recovery, optical post amplifiers, laser and modulator drivers, transimpedance amplifiers, transmitter and receiver applications in 2.5/6/10/40/100/400 gigabits per second (Gbps) long haul, metro, data center links and fiber-to-the-X (FTTx) fiber optic network components that enable telecommunications carriers and data centers to cost-efficiently increase their network capacity by a factor of four to ten times over earlier generation solutions. We match our opto-electronic components to various lasers enabling our customers to buy more complete solutions for their opto-electronic systems. For optical communications applications, we utilize a proprietary combination of GaAs, InP, and Silicon Germanium (SiGe) technologies to obtain advantages in performance and size. For wired broadband applications, we offer OEM customers the opportunity to streamline their supply chain through our broad catalog of active components such as active splitters, amplifiers, multi-function ICs and switches, as well as passive components such as transformers, diplexers, filters, power dividers, and combiners.

Aerospace & Defense . In the A&D market, military applications require more advanced electronic systems, such as radar warning receivers, communications data links and tactical radios, UAVs, RF jammers, electronic countermeasures, and smart munitions. Military applications are becoming more sophisticated, favoring higher performance semiconductor ICs based on GaAs and GaN technologies due to their high power density, improved power efficiency, and broadband capability. Radar systems for mapping and targeting missions are undergoing a major transition from existing mechanically-scanned radar products to a next-generation of active electronically-scanned array (AESA) based products. Consisting of hundreds or thousands of transmit/receive modules commonly based on GaAs and GaN technologies, AESAs deliver greater speed, range, resolution and reliability over mechanically-scanned radar products that utilize a single transmitter and receiver with mechanical steering. Military communications employing wireless infrastructure and tactical radios in the field remain critical for allowing geographically dispersed operators to exchange information quickly and efficiently. UAVs and their underlying semiconductor content require innovative designs to meet rigorous specifications for high performance, small size and low power consumption.

In December 2015, we acquired Aeroflex/Metelics, Inc. (Metelics), a diode supplier, in order to expand our existing diode product lines (Metelics Acquisition). The operations of Metelics are included in our consolidated financial statements from the date of acquisition through our fiscal year ended September 30, 2016 .

We believe our in-depth knowledge of critical radar system requirements, integration expertise and track record of reliability make us a valued resource for our A&D customers faced with demanding application parameters. Further, we have been accredited by the United States Department of Defense with "Trusted Foundry" status, a designation conferred on microelectronics vendors exhibiting the highest levels of process integrity and protection, which we believe differentiates us as a trusted manufacturer of ICs for U.S. military and aerospace applications. For radar applications, we offer standard and custom power transistor pallets, discrete components, switch limiters, phase shifters and integrated modules for transmit and receive functions in air traffic control, marine, weather, and military radar applications. For military communications data link and tactical radio applications, we offer a family of active, passive and discrete

products, such as Monolithic Microwave Integrated Circuits (MMICs), control components, voltage-controlled oscillators (VCOs), transformers, power transistors and diodes, and diodes. In some cases, we design parts specifically for these applications, while in others, our reputation for quality and our broad catalog allows these demanding customers to reduce the cost of their high-performance systems by designing in standard dual-use or commercial off-the-shelf parts that we have developed for other applications. We believe manufacturing many of these products in our Lowell, Massachusetts Trusted Foundry offers us a competitive advantage in the A&D market because of certain A&D customers' requirements for a domestic supply chain.

Multi-market. Multi-market encompasses industrial, medical, test and measurement and scientific applications, where analog RF, microwave and millimeterwave semiconductor solutions are gaining prevalence. In addition, evolving medical technology has increased the need for high-performance MMICs and other semiconductor solutions in medical imaging and patient monitoring to provide enhanced analysis and functionality.

In the medical industry, our custom designed non-magnetic diode product line is a critical component for certain MRI applications. For sensing and test and measurement applications, we believe our patented Heterolithic Microwave Integrated Circuit (HMIC) process is ideal for high-performance, integrated bias networks and switches. Our catalog of general purpose GaAs ICs includes low noise amplifiers, switches and power amplifiers that address a wide range of applications such as industrial automation systems to test and measurement equipment.

To address our target markets, we offer a broad range of standard and custom ICs, modules and complete subsystems across approximately 40 product lines. Our product catalog currently consists of more than 4,500 products including the following key product platforms: power pallets and transistors, ICs, diodes, switches and switch limiters, passive and active components, MCMs, and complete subsystems. Many of our product platforms are leveraged across multiple markets and applications. For example, our application expertise with regard to power transistor technology is leveraged across both scientific laboratory equipment applications and commercial and defense radar system applications. Our diode technology is used in switch filter banks of military tactical radios as well as medical imaging MRI systems. The table below presents the major product families and major applications in our primary target markets.

TARGET MARKET	MAJOR PRODUCT FAMILIES	MAJOR APPLICATIONS
Networks	Active Splitters Amplifiers Attenuators Clock and Data Recovery Crosspoint Switches Carrier Convergence Processors Enterprise Voice & Data Processors Filters/Diplexers Laser Drivers Modulator Driver Amplifiers Post Amplifiers SDI Cable Drivers SDI Equalizers SDI Reclockers Signal Conditioners Switches Transformers/Baluns Transimpedance Amplifiers Upconverters/Downconverters VoIP Processors Voltage Controlled Oscillators Lasers Optical Sub-Assemblies (OSA)	2G/3G/4G Wireless Base Stations 40/100G Fiber Optics Broadcast Video CATV Infrastructure Enterprise Routing and Switching GPON/FTTX Hybrid PBX IP PBX Optical Transport Networks Point-to-Point Wireless Backhaul Session Border Controller Set Top Boxes Unified Communication Wireless Trunk Gateway Wireline Access Gateway Wireline Trunk Gateway
Aerospace and Defense	Amplifiers Attenuators Components Diodes Power Transistors & Modules Mixers Phase Shifters Switch Limiters Voltage Control Oscillators High Reliability Screening	Air Traffic Control Radar Weather Radar Public Safety Radios Tactical & Manpack Radios Satellite Communications Military Communications Military Radar
Multi-Market	Amplifiers Attenuators Couplers Diodes Logic Drivers Mixers Power Detectors Power Transistors Switches Transceivers Voltage Control Oscillators	Industrial Medical Scientific Test & Measurement

We believe the combination of our market-facing strategy and our engineering expertise enables us to identify profitable growth opportunities and rapidly develop and deliver new products and solutions complemented by strategic acquisitions. Many of our products have long lifecycles ranging from five to ten years, and some of our products have been shipping for over 20 years. Our goal is to strengthen customer relationships and capture design wins with customers that allow us to be a supplier of components used in their systems.

Research and Development

Our research and development efforts are directed toward the rapid development of new and innovative products and solutions, process technologies and packaging techniques. The interaction of semiconductor process technology, circuit design technology and packaging technology defines the performance parameters and the customers' acceptance of our products. We believe our core competency is the ability to model, design, integrate, package and manufacture differentiated solutions. We leverage this core competency to solve difficult and complex challenges that our customers face during their system design phases. We believe our integrated and customized solutions offer customers high performance, quality, reliability and faster time to market.

Circuit design and device modeling expertise . Our engineers are experts in the design of circuits capable of reliable, high-performance analog RF, microwave, millimeterwave and photonic signal conditioning. Our staff has decades of experience in solving complex design challenges in applications involving high frequency, high power and environmentally-rugged operating conditions. We also develop proprietary device and electro-magnetic modeling techniques that our engineers use to generate predictive models prior to fabrication. Our predictive modeling expertise allows us to achieve faster design cycle times resulting in shorter time to market for our products.

Semiconductor process technology . We leverage our domestic semiconductor wafer fabrication capabilities and our foundry suppliers to offer customers the right process technology to meet their particular requirements. Depending on the requirements for the application, our semiconductor products may be designed using an internally developed or externally sourced process technology.

Packaging expertise . Our extensive packaging expertise enables us to model the interaction between the semiconductor and its package. Our engineers make adjustments in the design of both the semiconductor and the package, to take account of that interaction. We offer products in a variety of different package types for specific applications, including plastic over-molded, ceramic and laminate-based packaging.

We continue to invest in proprietary processes to enable us to develop and manufacture high-value solutions. For example, we have developed innovative, patented technologies such as HMIC, which provides high integration, high power and low loss switching capabilities for our primary markets. This technology replaces mechanical switches for very high power applications such as wireless base stations.

Our engineers' radar, optical and microwave system-level design expertise allows us to offer differentiated solutions that leverage multiple process technologies and are integrated into a single, higher-level assembly, thereby delivering our customers enhanced functionality.

Research and development expenses were \$107.7 million , \$82.2 million and \$71.4 million for fiscal years 2016 , 2015 and 2014 , respectively. We anticipate that we will continue to make significant research and development expenditures in order to drive future new product and process introductions and maintain our competitive position.

Sales and Marketing

We employ a global multi-channel sales strategy and support model intended to facilitate our customers' evaluations and selections of our products. We sell through our direct sales force, our application engineering staff, our global network of independent sales representatives, resellers and distributors, as well as an e-commerce channel. We have strategically positioned our direct sales and applications engineering staff in 35 locations worldwide, augmented by independent sales representatives and distributors with additional domestic and foreign locations to offer responsive local support resources to our customers and to build long-term relationships. Our application engineers visit customers at their engineering and manufacturing facilities, aid them in understanding our capabilities and collaborate with them to deliver products that can optimize their system performance. Our global independent sales representatives and distributor network allow us to extend our sales capabilities to new customers in new geographies more cost effectively than using our direct sales force alone.

Our products are principally sold in Asia, the U.S. and Europe, which is where we concentrate our direct sales force, application engineering staff, independent sales representatives and distributors. Sales to our distributors accounted for 13.2% , 20.7% , and 22.0% of our revenue in fiscal years 2016 , 2015 and 2014 , respectively. Our agreements with sales representatives, resellers and distributors may provide for an initial term of one or more years with the opportunity for subsequent renewals or for an indefinite term, and also typically provide that either party may terminate the agreement for convenience with a minimum period of prior notice to the other party, usually between 30 and 90 days.

Our sales efforts are focused on the needs of our customers in our three primary markets rather than on particular product lines, facilitating product cross-selling across end markets, and within key accounts. Through our website, customers can order online, request samples and access our product selection guides, detailed product brochures and data sheets, application notes, suggested design block diagrams and test fixture information, technical articles and information regarding quality and reliability.

Customers

Our customer base is diversified and includes OEM customers, contract manufacturers, resellers and distributors. For fiscal year 2016, two direct customers individually accounted for more than 10% of our revenue, Huawei Technologies (Huawei) at 15% and Alltek Technology Corp. (Alltek) at 11.7%. For fiscal year 2015 only one direct customer individually accounted for more than 10% of our revenue, Alltek at 12.1%. In fiscal year 2014 no direct customers individually accounted for more than 10% of our revenue. In addition, our principal distributor, Richardson Electronics, an Arrow Electronics Company (Richardson), accounted for 10.6%, 17.7% and 18.5% of our revenue in fiscal years 2016, 2015 and 2014, respectively. Our top 25 direct customers accounted for an aggregate of 65.8%, 54.6% and 51.2% of our revenue in fiscal years 2016, 2015 and 2014, respectively.

Our orders from and sales to customers in the telecommunications infrastructure and networking markets may tend to be lower in our first fiscal quarter as compared to other quarters due to seasonal inventory management by large OEM and contract manufacturing customers.

Competition

The markets for our products are highly competitive and are characterized by continuously evolving customer requirements. We believe that the principal competitive factors in our markets include:

- the ability to timely design and deliver products and solutions that meet customers' performance, reliability and price requirements;
- the breadth and diversity of product offerings;
- the ability to provide a reliable supply of products in sufficient quantities and in a timely manner;
- the ability of engineering talent to drive innovation and new product development;
- the quality of customer service and technical support; and,
- the financial reliability, operational stability and reputation of the supplier.

We believe that we compete favorably with respect to these factors. We compete primarily with both our customers' internal design resources and other suppliers of high-performance analog semiconductor solutions for use in wireless and wireline RF, microwave, millimeterwave and photonic applications, some of whom have greater financial resources and scale than us. We expect competition in our markets to intensify, as new competitors enter these markets, existing competitors merge or form alliances and new technologies emerge. We believe that in the future there will be increased competition from companies utilizing alternative technologies, including high-volume manufacturers using low-cost silicon process technology. Some of our competitors are also our customers, and in certain product categories we compete with semiconductor manufacturers from which we also obtain foundry services, such as Sumitomo Electric Device Innovations, Inc.

We compete with Analog Devices, Inc. (ADI) across our primary markets, Networks, A&D and Multi-market. In the Networks market, we also compete with NXP Semiconductors N.V., Inphi Corporation, Broadcom LTD. (Broadcom), and Semtech Solutions, Inc. In the A&D market, we also compete with Cobham Defense Electronic Systems Corporation (Cobham), Microsemi Corporation (Microsemi), and Qorvo, Inc. (Qorvo). In the Multi-market arena, we also compete with Cobham, Broadcom, Microsemi and Skyworks Solutions, Inc. (Skyworks).

Segment and Geographic Information

We manage our operations in one reportable segment. Financial information about our operations, including our revenue and long-lived assets by geographic region, is included in our consolidated financial statements and accompanying notes in Item 8. "Financial Statements and Supplementary Data" appearing elsewhere below.

Risks attendant to our foreign operations are discussed in this Annual Report under "Item 1A - Risk Factors."

Backlog and Inventory

Our sales are made primarily on a purchase order basis, rather than pursuant to long-term contracts where the customer commits to buy any minimum amount of product over an extended period. On occasion, we ship finished goods inventory to certain customer or third-party "hub" locations, but do not recognize revenue associated with such shipments until these customers consume the inventory from the hub. We also frequently ship products from our inventory shortly after receipt of an order, which we refer to as "turns business". A substantial portion of our revenues for any particular fiscal quarter may be derived from turns business transacted in the last few weeks of the quarter, and unanticipated fluctuations in turns business may result in material shifts in revenue between fiscal quarters. Due to the foregoing factors, different ordering patterns of our customers and the wide range of lead times to produce and deliver our products, we believe that backlog as of any particular date may not be a reliable indicator of our future revenue levels.

Intellectual Property

Our success depends in part upon our ability to protect our intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including patents, copyrights, trademarks and trade secrets, as well as customary contractual protections with our customers, suppliers, employees and consultants.

As of September 30, 2016, we had 399 U.S. and 141 foreign issued patents and 76 U.S. and 54 foreign pending patent applications covering elements of circuit design, manufacturing and wafer fabrication. We do not know whether any of our pending patent applications will result in the issuance of patents or whether the examination process will require us to narrow our claims. The expiration dates of our patents range from 2016 to 2035. We do not regard any of the patents scheduled to expire in the next 12 months as material to our overall intellectual property portfolio. Notwithstanding our active pursuit of patent protection when available, we believe that our future success will be determined by the innovation, technical expertise and management abilities of our engineers and management more than by patent ownership.

The semiconductor industry is characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets, and by the vigorous pursuit, protection and enforcement of intellectual property rights. Many of our customer agreements require us to indemnify our customers for third-party intellectual property infringement claims, which may in the future require that we defend those claims and might require that we pay damages in the case of adverse rulings. Claims of this sort could harm our relationships with our customers and might deter future customers from doing business with us. With respect to any intellectual property rights claims against us or our customers or distributors, we may be required to cease manufacture of the infringing product, pay damages or settlement amounts, expend resources to develop non-infringing technology, seek a license, which may not be available on commercially reasonable terms or at all, or relinquish patents or other intellectual property rights.

Manufacturing, Sources of Supply and Raw Materials

When designing a product solution for our customers, we may choose to utilize our internal proprietary process technologies or technologies from external fabrication facilities, or a combination of both. We believe our ability to select both internal and external technologies in our product solutions is a competitive advantage because it helps us to provide a unique and optimized solution for our customers.

Our internal wafer fabrication and the majority of our internal assembly and test operations are conducted at our Lowell, Massachusetts headquarters and Ithaca, New York facility. We believe having U.S.-based wafer fabrication lines is a competitive advantage for us over competitors that do not have this capability, because it provides us with greater control over quality, a secure source of supply and a domestic source for U.S. A&D customers. We also believe that our U.S.-based wafer fabrication lines allow us to develop products faster with shorter production lead times than if we utilized external foundries, and allow us to efficiently produce a wide range of low, medium and high volume products. We perform internal assembly and test functions at our Lowell and Lawrence, Massachusetts, Long Beach, California, Ithaca, New York, Nashua, New Hampshire and Hsinchu, Taiwan locations.

We complement our internal manufacturing with outsourced foundry partners and other suppliers. Our operations staff has extensive expertise in the management of outsourced manufacturing service providers and other supply chain participants. We believe our fab-lite model of outsourcing certain of our manufacturing activities rather than investing heavily in capital-intensive production facilities, provides us with the flexibility to respond to new market opportunities, simplifies our operations, provides access to other process technologies and additional manufacturing capacity and reduces our capital requirements. We also use third-party contract manufacturers for assembly, packaging and test functions, and in some cases for fully-outsourced turnkey manufacturing of our products.

The principal materials used in the production of our IC products are high purity source materials such as gallium, aluminum, arsenic, nitrite, carbon and silicon. We purchase from hundreds of suppliers worldwide, a wide variety of semiconductors, wafers, packages, metals, printed circuit boards, electromechanical components and other materials for use in our operations. These supply relationships are generally conducted on a purchase order basis. The use of external suppliers involves a number of risks, including the possibility of material disruptions in the supply of key raw materials and components, and the lack of control over delivery schedules, capacity, quality and costs.

While we attempt to maintain alternative sources for our principal raw materials to reduce the risk of supply interruptions or price increases, some of the raw materials and components are not readily available from alternate suppliers due to their unique nature, design or the length of time necessary for re-design or qualification. We routinely utilize single sources of supply for various materials based on availability, performance, efficiency or cost considerations. For example, wafers procured from merchant foundries for a particular process technology are generally sourced through a single foundry on which we rely for all of our wafers in that process. Our reliance on external suppliers puts us at risk of supply chain disruption if a supplier does not have sufficient raw material inventory to meet our manufacturing needs, goes out of business, changes or discontinues the process in which components or wafers are manufactured or declines to continue supplying us for competitive or other reasons, as discussed in more detail in Item 1A. "Risk Factors" herein. Where practical, we attempt to mitigate these risks by qualifying multiple sources of supply, redesigning products for alternative components and purchasing incremental inventory of raw materials and components in order to protect us against supply disruptions.

Quality Assurance

The goal of our quality assurance program is for our products to meet our customers' requirements, be delivered on time, and function reliably throughout their useful lives. The International Organization for Standards (ISO) provides models for quality assurance for various operational disciplines, such as design, manufacturing, and testing, which comprise part of our overall quality management system. Our following locations have each received ISO 9001:2008 certifications in one or more of their principal functional areas: Lowell, Massachusetts; Ithaca, New York; Long Beach, Santa Clara and Newport Beach, California; Morrisville, North Carolina; Nashua, New Hampshire; Belfast, Northern Ireland; Cork, Ireland; Sydney, Australia, Tokyo, Japan and Hsinchu, Taiwan. In addition, our Lowell, Massachusetts and Tokyo, Japan facilities have received an ISO 14001:2004 environmental management systems certification.

Environmental Regulation

Our operations involve the use of hazardous substances and are regulated under federal, state, and local laws governing health and safety and the environment in the U.S. and other countries. These regulations include limitations on discharge of pollutants into the air, water and soil; remediation requirements; product chemical content limitations; manufacturing chemical use and handling restrictions; pollution control requirements; waste minimization considerations; and, requirements regarding the treatment, transport, storage and disposal of hazardous wastes. We are also subject to regulation by the U.S. Occupational Safety and Health Administration and similar health and safety laws in other jurisdictions. While we are committed to compliance with applicable regulations, the risk of environmental liabilities can never be completely eliminated and there can be no assurance that the application of environmental and health and safety laws to our business will not require us to incur material future expenditures.

We are also regulated under a number of federal, state and local laws regarding responsible sourcing, recycling, product packaging and product content requirements in the U.S. and other countries, including legislation enacted in the European Union and other foreign jurisdictions that have placed greater restrictions on the use of lead, among other chemicals, in electronic products, which affects materials composition and semiconductor packaging. These laws are becoming more stringent and may in the future cause us to incur material expenditures or otherwise cause financial harm.

Export Regulations

We market and sell our products both inside and outside the U.S. Certain products are subject to the Export Administration Regulations, administered by the U.S. Department of Commerce, Bureau of Industry Security, which require that we obtain an export license before we can export certain controlled products or technology to specified countries. Additionally, some of our products are subject to the International Traffic in Arms Regulations, which restrict the export of information and material that may be used for military or intelligence applications by a foreign person. Similar controls exist in other jurisdictions. Failure to comply with these laws could result in sanctions by the government, including substantial monetary penalties, denial of export privileges and debarment from government contracts. We maintain an export compliance program staffed by dedicated personnel under which we screen export transactions against current lists of restricted exports, destinations and end users with the objective of managing export-related decisions, transactions and shipping logistics to ensure compliance with these requirements.

Employees

As of September 30, 2016, we employed approximately 1,400 individuals worldwide. None of our domestic employees are represented by a collective bargaining agreement; however, approximately 17 of our employees working in certain European locations are covered by collective bargaining agreements. We consider our relations with employees to be good and we have not experienced a work stoppage due to labor issues.

History and Recent Developments

We were incorporated under the laws of the State of Delaware in March 2009. Our operations are conducted through our various subsidiaries, which are organized and operated according to the laws of their respective jurisdictions of incorporation.

MACOM Technology Solutions Inc., our primary operating subsidiary, which provides high-performance analog semiconductor solutions for use in wireless and wireline applications across the RF, microwave, and millimeterwave spectrum, was incorporated under the laws of the state of Delaware on July 16, 2008. MACOM Technology Solutions Limited, our primary foreign operating subsidiary, was incorporated under the laws of Ireland on November 18, 2008. In September 2008, Cobham acquired certain assets from a third party, including the RF and microwave component and subsystem design and business operations that would ultimately become the operations of MACOM Technology Solutions Inc. and MACOM Technology Solutions Limited. The heritage of some of these business operations date back over 60 years to the founding of Microwave Associates, Inc. and the MACOM brand date back over 30 years.

In December 2013, we acquired Mindspeed Technologies, Inc. (Mindspeed), a supplier of semiconductor solutions for communications infrastructure applications (the Mindspeed Acquisition). We acquired Mindspeed to further our expansion into high-performance analog products.

In February 2014, subsequent to closing the Mindspeed Acquisition, we divested the wireless business of Mindspeed, which did not meet our expectations for profitable growth. The operations of the wireless business are included in discontinued operations.

In May 2014, we divested Mindspeed's communications processor equipment (CPE) product line, which did not meet our expectations for profitable growth. The operations of the CPE product line are included in the results of continuing operations through the date of the sale.

In February 2014, we completed the acquisition of Nitronex, LLC (Nitronex) (the Nitronex Acquisition). Nitronex designs, develops, manufactures and markets GaN semiconductors. We funded the Nitronex Acquisition through the use of available cash and borrowings under our revolving credit facility. We acquired Nitronex from a party under common control. As a result, we have accounted for the Nitronex Acquisition as a pooling of interest from the date of acquisition by the common control party in June 2012. The original acquisition of Nitronex by the common control party was accounted for as a purchase. Our financial statements have been retroactively combined to include the results of operations of Nitronex from June 2012.

In December 2014, we completed the acquisition of BinOptics, a leading merchant provider of InP lasers for data centers, mobile backhaul, silicon photonics and access networks to broaden our position in the optical components market.

In August 2015, we divested the Automotive business to Autoliv ASP Inc. (Autoliv). The business did not meet our expectations for profitable growth.

In December 2015, we completed the acquisition of FiBest Limited a Japan-based merchant market component supplier of optical sub-assemblies. We acquired FiBest to expand our position in optical networking components.

In December 2015, we acquired Metelics, a diode supplier, in order to expand our existing diode product lines.

We intend to continue to pursue acquisitions of technologies, design teams, products and companies that complement our strengths and help us execute our strategies. Our acquisition strategy is designed to accelerate our revenue growth, expand our technology portfolio, grow our addressable market and create shareholder value. We believe our management team has a proven track record in identifying, acquiring and successfully integrating companies and technologies in the high-performance analog semiconductor industry.

Available Information

We maintain a website at www.macom.com, including an investors section at which we routinely post important information, such as webcasts of quarterly earnings calls and other investor events in which we participate or host, and any related materials. You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as well as other reports relating to us that are filed with or furnished to the SEC, free of charge in the investors section of our website as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The public may also read and copy materials we file with the SEC at the SEC's Public Reference Room, which is located at 100 F Street, NE, Room 1580, Washington, DC 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents of the websites mentioned above are not incorporated into and should not be considered a part of this report.

ITEM 1A. RISK FACTORS

Our business involves a high degree of risk. You should carefully consider the following risks and other information in this Annual Report in evaluating the Company and its common stock. If any of the following risks actually occurs, our business, financial condition or results of operations could suffer. The risks described below are not the only ones facing us. Additional risks not presently known to us or that we currently consider immaterial also may adversely affect our Company.

Risks Relating to Our Business

Our revenue growth and gross margin are substantially dependent on our successful development and release of new products.

Maintaining or growing our revenue will depend on our ability to timely develop new products for existing and new markets that meet customers' performance, reliability and price expectations. In addition, the average selling prices of our products are expected to decrease over time and we must introduce new products that can be manufactured at lower costs or that command higher prices based on superior performance to offset this expected price erosion. If we are not able to repeatedly introduce, in successive years, new products that ship in volume, our revenue will likely not grow and may decline significantly and rapidly. The development of new products is a highly complex process, and we have in the past and may in the future experience delays and failures in completing the development and introduction of new products. Our successful product development depends on a number of factors, including the following:

- the accurate prediction of market requirements, changes in technology and evolving standards;

- the availability of qualified product designers and process technologies needed to solve difficult design challenges in a cost-effective, reliable manner;
- our ability to design products that meet customers' cost, size and performance requirements and other technical specifications;
- our ability to manufacture new products according to customer needs with acceptable manufacturing yields;
- our ability to offer new products at competitive prices;
- the acceptance by customers of our new product designs;
- the identification of and timely entry into new markets for our products, such as our publicly announced market opportunities in 100G optical networks, GaN technology and active antennas;
- the acceptance of our customers' products by the market and the lifecycle of such products;
- our ability to innovate, the strength of our intellectual property rights, and our ability to protect our intellectual property rights;
- our ability to deliver products in a timely manner within our customers' product planning and deployment cycle; and,
- our ability to maintain and increase our level of product content in our customers' systems.

A new product design effort may last 12 to 18 months or longer, and requires significant investment in engineering hours and materials, as well as sales and marketing expenses, which may not be recouped if the product launch is unsuccessful. The introduction of new products by our competitors, the delay or cancellation of a platform for which any of our semiconductor solutions are designed, the market acceptance of products based on new or alternative technologies or the emergence of new industry standards could render our existing or future products uncompetitive from a pricing standpoint, obsolete and otherwise unmarketable. Our failure to anticipate or timely develop new or enhanced products or technologies in response to technological shifts could result in decreased revenue and our competitors obtaining design wins. We may be unable to design and introduce new products in a timely or cost-efficient manner, and our new products may fail to meet the requirements of the market or our customers, or may be adopted by customers more slowly than we expect. In that case, our gross margin may decrease, we may not reach our expected level of production orders and we may lose market share, which could adversely affect our ability to sustain our revenue growth or maintain our current revenue levels.

Underutilization, price competition, acquisitions and various other factors may reduce our gross margin, which could negatively affect our business, financial condition and results of operations.

If we are unable to utilize our design, fabrication, assembly and test facilities at a high level, the significant fixed costs associated with these facilities may not be fully absorbed, resulting in higher average unit costs and lower gross margin. Similarly, when we compete for business on the basis of our products' unit price, the average selling price of our products is reduced, negatively affecting our gross margins. We have in the past and may in the future acquire businesses with lower-margin products that reduced our overall gross margins. Our various products have different gross margins. Increased sales of lower-margin products, such as certain of our more mature products, in a given period relative to sales of higher-margin products, may cause us to report lower overall gross margin. In addition, increased raw material costs, changes in manufacturing yields, more complex engineering requirements and certain other factors can reduce our gross margins from time to time. We have experienced periods where our gross margin declined due to these and other factors, and expect these factors will have an adverse impact on our business, financial condition and results of operations from time to time in the future. As a result of these or other factors, we may be unable to maintain or increase our gross margin in future periods and our gross margin may fluctuate from period to period.

Our operating results may fluctuate significantly from period to period. We may not meet investors' quarterly or annual financial expectations and, as a result, our stock price may decline.

Our quarterly and annual operating results and related expectations may vary significantly in the future based upon a number of factors, many of which are beyond our control. Factors that could cause operating results and related expectations to fluctuate include:

- the general economic growth or decline in the U.S. or foreign markets;
- the reduction or cancellation of orders by customers, whether as a result of a loss of market share by us or our customers, changes in the design of customers' products or slowing demand for our products or customers' products;
- the amount of new customer orders we book and ship in any particular fiscal quarter, which accounts for a significant amount of our net revenue in any particular quarter, and which can often be weighted toward the latter part of each fiscal quarter, making the timing of recognition of the associated revenue difficult to forecast and susceptible to slippage between quarters;
- the relative linearity of our shipments within any particular fiscal quarter, in that a less linear shipment pattern within a given fiscal quarter tends to result in lower gross margin in that quarter and a shipment pattern weighted toward the latter part of a

fiscal quarter tends to reduce our cash flows from operations in that quarter, as collections of related receivables do not occur until later fiscal periods;

- the gain or loss of a key customer or significant changes in the financial condition of one or more key customers;
- fluctuations in the levels of component inventories held by our customers, as well as their ability to manage the inventory that they hold and to forecast accurately their demand for our products;
- the fluctuations in manufacturing output, yields, capacity levels, quality control or other potential problems or delays we or our subcontractors may experience in the fabrication, assembly, testing or delivery of our products;
- the fluctuations in demand relating to the A&D market due to changes in government programs, budgets or procurement;
- the market acceptance of our products and particularly the timing and success of new product and technology introductions by us, customers or competitors;
- our ability to predict market requirements and evolving industry standards accurately and in a timely manner;
- the amount, timing and relative success of our investments in research and development, which impacts our ability to develop, introduce and market new products and solutions on a timely basis;
- the period-to-period changes in the mix of products we sell, which can result in lower gross margin;
- the availability, quality and cost of semiconductor wafers and other raw materials, equipment, components and internal or outsourced manufacturing, packaging and test capacity, particularly where we have only one qualified source of supply;
- the effects of seasonal and other changes in customer demand;
- the effects of competitive pricing pressures, including decreases in average selling prices of our products;
- the effects of impairment charges associated with intangible assets, including goodwill and acquisition-related intangible assets;
- the loss of key personnel or the shortage of available skilled workers;
- the effects of factors that could cause our reported domestic and foreign income taxes and income tax rate to increase in future periods, such as limits on our ability to utilize net operating losses or tax credits and the geographic distribution of our income, which may change from period to period; and
- the effects of war, natural disasters, acts of terrorism, macroeconomic uncertainty or decline or geopolitical unrest.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially and adversely affect our quarterly and annual operating results and related expectations for future periods. If our operating results in any period do not meet our publicly stated guidance or the expectations of investors or securities analysts, our stock price may decline. Similarly, any publicly stated guidance we provide in the future may fail to meet the expectations of investors or securities analysts and our stock price may decline as a result.

If demand for our products in our primary markets declines or fails to grow, our revenue and profitability may suffer.

Our future growth depends to a significant extent on the continued growth in usage of advanced electronic systems in our primary markets: Networks, A&D and Multi-market generally, and in the optical networks market in particular, which accounted for 53% of our revenue in the fiscal year ended September 30, 2016. The rate and extent to which these markets will grow, if at all, is uncertain. For example, our ability to capitalize on our previously announced market opportunities in 100G optical networks, GaN technology and active antennas will depend on, among other things, the future size and growth rates of these markets, the next generation technologies selected by customers and timing of network upgrades in these markets and the future pace of adoption of our products in these markets. Our markets may fail to grow or decline for many reasons, including macro-economic factors, insufficient consumer demand, technological hurdles, research and development delays, lack of access to capital, sequestration or other changes in the U.S. defense budget and procurement processes and changes in export controls or other regulatory environments. Even if our primary markets grow, demand for our products in those markets may fail to grow in the event that they fail to embrace next-generation technologies we offer such as GaN-on-Silicon, etched facet lasers and radar tiles, adopt technologies other than those we offer or implement changes in network specifications that our products do not adequately address. If demand for electronic systems that incorporate our products declines, fails to grow or grows more slowly than we anticipate, purchases of our products may be reduced, which will adversely affect our business, financial condition and results of operations.

We typically depend on orders from a limited number of customers for a significant percentage of our revenue.

In the fiscal year ended September 30, 2016, sales to three of our customers each accounted for 10% or more of our revenue and sales to our top 10 direct and distribution customers accounted for an aggregate of 62% of our revenue. While the composition of our top 10 customers varies from year to year, we expect that sales to a limited number of customers will continue to account for a significant

percentage of our revenue for the foreseeable future. The purchasing arrangements with our customers are typically conducted on a purchase order basis that does not require our customers to purchase any minimum amount of our products over a period of time. As a result, it is possible that any of our major customers could terminate their purchasing arrangements with us with little or no warning and without penalty, or significantly reduce or delay the amount of our products that they order, purchase products from our competitors or develop their own products internally. The loss of, or a reduction in, orders from any major customer may cause a material decline in revenue and adversely affect our results of operations.

Our investment in technology as well as research and development may not be successful, which may impact our profitability.

The semiconductor industry requires substantial investment in technology as well as research and development in order to develop and bring to market new and enhanced technologies and products. Research and development expenses were \$107.7 million for the fiscal year ended September 30, 2016. In each of the last three fiscal years, we invested in research and development as part of our strategy toward the development of innovative products and solutions to fuel our growth and profitability. We cannot assure you if, or when, the products and solutions where we have focused our research and development expenditures will become commercially successful. In addition, we may not have sufficient resources to maintain the level of investment in research and development required to remain competitive or succeed in our strategy. Our efforts to develop new and improved process technologies for use in our products require substantial expenditures that may not generate any return on investment, may take longer than we anticipate to generate a return or may generate a return on investment that is inadequate. For example, in July 2013, we announced that we had licensed GaN on Silicon Carbide (GaN-on-SiC) process technology from Global Communications Semiconductors, LLC (GCS) and would be installing such process technology to our Lowell, Massachusetts manufacturing facility. In our fiscal year 2016, we made a strategic decision to exit the product line and end programs associated with our GaN-on-SiC license and technology transfer to focus on development of our GaN-on-Silicon efforts and incurred associated charges of \$13.8 million, including a write-off of \$10.1 million of intangible assets. Following our Nitronex Acquisition, we announced a number of strategic plans and positive expectations concerning the future cost structure, manufacturability, opportunity for strategic partnerships and licensing programs, market applicability and potential positive impact on our market share of GaN-on-Silicon technology, which is a focus of the Nitronex business. We have in the past and may in the future experience unexpected difficulties, expenses or delays in qualifying our GaN-on-Silicon process technology either internally or at one or more third party foundries and qualifying related products with our customers, and are currently engaged in a litigation with a licensor of this technology as described elsewhere in this Annual Report. We may not be successful in our licensing, process or product qualification, manufacturing cost reduction or marketing efforts related to GaN-on-Silicon, may not realize the competitive advantage we anticipate from related investments and may not realize customer demand for this technology that meets our expectations, any of which could lead to higher than expected operating expense, lower than expected revenue and gross margin, associated charges or otherwise reduce the price of our common stock. We also have undertaken significant research and development efforts aimed at new products targeting emerging market segments where we see potential for growth including the wireless base station, data center and radar tile markets. We may not be successful in our research and development efforts or may not realize the competitive advantage, revenues or profits we anticipate from these new products, any of which may lead to higher research and development expense, lower than expected revenues and gross margin and reduced profitability, or may otherwise harm our business or reduce the price of our common stock.

We may incur significant risk and expense in attempting to win new business and such efforts may never generate revenue.

To obtain new business, we often need to win a competitive selection process to develop semiconductors for use in our customers' systems, known in the industry as a "design win". These competitive selection processes can be lengthy and can require us to incur significant and unreimbursed design and development expenditures and dedicate scarce engineering resources in pursuit of a single customer opportunity, particularly when seeking to develop or introduce solutions in new markets. We may not win the competitive selection process or may never generate any revenue despite incurring significant design and development expenditures and selling, general and administrative expenses. Failure to obtain a design win may prevent us from supplying components for an entire generation of a customer's system. This can result in lost or foregone revenue and could weaken our position in future competitive selection processes.

Even when we achieve a design win, success is not guaranteed. Customer qualification and design cycles can be lengthy, and it may take a year or more following a successful design win and product qualification for one of our products to be purchased in volume by the customer. We may experience difficulties manufacturing the part in volume, such as low yields, supply chain delays or shortages or quality issues. Further, while the customer has successfully qualified our part for use in its system, it may not have qualified all of the other components being sourced for its system, or qualified its system as a whole with its end customers. Any difficulties our customer may experience in completing those qualifications may delay or prevent us from translating the design win into revenue. These risks can be particularly acute in our A&D market, where we may spend material amounts and commit substantial design engineering resources to product development work in support of an OEM customer's attempt to win business tied to a government contract award, but realize no related revenue or less than expected revenue from our investment due to failure of the OEM customer to win the business, government program cancellation, federal budget limitations or otherwise. Any of these events or any cancellation of a customer's program or failure of our customer to market its own product successfully after our design win, could materially and adversely affect our business, financial condition and results of operations, as we may have incurred significant expense and generated no revenue.

We are subject to order and shipment uncertainties. Our profitability will decline if we fail to accurately forecast customer demand when managing inventory.

We generally sell our products on the basis of purchase orders rather than long-term purchase commitments from our customers. Our customers can typically cancel purchase orders or defer product shipments for some period without incurring liability to us. We typically plan production and inventory levels based on internal forecasts of customer demand, which can be highly unpredictable and can fluctuate substantially, leading to excess inventory write-downs and resulting negative impacts on gross margin and net income. We have limited visibility into our customers' inventories, future customer demand and the product mix that our customers will require, which could adversely affect our production forecasts and operating margins. The difficulty in predicting demand may be compounded when we sell to OEM customers indirectly through distributors or contract manufacturers, or both, as our forecasts of demand are then based on estimates provided by multiple parties. In a number of markets we serve, large dollar value customer orders scheduled for delivery in the current fiscal quarter may be canceled or rescheduled by the customer for delivery in a future fiscal quarter on short notice, which may cause our reported revenue to vary materially from our prior expectations. In addition, the rapid pace of innovation in our industry could render significant portions of our inventory obsolete. If we overestimate our customers' requirements, we may have excess inventory, which could lead to obsolete inventory and unexpected costs. Further, if we build inventory specific to non-recurring engineering (NRE) arrangements that we may enter into with our customers from time to time and then fail to achieve one or more required milestones in connection with such NRE arrangements, we may have excess, non-qualified or non-conforming customer specific inventory, which could lead to unsellable inventory and unexpected costs. Conversely, if we underestimate our customers' requirements, we may have inadequate inventory, which could lead to foregone revenue opportunities, loss of potential market share and damage to customer relationships caused by product deliveries not made on a timely basis and disrupting our customers' production schedules. Some of our larger customers also require us to build and maintain minimum inventories and keep them available for purchase at specified locations based on non-binding demand estimates that are subject to change, which exposes us to increased inventory risk and makes it more difficult to manage our working capital. If demand from such customers decreases, we may be left with excess or obsolete inventory that we are unable to sell. In response to anticipated long lead times to obtain inventory and materials from outside suppliers and foundries, we periodically order materials and build a stock of finished goods inventory in advance of customer demand. This advance ordering of raw material and building of finished goods inventory has in the past and may in the future result in excess inventory levels or unanticipated inventory write-downs if expected orders fail to materialize or other factors make our products less saleable. In addition, any significant future cancellation or deferral of product orders could adversely affect our revenue and margins, increase inventory write-downs due to obsolete inventory or adversely affect our operating results and stock price.

The average selling prices of our products may decrease over time, which could have a material adverse effect on our revenue and gross margin.

It is common in our industry for the average selling price of a given product to decrease over time as production volumes increase, competing products are developed, technology, industry standards and customer platforms evolve or new technologies featuring higher performance or lower cost emerge. To combat the negative effects that erosion of average selling prices have had in the past and may have in the future, on our revenue and gross margin, we attempt to actively manage the prices of our existing products, increase our sales volumes and introduce new process technologies and products in the market that exhibit higher performance, new features that are in demand or lower manufacturing costs. Despite this strategy, we expect to experience price erosion in future periods. Failure to maintain our current prices, to offset price reductions by increasing our sales volumes or to successfully execute on our new product development strategy will cause our revenue and gross margin to decline, which could decrease the value of your investment in our common stock.

We face intense competition in our industry, and our inability to compete successfully could negatively affect our operating results.

The semiconductor industry is highly competitive. While we compete with a wide variety of companies, we compete with Analog Devices, Inc. across most of our primary markets. Our other significant competitors include, among others, Broadcom, Cobham, Microsemi, Qorvo and Skyworks.

We believe future competition could also come from companies developing new alternative technologies, component suppliers based in countries with lower production costs and IC manufacturers achieving higher levels of integration that exceed the functionality offered by our products. Our customers and suppliers could also develop products that compete with or replace our products. A decision by any of our large customers to design and manufacture ICs internally could have an adverse effect on our operating results. Increased competition has in the past and could in the future lead to lower prices for our products, reduced demand for our products and a corresponding reduction in our ability to recover development, engineering and manufacturing costs.

Many of our existing and potential competitors have entrenched market positions, historical affiliations with original equipment manufacturers, considerable internal manufacturing capacity, established intellectual property rights, strong brand recognition and substantial technological capabilities. Many of them may also have greater financial, technical, manufacturing or marketing resources than we do. The semiconductor industry has experienced significant consolidation over the past several years. Consolidation among our competitors could lead to a changing competitive landscape, which could negatively impact our competitive position and market share and harm our results of operations. In addition, certain countries such as China have announced and begun implementing state-sponsored

initiatives to build domestic semiconductor supply chains and we may be at a disadvantage in attempting to compete with entities associated with such foreign government efforts based on their lower cost of capital, access to government largesse, preferential sourcing practices, stronger local relationships or otherwise. Prospective customers may decide not to buy from us due to concerns about our relative size, financial stability or other factors. Our failure to successfully compete could result in lower revenue, decreased profitability and a lower stock price.

We operate in the semiconductor industry, which is cyclical and subject to significant downturns.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, price erosion, product obsolescence, evolving standards, short product lifecycles and significant fluctuations in supply and demand. The industry has historically experienced significant fluctuations in demand and product obsolescence, resulting in product overcapacity, high inventory levels and accelerated erosion of average selling prices. Downturns in the semiconductor industry may be prolonged, and downturns in many sectors of the electronic systems industry have in the past contributed to extended periods of weak demand for semiconductor products. We have experienced adverse effects on our profitability and cash flows during such downturns in the past, and our business may be similarly harmed by future downturns, particularly if we are unable to effectively respond to reduced demand in a particular market.

We are subject to risks from our international sales and operations.

We have operations in Europe, Asia and Australia, and customers around the world. In addition, in December 2015 we acquired FiBest, a Japan-based merchant market component supplier of optical sub-assemblies. The FiBest Acquisition significantly increased our overall scope of operations and employee base in Japan. As a result, we are subject to regulatory, geopolitical and other risks associated with doing business outside the U.S. Global operations involve inherent risks, including currency controls, currency exchange rate fluctuations, tariffs, required import and export licenses, associated delays and other related international trade restrictions and regulations. Further, there is a risk that language barriers, cultural differences and other factors associated with our international operations may make them more difficult to manage effectively.

The legal system in many of the regions where we conduct business can lack transparency in certain respects relative to that of the U.S. and can accord local government authorities a higher degree of control and discretion over business than is customary in the U.S. This makes the process of obtaining necessary regulatory approvals and maintaining compliance inherently more difficult and unpredictable. In addition, the protection accorded to proprietary technology and know-how under these legal systems may not be as strong as in the U.S., and, as a result, we may lose valuable trade secrets and competitive advantages. The cost of doing business in European jurisdictions can also be higher than in the U.S. due to exchange rates, local collective bargaining regimes and local legal requirements and norms regarding employee benefits and employer-employee relations, in particular. We are also subject to U.S. legal requirements related to our foreign operations, including the Foreign Corrupt Practices Act.

Sales to customers located outside the U.S. accounted for 71.3% of our revenue for the fiscal year ended September 30, 2016. Sales to customers located in the Asia Pacific region typically account for a substantial majority of our overall sales to customers located outside the U.S. We expect that revenue from international sales generally, and sales to the Asia Pacific region specifically, will continue to be a significant part of our total revenue. Therefore, any financial crisis or other major event causing business disruption in international jurisdictions generally, and the Asia Pacific region in particular, could negatively affect our future revenues and results of operations. Further, in 2016 the U.S. Bureau of Industry and Security temporarily blocked exports of U.S. products to Chinese telecommunications OEM ZTE Corp., and issued an administrative subpoena to the largest such manufacturer, Huawei, which accounted for 15% of our revenue for fiscal year 2016, and which could possibly lead to similar restrictions in the future. A U.S. ban on exports to one or more large OEM customers could materially reduce our revenue and reduce the value of an investment in our common stock. Because the majority of our foreign sales are denominated in U.S. dollars, our products become less price-competitive in countries with currencies that are low or are declining in value against the U.S. dollar. Also, we cannot be sure that our international customers will continue to accept orders denominated in U.S. dollars. If they do not, our reported revenue and earnings will become more directly subject to foreign exchange fluctuations. Some of our customer purchase orders and agreements are governed by foreign laws, which may differ significantly from U.S. laws. We may be limited in our ability to enforce our rights under such agreements and to collect amounts owed to us.

The majority of our assembly, packaging and test vendors are located in Asia. We generally do business with our foreign assemblers in U.S. dollars. Our manufacturing costs could increase in countries with currencies that are increasing in value against the U.S. dollar. Also, our international manufacturing suppliers may not continue to accept orders denominated in U.S. dollars. If they do not, our costs will become more directly subject to foreign exchange fluctuations. From time to time we may attempt to hedge our exposure to foreign currency risk by buying currency contracts or otherwise, and any such efforts involve expense and associated risk that the currencies involved may not behave as we expect and we may lose money on such hedging strategies or not properly hedge our risk.

In addition, if terrorist activity, armed conflict, civil, economic or military unrest, embargoes or other economic sanctions or political instability occurs in the U.S. or other locations, such events may disrupt our manufacturing, assembly, logistics, security and communications, and could also result in reduced demand for our products. We have in the past and, may again in the future, experience difficulties relating to employees traveling in and out of countries facing civil unrest or political instability and with obtaining travel visas for our employees. Major health pandemics could also adversely affect our business and our customer order patterns. We could also be

affected if labor issues disrupt our transportation arrangements or those of our customers or suppliers. There can be no assurance that we can mitigate all identified risks with reasonable effort. The occurrence of any of these events could have a material adverse effect on our operating results.

We expect to make future acquisitions, dispositions and investments, which involve numerous risks.

We have an active corporate development program and routinely evaluate potential acquisitions, investments and strategic alliances involving complementary technologies, design teams, products and companies. We also periodically evaluate the merits of a potential divestment of one or more of our existing business lines. We expect to pursue such transactions if appropriate opportunities arise. However, we may not be able to identify suitable transactions in the future or if we do identify such transactions, we may not be able to complete them on commercially acceptable terms or at all. We also face intense competition for acquisitions from other acquirers in our industry. These competing acquirers may have significantly greater financial and other resources than us, which may prevent us from successfully pursuing a transaction. In the event we pursue acquisitions, we will face numerous risks including:

- diversion of management's attention from normal daily operations of our business;
- difficulties in entering markets where competitors have stronger market positions;
- difficulties in improving and integrating the financial reporting capabilities and operating systems of any acquired operations, particularly foreign and formerly private operations, as needed to maintain effective internal control over financial reporting and disclosure controls and procedures;
- loss of any key personnel of the acquired company as well as their know-how, relationships and expertise, which is common following an acquisition;
- maintaining customer, supplier or other favorable business relationships of acquired operations;
- generating insufficient revenue from completed acquisitions to offset increased expenses associated with any abandoned or completed acquisitions;
- acquiring material or unknown leasehold, environmental, regulatory, infringement, contractual or other liabilities associated with any acquired operations;
- litigation frequently associated with merger and acquisition transactions; and,
- increasing expense associated with amortization or depreciation of intangible and tangible assets we acquire.

Our past acquisitions required or continue to require significant management time and attention relating to the transaction. Past transactions, whether completed or abandoned by us, have resulted, and in the future may result, in significant costs, expenses, liabilities and charges to earnings. The accounting treatment for any acquisition may result in significant amortizable intangible assets which, when amortized, will negatively affect our consolidated results of operations. The accounting treatment for any acquisition may result in significant goodwill, which, if impaired, will negatively affect our consolidated results of operations. Furthermore, we may incur debt or issue equity securities to pay for acquisitions. The incurrence of debt could limit our operating flexibility and be detrimental to our profitability, and the issuance of equity securities would be dilutive to our existing stockholders. Any or all of the above factors may differ from the investment community's expectations in a given quarter, which could negatively affect our stock price. In addition, as a result of the foregoing, we may not be able to successfully execute acquisitions in the future to the same extent as we have in the past, if at all.

In the event we make future investments, the investments may decline in value or fail to deliver any strategic benefits we anticipate from them and we may lose all or part of our investment. For example, in May 2015, we received notice that a private company in which we held a minority equity investment was sold to a third party and that the proceeds we would receive at closing would be less than the carrying value previously reported in our consolidated financial statements. We wrote down the investment to the estimated net proceeds we would receive from the sale, and recorded a charge of \$3.5 million to other income (expense) resulting in an increase of our previously reported net loss per diluted share for the three and six months ended April 3, 2015, respectively. In the event we undertake divestments, such as the divestment of our Automotive business in August 2015, we may suffer from associated management distraction, damaged customer relationships, failure to realize the perceived strategic or financial merits of the divestment or we may incur material indemnity liabilities to the purchaser.

We may be unable to successfully integrate the businesses and personnel of our acquired companies and businesses, and may not realize the anticipated synergies and benefits of such acquisitions.

From time to time, we complete acquisitions of companies and certain businesses of companies, and we may not realize the expected benefits from such acquisitions because of integration difficulties or other challenges. The success of our acquisitions will depend, in part, on our ability to realize all or some of the anticipated synergies and other benefits from integrating the acquired businesses with our existing businesses. The integration process may be complex, costly and time-consuming. The potential difficulties we may face in integrating the operations of our acquisitions include, among others:

- failure to implement our business plans for the combined businesses and consolidation or expansion of production capacity as planned and where applicable;
- unexpected losses of key employees, customers or suppliers of our acquired companies and businesses;
- unanticipated issues in conforming our acquired companies' and businesses' standards, processes, procedures and controls with our operations;
- coordinating new product and process development;
- increasing the scope, geographic diversity and complexity of our operations;
- diversion of management's attention from other business concerns;
- adverse effects on our or our acquired companies' and businesses' existing business relationships;
- unanticipated changes in applicable laws and regulations;
- operating risks inherent in our acquired companies' and businesses' business and operations;
- unanticipated expenses and liabilities;
- potential unfamiliarity with our acquired companies and businesses technology, products and markets, which may place us at a competitive disadvantage; and,
- other difficulties in the assimilation of our acquired companies and businesses operations, technologies, products and systems.

Our acquired companies and businesses may have unanticipated or larger than anticipated liabilities for patent and trademark infringement claims, violations of laws, commercial disputes, taxes and other known and unknown types of liabilities. There may be liabilities that we underestimated or did not discover in the course of performing our due diligence investigation of our acquired companies and businesses. We may have limited recourse under the applicable acquisition-related agreement to recover damages relating to the liabilities of our acquired companies and businesses.

We may not be able to maintain or increase the levels of revenue, earnings or operating efficiency that each of our acquired companies and businesses and us had historically achieved or might achieve separately. In addition, we may not accomplish the integration of our acquired companies and businesses smoothly, successfully or within the anticipated costs or timeframe. If we experience difficulties with the integration process or if the business of our acquired companies or businesses deteriorates, the anticipated cost savings, growth opportunities and other synergies of our acquired companies and businesses may not be realized fully or at all, or may take longer to realize than expected. If any of the above risks occur, our business, financial condition, results of operations and cash flows may be materially and adversely impacted, we may fail to meet the expectations of investors or analysts, and our stock price may decline as a result.

We may incur liabilities for claims of intellectual property infringement relating to our products.

The semiconductor industry is generally subject to frequent litigation regarding patents and other intellectual property rights. For example, we have initiated legal action against Infineon in federal court to confirm and defend our exclusive rights to use certain patented GaN-on-Silicon technology developed by Nitronex in our core RF markets. Other companies in the industry have numerous patents that protect their intellectual property rights in these areas and technology is frequently licensed. In the past, we have been and may in the future be, subject to claims that we have breached infringed or misappropriated patent, license or other intellectual property rights. Our customers may assert claims against us for indemnification if they receive claims alleging that their or our products infringe upon others' intellectual property rights, and have in the past and may in the future choose not to purchase our products based on their concerns over such a pending claim. In the event of an adverse result of any intellectual property rights litigation, we could be required to incur significant costs to defend or settle such litigation, pay substantial damages for infringement, expend significant resources to develop non-infringing technology, incur material liability for royalty payments or fees to obtain licenses to the technology covered by the litigation or be subjected to an injunction, which could prevent us from selling our products, and materially and adversely affect our revenue and results of operations. Negotiated settlements resolving such claims may require us to pay substantial sums, as was the case in September 2013 when we paid \$7.25 million in settlement of a suit alleging intellectual property misappropriation. We cannot be sure that we will be successful in any such non-infringing development or that any such license would be available on commercially reasonable terms, if at all. Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, lost sales or damaged customer relationships and diversion of management's attention and resources.

Many of our products currently incorporate technology licensed or acquired from third parties and we expect our products in the future to also require technology from third parties. If the licenses to such technology that we currently hold become unavailable or the terms on which they are available become commercially unreasonable, or if we are unable to acquire or license necessary technology for our products in the future, our business could be adversely affected.

We sell products in markets that are characterized by rapid technological changes, evolving industry standards, frequent new product introductions and increasing levels of integration. Our ability to keep pace with this market at times depends on our ability to obtain technology from third parties on commercially reasonable terms to allow our products to remain competitive. If licenses to such technology are not available on commercially reasonable terms and conditions or at all and we cannot otherwise acquire or integrate such technology, our products or our customers' products could become unmarketable or obsolete and we could lose market share and our revenue and results of operations could materially decline. In addition, disputes with third party licensors over required payments, scope of licensed rights and compliance with contractual terms are common in our industry and we have in the past and may in the future be subjected to disputes over the terms of such licenses. For example, the outcome of our current litigation with Infineon relating to the scope of our rights to use certain patented GaN-on-Silicon technology developed by Nitronex may impact our associated intellectual property rights and related future revenue prospects. Such disputes may require us to incur significant costs defending our license rights, divert management's attention or result in our inability to sell or develop certain products. In such instances, we could also incur substantial unanticipated costs or scheduling delays to develop substitute technology to deliver competitive products, damaged customer and vendor relationships, indemnification liabilities and declining revenues and profitability. Such events could have a material adverse effect on our financial condition and results of operations and the value of an investment in our common stock.

We depend on third parties for products and services required for our business, which may limit our ability to meet customer demand, assure product quality and control costs.

We purchase numerous raw materials, such as ceramic packages, precious metals, semiconductor wafers and ICs, from a limited number of external suppliers. We also currently use several external manufacturing suppliers for assembly and testing of our products, and in some cases for fully-outsourced turnkey manufacturing of our products. We currently expect to increase our use of outsourced manufacturing in the future as a strategy. The ability and willingness of our external suppliers to perform is largely outside of our control. The use of external suppliers involves a number of risks, including the possibility of material disruptions in the supply of key components, the lack of control over delivery schedules, capacity constraints, manufacturing yields, quality and fabrication costs and misappropriation of our intellectual property. If these vendors' processes vary in reliability or quality, they could negatively affect our products and, therefore, our customer relations and results of operations. We generally purchase raw materials on a purchase order basis and we do not have significant long-term supply commitments from our vendors. The long-term supply commitments we have may result in an obligation to purchase excess material, which may materially and negatively impact our operating results. In terms of relative bargaining power, many of our suppliers are larger than we are, with greater resources, and many of their other customers are larger and have greater resources than we do. If these vendors experience shortages or fail to accurately predict customer demand, they may have insufficient capacity to meet our demand, creating a capacity constraint on our business. They may also choose to supply others in preference to us in times of capacity constraint or otherwise, particularly where the other customers purchase in higher volume. Third-party supplier capacity constraints have in the past and may in the future prevent us from supplying customer demand that we otherwise could have fulfilled at attractive prices. If we have a firm commitment to supply our customers but are unable to do so based on inability or unwillingness of one of our suppliers to provide related materials or services, we may be liable for resulting damages and expense incurred by our customers.

Based on superior performance features, cost parameters or other factors, we utilize sole source suppliers for certain semiconductor packages and other materials and it is common for one of our outside semiconductor foundries to be our sole supplier for the particular semiconductor fabrication process technologies manufactured at that supplier's facility. Such supplier concentrations involve the risk of a potential future business interruption if the supplier becomes unable or unwilling to supply us at any point. While in some cases alternate suppliers may exist, because there are limited numbers of third-party wafer suppliers that use the process technologies we select for our products and that have sufficient capacity to meet our needs, it may not be possible or may be expensive to find an alternative source of supply. Even if we are able to find an alternative source, moving production to an alternative supplier requires an extensive qualification or re-qualification process that could prevent or delay product shipments or disrupt customer's production schedules, which could harm our business. In addition, some of our external foundry suppliers compete against us in the market in addition to being our supplier. The loss of a supplier can also significantly harm our business and operating results. A supplier may discontinue supplying us if its business is not sufficiently profitable, for competitive reasons or otherwise. We have in the past and may in the future have our supply relationship discontinued by an external foundry, causing us to experience supply chain disruption, customer dissatisfaction, loss of business and increased cost.

If we lose key personnel or fail to attract and retain key personnel, we may be unable to pursue business opportunities or develop our products.

We believe our continued ability to recruit, hire, retain and motivate highly-skilled engineering, operations, sales, administrative and managerial personnel is key to our future success. Competition for these employees is intense, particularly with respect to qualified

engineers. Our failure to retain our present employees and hire additional qualified personnel in a timely manner and on reasonable terms could harm our competitiveness and results of operations. In addition, from time to time, we may recruit and hire employees from our competitors, customers, suppliers and distributors, which could result in liability to us and has in the past and could in the future, damage our business relationship with these parties. None of our senior management team is contractually bound to remain with us for a specified period, and we generally do not maintain key person life insurance covering our senior management. The loss of any member of our senior management team could strengthen a competitor, weaken customer relationships or harm our ability to implement our business strategy.

Sources for certain components, materials and services are limited, which could result in interruptions, delays or reductions in product shipments.

Our industry may be affected from time to time by limited supplies of certain key components, materials and services. We have in the past and may in the future, experience delays or reductions in supply shipments, which could reduce our revenue and profitability. If key components, materials or services are unavailable, our costs could increase and our revenue could decline.

In particular, our manufacturing headquarters, design facilities, assembly and test facilities and supply chain, and those of our contract manufacturers, are subject to risk of catastrophic loss due to fire, flood or other natural or man-made disasters. The majority of our semiconductor products are fabricated in our Lowell, Massachusetts headquarters and our facility in Ithaca, New York. The majority of the internal and outsourced assembly and test facilities we utilize are located in the Pacific Rim and some of our internal design, assembly and test facilities are located in California regions with above average seismic and severe weather activity. In addition, our research and development personnel are concentrated in a few locations, with the expertise of the personnel at each such location generally focused on one or two specific areas. Any catastrophic loss or significant damage to any of these facilities would likely disrupt our operations, delay production, shipments and revenue and result in significant expenses to repair or replace the facility and, in some instances, could significantly curtail our research and development efforts in a particular product area or primary market, which could have a material adverse effect on our operations. In particular, any catastrophic loss at our headquarters or our Ithaca, New York facility could materially and adversely affect our business and financial results, revenue and profitability.

Our failure to continue to keep pace with new or improved semiconductor process technologies could impair our competitive position.

Semiconductor manufacturers constantly seek to develop new and improved semiconductor process technologies. Our future success depends in part upon our ability to continue to gain access to these semiconductor process technologies, internally or externally, in order to adapt to emerging customer requirements and competitive market conditions. We may be unable to internally develop such technologies successfully and may be unable to gain access to them from merchant foundries or other sources on commercially reasonable terms or at all. If we fail to remain abreast of new and improved semiconductor process technologies as they emerge, we may lose market share and our revenue and gross margin may decline, which could adversely affect our operating results.

Remaining competitive in the semiconductor industry requires transitioning to smaller geometry process technologies and achieving higher levels of design integration.

In order to remain competitive, we expect to continue to transition our products to increasingly smaller geometries. This transition requires us to modify the manufacturing processes for our products, to design new products to more stringent standards and to redesign some existing products. In some instances, we depend on our relationships with our third-party foundries to transition to smaller geometry processes successfully. Our foundries may not be able to effectively manage the transition or we may not be able to maintain our foundry relationships. If our foundries or we experience significant delays in this transition or fail to efficiently implement this transition, our business, financial condition and results of operations could be materially and adversely affected. As smaller geometry processes become more prevalent, we expect to continue to integrate greater levels of functionality into our products. However, we may not be able to achieve higher levels of design integration or deliver new integrated products on a timely basis or at all.

Minor deviations in the manufacturing process can cause substantial manufacturing yield loss or even cause halts in production, which could have a material adverse effect on our revenue and gross margin.

Our products involve complexities in both their design and the semiconductor process technology employed in their fabrication. In many cases, the products are also assembled in customized packages or feature high levels of integration. Our products must meet exacting customer specifications for quality, performance and reliability.

Our manufacturing yield, or the percentage of units of a given product in a given period that is usable relative to all such units produced, is a combination of yields including wafer fabrication, assembly and test yields. Due to the complexity of our products, we periodically experience difficulties in achieving acceptable yields as even minor deviations in the manufacturing process can cause substantial manufacturing yield loss or halt production. Our customers may also test our components once they have been assembled into their products. The number of usable products that result from our production process can fluctuate as a result of many factors, including the following:

- design errors;
- defects in photomasks, used to print circuits on wafers;
- minute impurities in materials used;
- contamination of the manufacturing environment;
- equipment failure or variations in the manufacturing processes;
- losses from broken wafers or other human errors;
- defects in packaging; and,
- issues and errors in testing.

Typically, for a given level of sales, when our yields improve, our gross margin improves. When our yields decrease, our unit costs are typically higher, our gross margin is lower and our profitability is adversely affected, any or all of which can harm our results of operations and lower our stock price.

We depend on third-party sales representatives and distributors for a material portion of our revenues.

We sell many of our products to customers through independent sales representatives and distributors, as well as through our direct sales force. We are unable to predict the extent to which our independent sales representatives and distributors will be successful in marketing and selling our products. Moreover, many of our independent sales representatives and distributors also market and sell competing products. Our relationships with our representatives and distributors typically may be terminated by either party at any time, and do not require them to buy any of our products. Sales to distributors accounted for approximately 13.2% of our revenue for the fiscal year ended September 30, 2016, and sales to our largest distributor, Richardson, represented 10.6% of our revenue in the same period. If our distributors cease doing business with us or fail to successfully market and sell our products, our ability to sustain and grow our revenue could be materially adversely affected.

Our internal and external manufacturing, assembly and test model subjects us to various manufacturing and supply risks.

We own and operate a semiconductor wafer processing and manufacturing facility at our headquarters in Lowell, Massachusetts, and operate leased facilities at our Sunnyvale, California, Londonderry, New Hampshire and Ithaca, New York sites. These facilities are also important internal design, assembly and test facilities. We maintain other internal assembly and test operation facilities as well, including leased sites in Long Beach, California, Nashua, New Hampshire, Hsinchu, Taiwan, and Tokyo, Japan. We also use multiple external foundries for outsourced semiconductor wafer supply, as well as multiple domestic and Asian assembly and test suppliers to assemble and test our products. A number of factors will affect the future success of these internal manufacturing facilities and outsourced supply and service arrangements, including the following:

- the level of demand for our products;
- our ability to expand and contract our facilities and purchase commitments in a timely and cost-effective manner in response to changes in demand for our products;
- our ability to generate revenue in amounts that cover the significant fixed costs of operating our facilities;
- our ability to qualify our facilities for new products in a timely manner;
- the availability of raw materials, including GaAs, SiGe and InP substrates and high purity source materials such as gallium, aluminum, arsenic, carbon, nitrite, indium and silicon;
- our manufacturing cycle times and yields;
- the political and economic risks associated with our reliance on outsourced Asian assembly and test suppliers;
- the location of our facilities and those of our outsourced suppliers;
- natural disasters, pandemics, acts of terrorism, armed conflicts or unrest impacting our facilities and those of our outsourced suppliers;
- our ability to hire, train, manage and retain qualified production personnel;

- our compliance with applicable environmental and other laws and regulations;
- our ability to avoid prolonged periods of downtime or high levels of scrap in our and our suppliers' facilities for any reason; and,
- our ability to negotiate renewals to our existing lease agreements on favorable terms and without disruption to our wafer processing and manufacturing and internal assembly and test operations at our sites where such activities take place.

If we experience issues in any of the above areas, the effectiveness of our supply chain could be adversely affected, and could harm our results of operations.

Our financial results may be adversely affected by increased tax rates and exposure to additional tax liabilities.

Our effective tax rate is highly dependent upon the geographic composition of our worldwide earnings and tax regulations governing each region, each of which can change from period to period. We are subject to income taxes in both the U.S. and various foreign jurisdictions and significant judgment is required to determine our worldwide tax liabilities. Our effective tax rate as well as the actual tax ultimately payable could be adversely affected by changes in the amount of our earnings attributable to countries with differing statutory tax rates, changes in the valuation of our deferred tax assets, changes in tax laws (or the interpretation of those laws by regulators) or tax rates (particularly in the U.S. or Ireland), increases in non-deductible expenses, the availability of tax credits, material audit assessments or repatriation of non-U.S. earnings, each of which could materially affect our profitability. Any significant increase in our effective tax rates could materially reduce our net income in future periods and decrease the value of your investment in our common stock. In addition, certain intercompany loans could be re-characterized as equity for tax purposes resulting in additional tax on the repatriation of the loan to the U.S.

Changes in tax laws are introduced from time to time to reform taxation of international business activities by the U.S., Ireland and other countries in which we have operations. Depending on the final form of legislation enacted, if any, these consequences may be significant for us due to the large scale of our international business activities. If any of these proposals are enacted into legislation, they could have material adverse consequences on the amount of tax we pay and, thereby, on our financial position and results of operations.

Our planned sale and leaseback transactions regarding our Lowell, Massachusetts headquarters building and property may not be consummated, or may lead to disruptions in our business.

In May 2016, we entered into a Purchase and Sale Agreement and Escrow Instructions (as amended, the Purchase Agreement) with Calare Properties, Inc. (Calare) for the sale and subsequent leaseback of certain parcels of property, including our corporate headquarters and wafer fabrication facility, located in Lowell, Massachusetts. While we currently anticipate that these transactions will close in the first quarter of fiscal year 2017, we cannot guarantee that the transactions will close in this timeframe or at all. Delay in or inability to consummate the sale transaction, or delay or failure on the part of the buyer to construct a new headquarters facility onsite for us to lease, could limit our ability to hire additional staff and expand our operations at this location, result in unanticipated expense and management distraction, or otherwise disrupt our business, and could adversely affect our financial condition and results of operations.

We may experience difficulties in managing any future growth.

To successfully conduct business in a rapidly evolving market, we must effectively plan and manage any current and future growth. Our ability to do so will be dependent on a number of factors, including the following:

- maintaining access to sufficient manufacturing capacity to meet customer demands;
- arranging for sufficient supply of key raw materials and services to avoid shortages or supply bottlenecks;
- building out our administrative infrastructure at the proper pace to support any current and future sales growth while maintaining operating efficiencies;
- adhering to our high quality and process execution standards, particularly as we hire and train new employees and during periods of high volume;
- managing the various components of our working capital effectively;
- upgrading our operational and financial systems, procedures and controls, including improvement of our accounting and internal management systems; and,
- maintaining high levels of customer satisfaction.

If we do not effectively manage any future growth, we may not be able to take advantage of attractive opportunities in the markets, our operations may be impacted, and we may experience delays in delivering products to our customers or damaged customer relationships and achieve lower than anticipated revenue and decreased profitability.

We may incur higher than expected expense from or not realize the expected benefits, of consolidation, outsourcing and restructuring initiatives designed to reduce costs and increase revenue across our operations.

We have pursued in the past and may pursue in the future various restructuring initiatives designed to reduce costs and increase revenue across our operations, including reductions in our number of manufacturing facilities, workforce reductions, establishing certain operations closer in location to our global customers and evaluating functions that may be more efficiently performed through outsourcing arrangements. These initiatives can be substantial in scope and disruptive to our operations and they can involve large expenditures. In fiscal years 2016, 2015, and 2014, we incurred restructuring charges of \$3.5 million, \$1.3 million and \$14.8 million, respectively, consisting primarily of employee severance and related costs resulting from reductions in our workforce. Exiting a leased site may involve contractual or negotiated exit payments with the landlord, temporary holding over at an increased lease rate, costs to perform restoration work required by the lease or associated environmental liability, any of which may be material in amount. Consolidation of operations and outsourcing may involve substantial capital expenses and the transfer of manufacturing processes and personnel from one site to another, with resultant startup issues at the receiving site and the need for re-qualification of the transitioned operations with major customers and for ISO or other certifications. We may experience shortages of affected products, delays and higher than expected expenses. Affected employees may be distracted by the transition or may seek other employment, which could cause our overall operational efficiency to suffer. Any of these issues or our failure to realize the expected benefits of these initiatives could harm our results of operations and reduce the price of our common stock.

Our business may be harmed if systems manufacturers choose not to use components made of the compound semiconductor materials we utilize.

Silicon semiconductor technologies are the dominant process technologies for the manufacture of ICs in high-volume, commercial markets and the performance of silicon ICs continues to improve. While we use silicon for some applications, we also often use compound semiconductor technologies such as GaAs, InP, SiGe or GaN to deliver reliable operation at higher power, higher frequency or smaller form factor than a silicon solution has historically allowed. While these compound semiconductor materials offer high-performance features, it is generally more difficult to design and manufacture products with reliability and in volume using them. GaN and InP, in particular, are newer process technologies that do not have as extensive a track record of reliable performance in the field as many of the competing process technologies. Compound semiconductor technology tends to be more expensive than silicon technology due to its above-described challenges and the generally lower volumes at which parts in those processes tend to be manufactured relative to silicon parts for high-volume consumer applications.

System designers in some markets may be reluctant to adopt our non-silicon products or may be likely to adopt silicon products in lieu of our products if silicon products meeting their demanding performance requirements are available, because of:

- their unfamiliarity with designing systems using our products;
- their concerns related to manufacturing costs and yields;
- their unfamiliarity with our design and manufacturing processes; or,
- uncertainties about the relative cost effectiveness of our products compared to high-performance silicon components.

We cannot be certain that additional systems manufacturers will design our compound semiconductor products into their systems or that the companies that have utilized our products will continue to do so in the future. Improvements in the performance of available silicon process technologies and solutions could result in a loss of market share on our part. If our products fail to achieve or maintain market acceptance for any of the above reasons, our results of operations will suffer.

If we fail to comply with export control regulations we could be subject to substantial fines or other sanctions, including loss of export privileges.

Certain of our products are subject to the Export Administration Regulations, administered by the U.S. Department of Commerce, Bureau of Industry Security, which require that we obtain an export license before we can export products or technology to specified countries. Other products are subject to the International Traffic in Arms Regulations, which restrict the export of information and material that may be used for military or intelligence applications by a foreign person. U.S. regulators have announced “export control reform” that has changed and is expected to change many of the rules applicable to us in this area in the future in ways we do not yet fully understand and we have experienced and will continue to experience challenges in complying with the new rules as they become effective, resulting in difficulties or an inability to ship products to certain countries and customers.

We are also subject to U.S. import regulations and the import and export regimes of other countries in which we operate. Failure to comply with these laws could result in sanctions by the U.S. government, including substantial monetary penalties, denial of export privileges and debarment from government contracts. Export and import regulations may create delays in the introduction of our products in international markets or prevent the export or import of our products to certain countries or customers altogether. Any change in export or import regulations or related legislation, shift in approach by regulators to the enforcement or scope of existing regulations, changes

in the interpretation of existing regulations by regulators, specific sanctions by regulators or change in the countries, persons or technologies targeted by such regulations, could harm our business by resulting in decreased use of our products by or our decreased ability to export or sell our products to, existing or potential customers with international operations. In addition, our sale of our products to or through third-party distributors, resellers and sales representatives creates the risk that any violation of these laws they may engage in may cause disruption in our markets or otherwise bring liability on us.

Our business may be adversely affected if we experience product returns, product liability and defects claims.

Our products are complex and frequently operate in high-performance, challenging environments. We may not be able to anticipate all of the possible performance or reliability problems that could arise with our products after they are released to the market. If such problems occur or become significant, we may experience reduced revenue and increased costs related to product recalls, inventory write-offs, warranty or damage claims, delays in, cancellations of or returns of product orders and other expenses. The many materials and vendors used in the manufacture of our products increase the risk that some defects may escape detection in our manufacturing process and subsequently affect our customers, even in the case of long-standing product designs. Our use of newly-developed or less mature semiconductor process technologies, such as GaN and InP, which have a less extensive track record of reliability in the field than other more mature process technologies, also increases the risk of performance and reliability problems. These matters have arisen in our operations from time to time in the past, have resulted in significant expense to us per occurrence and will likely occur again in the future. The occurrence of defects could result in product returns and liability claims, reduced product shipments, the loss of customers, the loss of or delay in market acceptance of our products, harm to our reputation, diversion of management's time and resources, lower revenue, increased expenses and reduced profitability. Any warranty or other rights we may have against our suppliers for quality issues caused by them may be more limited than those our customers have against us, based on our relative size, bargaining power or otherwise. In addition, even if we ultimately prevail, such claims could result in costly litigation, divert management's time and resources and damage our customer relationships.

We also face exposure to potential liability resulting from the fact that some of our customers integrate our products into consumer products such as automobiles, which are then sold to consumers in the marketplace. We may be named in product liability claims even if there is no evidence that our products caused a loss. Product liability claims could result in significant expenses in connection with the defense of such claims and possible damages. In addition, we may be required to participate in a recall if our products prove to be defective. Any product recall or product liability claim brought against us, particularly in high-volume consumer markets, could have a material negative impact on our reputation, business, financial condition or results of operations.

The outcome of litigation in which we are involved in is unpredictable and an adverse decision in any such matter could subject us to damage awards and lower the market price of our stock.

From time to time we are a party to litigation matters such as those described in "Item 3 - Legal Proceedings" below. These and any other future disputes, litigations, investigations, administrative proceedings or enforcement actions we may be involved in may divert financial and management resources that would otherwise be used to benefit our operations, result in negative publicity and harm our customer or supplier relationships. Although we intend to contest such matters vigorously, we cannot assure you that their outcome will be favorable to us. An adverse resolution of any such matter in the future, including the results of any amicable settlement, could subject us to material damage awards or settlement payments, loss of contractual or other rights, injunctions or other limitations on the operation of our business or other material harm to our business.

We face risks associated with government contracting.

Some of our revenue is derived from contracts with agencies of the U.S. government or subcontracts with its prime contractors. As a U.S. government contractor or subcontractor, we may be subject to federal contracting regulations, including the Federal Acquisition Regulations, which govern the allowability of costs incurred by us in the performance of U.S. government contracts. Certain contract pricing is based on estimated direct and indirect costs, which are subject to change. Additionally, the U.S. government is entitled after final payment on certain negotiated contracts to examine all of our cost records with respect to such contracts and to seek a downward adjustment to the price of the contract if it determines that we failed to furnish complete, accurate and current cost or pricing data in connection with the negotiation of the price of the contract.

In connection with our U.S. government business, we may also be subject to government audits and to review and approval of our policies, procedures and internal controls for compliance with procurement regulations and applicable laws. In certain circumstances, if we do not comply with the terms of a contract or with regulations or statutes, we could be subject to downward contract price adjustments or refund obligations or could in extreme circumstances be assessed civil and criminal penalties or be debarred or suspended from obtaining future contracts for a specified period of time. Any such suspension or debarment or other sanction could have an adverse effect on our business.

Under some of our government subcontracts, we are required to maintain secure facilities and to obtain security clearances for personnel involved in performance of the contract, in compliance with applicable federal standards. Complying with these standards can be both costly and time consuming, and can adversely affect our ability to compete in commercial markets. If we were unable to comply

with these requirements or if personnel critical to our performance of these contracts were to lose their security clearances, we might be unable to perform these contracts or compete for other projects of this nature, which could adversely affect our revenue.

Our limited ability to protect our proprietary information and technology may adversely affect our ability to compete.

Our future success and ability to compete is dependent in part upon our protection of our proprietary information and technology through patent filings, enforcement of agreements related to intellectual property and otherwise. We cannot be certain that any patents we apply for will be issued or that any claims allowed from pending applications will be of sufficient scope or strength to provide meaningful protection or commercial advantage. Our competitors may also be able to design around our patents. Similarly, counterparties to our intellectual property agreements may fail to comply with their obligations under those agreements, requiring us to resort to expensive and time-consuming litigation in an attempt to protect our rights, which may or may not be successful. The laws of some countries in which our products are or may be developed, manufactured or sold, may not protect our products or intellectual property rights to the same extent as U.S. laws, increasing the possibility of piracy of our technology and products. Although we intend to vigorously defend our intellectual property rights, we may not be able to prevent misappropriation of our technology or may need to expend significant financial and other resources in defending our rights.

In addition, we rely on trade secrets, technical know-how and other unpatented proprietary information relating to our product development and manufacturing activities. We try to protect this information by entering into confidentiality agreements with employees and other parties. We cannot be sure that these agreements will be adequate and will not be breached, that we would have adequate remedies for any breach or that our trade secrets and proprietary know-how will not otherwise become known or independently discovered by others.

Additionally, our competitors may independently develop technologies that are substantially equivalent or superior to our technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain or use our products or technology. Patent litigation is expensive and our ability to enforce our patents and other intellectual property, is limited by our financial resources and is subject to general litigation risks. If we seek to enforce our rights, we may be subject to claims that the intellectual property rights are invalid, are otherwise not enforceable or are licensed to the party against whom we assert a claim. In addition, our assertion of intellectual property rights could result in the other party seeking to assert alleged intellectual property rights of its own against us, which is a frequent occurrence in such litigations.

We may need to modify our activities or incur substantial costs to comply with environmental laws, and if we fail to comply with environmental laws we could be subject to substantial fines or be required to change our operations.

We are subject to a variety of international, federal, state and local governmental regulations directed at preventing or mitigating climate change and other environmental harms, as well as to the storage, discharge, handling, generation, disposal and labeling of toxic or other hazardous substances used to manufacture our products. If we fail to comply with these regulations, substantial fines could be imposed on us and we could be required to suspend production, alter manufacturing processes, cease operations or remediate polluted land, air or groundwater, any of which could have a negative effect on our revenue, results of operations and business. Failure to comply with environmental regulations could subject us to civil or criminal sanctions and property damage or personal injury claims. Compliance with current or future environmental laws and regulations could restrict our ability to expand our facilities or build new facilities, or require us to acquire additional expensive equipment, modify our manufacturing processes, or incur other substantial expenses which could harm our business, financial condition and results of operations. In addition, under some of these laws and regulations, we could be held financially responsible for remedial measures if our properties or, those nearby are contaminated, even if we did not cause the contamination. We have incurred in the past and may in the future incur environmental liability based on the actions of prior owners, lessees or neighbors of sites we have leased or may lease in the future or sites we become associated with due to acquisitions. We cannot predict:

- changes in environmental or health and safety laws or regulations;
- the manner in which environmental or health and safety laws or regulations will be enforced, administered or interpreted;
- our ability to enforce and collect under any indemnity agreements and insurance policies relating to environmental liabilities; or,
- the cost of compliance with future environmental or health and safety laws or regulations or the costs associated with any future environmental claims, including the cost of clean-up of currently unknown environmental conditions.

In addition to the costs of complying with environmental, health and safety requirements, we may in the future incur costs defending against environmental litigation brought by government agencies, lessors at sites we currently lease or have been associated with in the past and other private parties. We may be defendants in lawsuits brought by parties in the future alleging environmental damage, personal injury or property damage. A significant judgment or fine levied against us or agreed settlement payment, could materially harm our business, financial condition and results of operations.

Environmental regulations such as the WEEE and RoHS directives limit our flexibility and may require us to incur material expense.

Various countries require companies selling a broad range of electrical equipment to conform to regulations such as the Waste Electrical and Electronic Equipment (WEEE) and the European Directive 2002/95/EC on Restriction of Hazardous Substances (RoHS). New environmental standards such as these could require us to redesign our products in order to comply with the standards, require the development of compliance administration systems or otherwise limit our flexibility in running our business or require us to incur substantial compliance costs. For example, RoHS requires that certain substances be removed from most electronic components. The WEEE directive makes producers of electrical and electronic equipment financially responsible for specified collection, recycling, treatment and disposal of past and future covered products. We have already invested significant resources into complying with these regimes, and further investments may be required. Alternative designs implemented in response to regulation may be costlier to produce, resulting in an adverse effect on our gross profit margin. If we cannot develop compliant products in a timely fashion or properly administer our compliance programs, our revenue may also decline due to lower sales, which would adversely affect our operating results. Further, if we were found to be non-compliant with any rule or regulation, we could be subject to fines, penalties and/or restrictions imposed by government agencies that could adversely affect our operating results.

Our term loan and revolving credit facility could result in outstanding debt with a claim to our assets that is senior to that of our stockholders and may have other adverse effects on our results of operations.

As of September 30, 2016, we have a term loan outstanding of \$591.5 million and a revolving credit facility with \$130.0 million of available borrowing capacity. The facility is secured by a first priority lien on our assets and those of our domestic subsidiaries. The amount of our indebtedness could have important consequences, including the following:

- we may be limited in our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes;
- we may be limited in our ability to make distributions to our stockholders in a sale or liquidation until our debt is repaid in full;
- we may be more vulnerable to economic downturns, less able to withstand competitive pressures and less flexible in responding to changing business and economic conditions;
- our cash flow from operations will be allocated to the payment of the principal of and interest on, any outstanding indebtedness; and,
- we cannot assure you that our business will generate sufficient cash flow from operations or other sources to enable us to meet our payment obligations under the facility and to fund other liquidity needs.

Our credit facility also contains certain restrictive covenants that may limit or eliminate our ability to, among other things, incur additional debt, sell, lease or transfer our assets, pay dividends, make investments and loans, make acquisitions, guarantee debt or obligations, create liens, enter into transactions with our affiliates, enter into new lines of business and enter into certain merger, consolidation or other reorganizations transactions. These restrictions could limit our ability to withstand downturns in our business or the economy in general or to take advantage of business opportunities that may arise, any of which could place us at a competitive disadvantage relative to our competitors that are not subject to such restrictions. If we breach a loan covenant, the lenders could either refuse to lend funds to us or accelerate the repayment of any outstanding borrowings under the credit facility. We might not have sufficient assets to repay such indebtedness upon a default. If we are unable to repay the indebtedness, the lenders could initiate a bankruptcy proceeding against us or collection proceedings with respect to our subsidiaries securing the facility, which could materially decrease the value of our common stock.

Customer demands and regulations related to “conflict” minerals may force us to incur additional expenses and liabilities.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC promulgated rules regarding disclosure and reporting requirements for companies who use “conflict” minerals mined from the Democratic Republic of Congo and adjoining countries in their products. In the semiconductor industry, these minerals are most commonly found in metals used in the manufacture of semiconductor devices and related assemblies. These requirements may adversely affect our ability to source related minerals and metals and increase our related cost. We face difficulties and increased expense associated with complying with the related disclosure requirements, such as costs related to determining the source of any conflict minerals used in our products. Continued timely reporting is dependent upon the improvement and implementation of new systems and processes and information supplied by our suppliers of products that contain or potentially contain, conflict minerals. Our supply chain is complex and some suppliers may be unwilling to share related confidential information regarding the source of their products or may provide us information that is inaccurate or inadequate. If those risks arise or if our processes in obtaining that information do not fulfill the SEC’s requirements, we may face both reputational challenges and SEC enforcement risks based on our inability to sufficiently verify the origins of the subject minerals and metals or otherwise. More recently, executive orders issued by the President of the United States have increased sanctions in this area as well, which may impact us in the scenarios described above. Moreover, we may encounter challenges to satisfy any related requirements of our customers, which may be different from or more onerous than the requirements of the related SEC rules and executive orders. If we

cannot satisfy these customers, they may choose a competitor's products or may choose to disqualify us as a supplier and we may experience lower than expected revenues or have to write off inventory in the event that it becomes unsalable as a result of these regulations.

We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations.

As a holding company, we derive substantially all of our cash flow from our subsidiaries. Because we conduct our operations through our subsidiaries, we depend on those entities for dividends and other payments or distributions to meet our operating needs. Legal and contractual restrictions in any existing and future outstanding indebtedness we or our subsidiaries incur may limit our ability to obtain cash from our subsidiaries. The deterioration of the earnings from or other available assets of, our subsidiaries for any reason could limit or impair their ability to pay dividends or other distributions to us.

Variability in self-insurance liability estimates could adversely impact our results of operations.

We self-insure for employee health insurance and workers' compensation insurance coverage up to a predetermined level, beyond which we maintain stop-loss insurance from a third-party insurer. Our aggregate exposure varies from year to year based upon the number of participants in our insurance plans. We estimate our self-insurance liabilities using an analysis provided by our claims administrator and our historical claims experience. Our accruals for insurance reserves reflect these estimates and other management judgments, which are subject to a high degree of variability. If the number or severity of claims for which we self-insure increases, it could cause a material and adverse change to our reserves for self-insurance liabilities, as well as to our earnings.

We rely on third parties to provide corporate infrastructure services necessary for the operation of our business. Any failure of one or more of our vendors to provide these services could have a material adverse effect on our business.

We rely on third-party vendors to provide critical corporate infrastructure services, including, among other things, certain services related to information technology and network development and monitoring. We depend on these vendors to ensure that our corporate infrastructure will consistently meet our business requirements. The ability of these third-party vendors to successfully provide reliable, high quality services is subject to technical and operational uncertainties that are beyond our control. While we may be entitled to damages if our vendors fail to perform under their agreements with us, our agreements with these vendors limit the amount of damages we may receive. In addition, we do not know whether we will be able to collect on any award of damages or that any such damages would be sufficient to cover the actual costs we would incur as a result of any vendor's failure to perform under its agreement with us. Any failure of our corporate infrastructure could have a material adverse effect on our business, financial condition and results of operations. Upon expiration or termination of any of our agreements with third-party vendors, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

Our business and operations could suffer in the event of a security breach, cybersecurity incident or disruption of our information technology systems.

We increasingly rely on sophisticated information technology systems throughout our company to keep financial records and customer data, process orders, manage inventory, coordinate shipments to customers, maintain confidential and proprietary information, assist in semiconductor engineering and other technical activities and operate other critical functions such as internet connectivity, network communications and email. Our information technology systems may be susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, telecommunication failures, user errors, catastrophes or other unforeseen events. If we fail to maintain the integrity of our systems or data or if we experience a prolonged disruption in the information technology systems that involve our internal communications or our interactions with customers or suppliers, it could result in the loss of sales and customers and significant incremental costs, which could adversely and materially affect our business.

We may also be subject to security breaches caused by computer viruses, illegal break-ins or hacking, sabotage, or acts of vandalism by employees or third parties. Cyber attacks and attempts by others to gain unauthorized access to our information technology systems are becoming more frequent and sophisticated and may be successful. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect, contain and investigate all security incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. The theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business and reputation. To the extent that any security breach impacts the operation of our products in the field or results in inappropriate disclosure of our customers' confidential information, we may incur liability, reputational damage or impaired business relationships as a result, which could harm our business. While we expect to continually invest in additional resources and services to bolster the security of our information technology systems, no amount of investment will eliminate these risks entirely.

In addition, global privacy legislation, enforcement and policy activity are rapidly expanding and creating a complex data privacy compliance environment. A failure to comply with federal, state or international privacy related or data protection laws and regulations could result in proceedings against us by governmental entities or others.

We may be subject to liabilities based on alleged links between the semiconductor manufacturing process and certain illnesses and birth defects.

In recent years, there has been increased media scrutiny and associated reports regarding a potential link between working in semiconductor manufacturing clean room environments and birth defects and certain illnesses, primarily cancer. Regulatory agencies and industry associations have begun to study the issue to determine if any actual correlation exists. Because we utilize clean rooms, we may become subject to liability claims alleging personal injury. In addition, these reports may also affect our ability to recruit and retain employees. A significant judgment against us or material defense costs could harm our reputation, business, financial condition and results of operations.

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

Although we currently do not have reason to believe that any of our net operating loss carryforwards will expire unutilized, under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be significantly limited. An ownership change is generally defined as a greater than 50% change in equity ownership by value over a three year period. We may experience such an ownership change in the future as a result of shifts in our stock ownership, including upon the issuance of our common stock, the exercise of stock options or warrants or as a result of any conversion of our convertible notes into shares of our common stock, among other things. If we were to trigger an ownership change in the future, our ability to use any net operating loss carryforwards existing at that time could be limited, resulting in higher than anticipated taxes payable and lower than expected net income and earnings per share.

Our portfolio of marketable securities is significant and subject to market, interest and credit risk that may reduce its value.

We maintain a significant portfolio of marketable securities. Changes in the value of this portfolio could adversely affect our earnings. In particular, the value of our investments may decline due to increases or decreases in interest rates, downgrades of money market funds, commercial paper, U.S. Treasuries and corporate bonds included in our portfolio, instability in the global financial markets that reduces the liquidity of securities included in our portfolio and other factors. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio or sell investments for less than our acquisition cost.

Risks Relating to Ownership of our Common Stock

We may engage in future capital-raising transactions that dilute the ownership of our existing stockholders or cause us to incur debt.

We may issue additional equity, debt or convertible securities to raise capital in the future. If we do, existing stockholders may experience significant further dilution. In addition, new investors may demand rights, preferences or privileges that differ from or are senior to, those of our existing stockholders. Our incurrence of indebtedness could limit our operating flexibility and be detrimental to our results of operations.

The market price of our common stock may be volatile, which could result in substantial losses for investors.

We cannot predict the prices at which our common stock will trade. The market price of our common stock may fluctuate significantly, depending upon many factors, some of which may be beyond our control. In addition to the risks described in this Annual Report, other factors that may cause the market price of our common stock to fluctuate include:

- changes in general economic, industry and market conditions;
- domestic and international economic factors unrelated to our performance;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in or failure to meet publicly disclosed expectations as to our future financial performance;
- changes in securities analysts' estimates of our financial performance or lack of research and reports by industry analysts;
- changes in market valuations or earnings of similar companies;
- changes in investor perception of us and the industry in which we operate;
- addition or loss of significant customers;

- announcements by us or our competitors, customers or suppliers of significant products, contracts, acquisitions, strategic partnerships or other events;
- developments or disputes concerning patents or proprietary rights, including any injunction issued or material sums paid for damage awards, settlement payments, license fees, attorney's fees or other litigation expenses associated with intellectual property lawsuits we may initiate, or in which we may be named as defendants;
- failure to complete significant sales or to win a competitive selection process;
- developments concerning current or future strategic alliances or acquisitions;
- any future sales of our common stock or other securities; and,
- additions or departures of directors, executives or key personnel.

Furthermore, the stock markets recently have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock may depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our common stock or change their opinion of our common stock, our stock price would likely decline. If one or more of these analysts cease their coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

Our common stock price may decline if a substantial number of shares are sold in the market by our stockholders.

Future sales of substantial amounts of shares of our common stock by our existing stockholders in the public market, or the perception that these sales could occur, may cause the market price of our common stock to decline. Increased sales of our common stock in the market for any reason could exert significant downward pressure on our stock price. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price we deem appropriate.

If we fail to maintain effective internal controls over financial reporting, we may not be able to accurately report our financial results, which could have a material adverse effect on our operations, investor confidence in our business and the trading prices of our securities.

We are required to maintain disclosure controls and procedures and internal controls over financial reporting that are effective for the purposes described in Item 9A. "Controls and Procedures" below.

As disclosed in Item 9A.— "Controls and Procedures" below, in fiscal year 2015 our management identified a material weakness in our internal control over financial reporting related to our information technology general controls in the areas of user access and program change management for certain information technology systems that comprise part of our system of internal control over financial reporting and are relevant to the preparation of our consolidated financial statements. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of this material weakness, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was not effective during the previously reported fiscal year ended October 2, 2015.

During fiscal year 2016, we developed and implemented a remediation plan designed to address this material weakness. As of September 30, 2016, this material weakness in our internal controls over financial reporting related to our information technology general controls in the areas of user access and program change management for certain information technology systems had been remediated. However, if our remediation efforts insufficiently addressed the identified material weakness or if additional material weaknesses in our internal controls are discovered in the future, they may adversely affect our ability to record, process, summarize and report financial information timely and accurately and, as a result, our financial statements may contain material misstatements or omissions, which could result in regulatory scrutiny, cause investors to lose confidence in our reported financial condition and otherwise have a material adverse effect on our business, financial condition, cash flow results of operations or the trading price of our stock.

Some of our stockholders can exert control over us and they may not make decisions that reflect our interests or those of other stockholders.

Our largest stockholders control a significant amount of our outstanding common stock. As of September 30, 2016, John and Susan Ocampo beneficially owned 40.5% of our common stock and certain investment funds affiliated with Summit Partners, L.P. owned 4.9% of our common stock on an as-converted basis. As a result, these stockholders will be able to exert a significant degree of influence over our management and affairs and control over matters requiring stockholder approval, including the election of our directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of us and might affect the market price of our securities. In addition, the interests of these stockholders may not always coincide with your interests or the interests of other stockholders.

Anti-takeover provisions in our charter documents and Delaware law could prevent or delay a change in control of our company that stockholders may consider beneficial and may adversely affect the price of our stock.

Provisions of our fifth amended and restated certificate of incorporation and third amended and restated bylaws may discourage, delay or prevent a merger, acquisition or change of control that a stockholder may consider favorable. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions. The existence of these provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions include authorization of the issuance of "blank check" preferred stock, staggered elections of directors and advance notice requirements for nominations for election to the board of directors and for proposing matters to be submitted to a stockholder vote. Provisions of Delaware law may also discourage, delay or prevent someone from acquiring or merging with our company or obtaining control of our company. Specifically, Section 203 of the Delaware General Corporate Law may prohibit business combinations with stockholders owning 15% or more of our outstanding voting stock. Our board of directors could rely on Delaware law to prevent or delay an acquisition of us and this reliance could reduce our value.

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

We do not intend to pay any cash dividends on our common stock in the foreseeable future. The payment of cash dividends is restricted under the terms of the agreements governing our indebtedness. In addition, because we are a holding company, our ability to pay cash dividends may be limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of the agreements governing our indebtedness. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

In May 2016, we entered into the Purchase Agreement for the sale and subsequent leaseback of our 157,600 square foot semiconductor manufacturing and corporate headquarters facility and related property located in Lowell, Massachusetts, which we expect to close during the first quarter of fiscal year 2017.

We also maintain leased facilities for our design centers located in Massachusetts, California, North Carolina, New York, Rhode Island, Ireland, the United Kingdom, France, the Netherlands, Japan, Australia and China as well as for our administrative, assembly and test operations located in California, New Hampshire, and Taiwan, and our local sales offices in Oregon, Canada, Germany, Malaysia, China, Japan, India, and South Korea. We believe that our leased facilities are adequate for our present operations. In addition to our corporate headquarters facility the following is a list of our main leased facilities and their primary functions.

<u>Site</u>	<u>Major Activity</u> ¹⁾	<u>Square Footage</u>	<u>Lease Expiration</u>
Lowell, Massachusetts	A, R&D and AE	60,700	December 2022
Newport Beach, California	A, R&D and S&M	64,910	December 2019
Long Beach, California	A, T&A, R&D and S&M	25,317	December 2017
Ithaca, New York	A, P&F, R&D and T&A	30,600	December 2025
Cork, Ireland	A, R&D, S&M, AE and RT	21,422	April 2026
Sunnyvale, California	A, P&F, T&A and AE	39,975	September 2017
Londonderry, New Hampshire	A, P&F, T&A and AE	43,000	September 2017
Lawrence, Massachusetts	A, T&A, AE and RT	38,352	January 2019

1) Major activities include Administration (A), Research and Development (R&D), Production and Fabrication (P&F), Sales and Marketing (S&M), Application Engineering (AE), Test and Assembly (T&A) and Reliability Testing (RT).

For additional information regarding property, plant and equipment by geographic region for each of the last two fiscal years, see Notes to Consolidated Financial Statements in Item 8. - "Financial Statements and Supplementary Data" below.

ITEM 3. LEGAL PROCEEDINGS.

From time to time we may be subject to commercial and employment disputes, claims by other companies in the industry that we have infringed their intellectual property rights and other similar claims and litigations. Any such claims may lead to future litigation and material damages and defense costs. Other than as set forth below, we were not involved in any pending legal proceedings as of the filing date of this Annual Report that we believe could have a material adverse effect on our business, operating results, financial condition or cash flows.

GaN Lawsuit Against Infineon . On April 26, 2016, we and our wholly-owned subsidiary Nitronex brought suit against International Rectifier Corporation (International Rectifier), Infineon Technologies Americas Corporation (Infineon Americas), and Infineon Technologies AG (Infineon AG) (collectively, Infineon) in the Federal District Court for the Central District of California, seeking injunctive relief, monetary damages, and specific performance of certain contractual obligations. On July 19, 2016, we filed a first amended complaint omitting International Rectifier as a defendant (since we had been advised that formal legal entity no longer exists) and adding a further claim of breach of contract based on some of Infineon's GaN-on-Si product activities, among other changes. The suit arises out of agreements relating to GaN patents that were executed in 2010 by Nitronex (acquired by MACOM in 2014) and International Rectifier (acquired by Infineon AG in 2015). We assert claims for breach of contract, breach of the covenant of good faith and fair dealing, declaratory judgment of contractual rights, and declaratory judgment of non-infringement of patents. If successful, the relief sought in our first amended complaint would, among other remedies, require Infineon to assign back to us certain GaN-related Nitronex patents that were previously assigned to International Rectifier and enjoin Infineon from proceeding with its marketing and sales of certain types of GaN-on-Si products. On August 9, 2016, we moved for a preliminary injunction on our Third Claim for Relief, which seeks a declaration that the 2010 exclusive license from Infineon to MACOM is still in effect, and asking the Court to enjoin Infineon from acting inconsistently with that license. On August 17, 2016, both Infineon entities moved to dismiss our claims asserted against them on various grounds. In an order dated October 31, 2016, the Court: (a) granted MACOM's motion for preliminary injunction; (b) denied Infineon Americas' motion to dismiss; and (c) granted in part and denied in part Infineon AG's motion to dismiss.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock has been listed on the NASDAQ Global Select Market under the symbol “MTSI” since March 15, 2012. The following table sets forth for the periods indicated the high and low sale prices of our common stock on the NASDAQ Global Select Market. The number of stockholders of record of our common stock as of November 11, 2016 was approximately 13 . The number of stockholders of record does not include beneficial owners whose shares are held by nominees in street name.

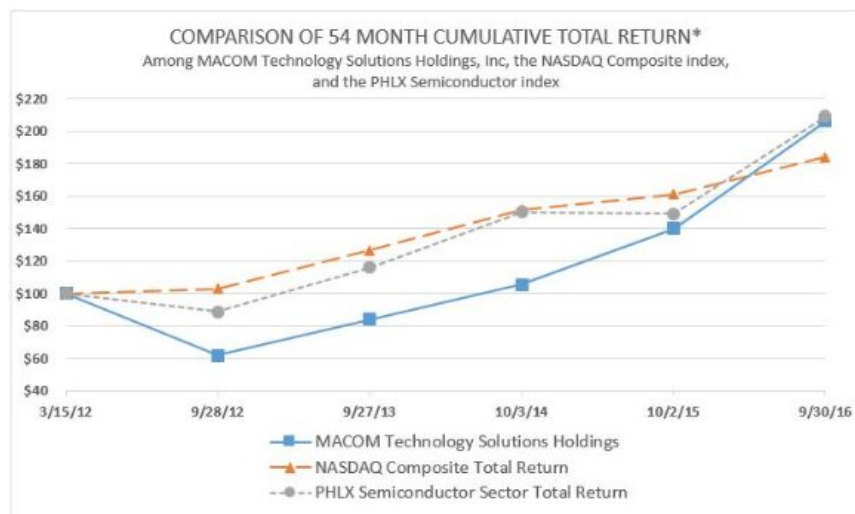
The high and low sales prices of our common stock by quarter in fiscal years 2016 and 2015 follows:

Fiscal Year 2016	<u>High</u>	<u>Low</u>
First quarter	\$ 43.19	\$ 27.34
Second quarter	45.46	32.96
Third quarter	44.97	29.56
Fourth quarter	44.10	30.58
Fiscal Year 2015		
First quarter	\$ 32.80	\$ 18.23
Second quarter	39.52	27.64
Third quarter	42.81	29.85
Fourth quarter	36.51	25.82

We have not paid cash dividends on our common stock and we do not anticipate paying cash dividends in the foreseeable future. Our credit facility also contains restrictions on our ability to pay cash dividends, subject to certain exceptions.

Stock Price Performance Graph

The following graph shows a comparison from March 15, 2012 (the date our common stock commenced trading on NASDAQ) through September 30, 2016 of the total cumulative return of our common stock with the total cumulative return of the NASDAQ Composite Index and the PHLX Semiconductor Index. The amounts represented below assume an investment of \$100 in our common stock at the closing price of \$20.55 on March 15, 2012 and in the NASDAQ Composite Index and the PHLX Semiconductor Index on the closest month end date of February 29, 2012 , and assume reinvestment of dividends. The comparisons in the graph are historical and are not intended to forecast or be indicative of possible future performance of our common stock.



	March 15, 2012	September 28, 2012	September 27, 2013	October 3, 2014	October 2, 2015	September 30, 2016
MACOM Technology Solutions Holdings, Inc.	\$100.00	\$61.80	\$83.75	\$106.28	\$140.00	\$206.03
NASDAQ Composite Index	\$100.00	\$102.61	\$126.30	\$151.94	\$161.04	\$183.96
PHLX Semiconductor Index	\$100.00	\$88.74	\$116.04	\$153.64	\$149.08	\$208.86

Issuer Purchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 2, 2016—July 29, 2016	123	\$ 39.51	—	—
July 30, 2016—August 26, 2016	385	40.35	—	—
August 27, 2016—September 30, 2016	218	42.46	—	—
Total	726	\$ 40.84	—	—

- (1) In 2011, our Board of Directors approved “withhold to cover” as a tax payment method for vesting of restricted stock awards for our employees. Pursuant to an election for “withhold to cover” made by our employees in connection with the vesting of such awards, all of which were outside of a publicly-announced repurchase plan, we withheld from such employees the shares noted in the table above to cover tax withholding related to the vesting of their awards. The average prices listed in the above table are averages of the fair market prices at which we valued shares withheld for purposes of calculating the number of shares to be withheld.

ITEM 6. SELECTED FINANCIAL DATA.

You should read the following selected financial data in conjunction with our consolidated financial statements and related notes, as well as “Item 1 - Risk Factors” and “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” appearing elsewhere in this Annual Report.

In December 2015, we acquired Metelics, a diode supplier. We acquired Metelics to expand our diode business. The operations of Metelics are included in our consolidated financial statements from the date of acquisition.

In December 2015, we completed the acquisition of FiBest, a Japan-based merchant market component supplier of optical sub-assemblies. We acquired FiBest to expand our position in optical networking components. The operations of FiBest are included in our consolidated financial statements from the date of acquisition.

In August 2015, we divested the Automotive business to Autoliv based on our belief that the business was not consistent with our long-term strategic vision from either a growth or profitability perspective.

In December 2014, we completed the acquisition of BinOptics, a supplier of high-performance photonic semiconductor products. The operations of BinOptics are included in our consolidated financial statements from the date of acquisition.

In December 2013, we completed the acquisition of Mindspeed, a supplier of high performance analog products. The operations of Mindspeed have been included in our consolidated financial statements since the date of acquisition.

Subsequent to closing the Mindspeed Acquisition, in February 2014, we divested the wireless business of Mindspeed. The operations of the wireless business are included in discontinued operations.

In May 2014, we completed the sale of Mindspeed's CPE product line for \$12.0 million and an additional \$2.0 million based upon the achievement of certain revenue-related milestones through December 31, 2014. During the quarter ended April 3, 2015, these milestones were achieved and we recorded income related to this contingent consideration of \$2.0 million.

We acquired Nitronex in February 2014. Because we and Nitronex were under common control since June 25, 2012, we present combined financial statements in a manner similar to a pooling-of-interests for all periods since June 25, 2012, the earliest date of common control. Accordingly, our historical financial statements have been retroactively combined as if Nitronex was acquired on June 25, 2012. All periods from June 25, 2012, have been combined using historical amounts of each entity.

We derived (i) the statements of operations data for the fiscal years 2016, 2015 and 2014, and (ii) the balance sheet data as of September 30, 2016 and October 2, 2015, from our audited consolidated financial statements, which appear elsewhere in this Annual Report. We derived the statements of operations data for the fiscal years 2013 and 2012 and balance sheet data as of September 27, 2013 and September 28, 2012 from our audited consolidated financial statements, adjusted for discontinued operations, which do not appear elsewhere in this Annual Report. We adopted a 52-or 53-week fiscal year ending on the Friday closest to September 30.

The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

	Fiscal Years				
	2016	2015	2014	2013	2012
	(in thousands, except per share data)				
Statements of Operations Data (1) :					
Revenue	\$ 544,338	\$ 420,609	\$ 339,189	\$ 242,703	\$ 255,544
Cost of revenue	262,729	217,019	198,249	133,505	134,826
Gross profit	281,609	203,590	140,940	109,198	120,718
Operating expenses:					
Research and development	107,698	82,188	71,351	42,505	34,903
Selling, general and administrative	145,433	110,030	82,593	57,930	41,235
Impairment charges	11,765	—	—	—	—
Restructuring charges	3,465	1,280	14,823	1,060	1,862
Total operating expenses	268,361	193,498	168,767	101,495	78,000
Income (loss) from operations	13,248	10,092	(27,827)	7,703	42,718
Other income (expense):					
Warrant liability (expense) gain (2)	(16,431)	(6,020)	(3,928)	(4,312)	3,175
Class B conversion liability expense (2)	—	—	—	—	(44,119)
Interest (expense), net	(18,427)	(18,376)	(12,362)	(817)	(695)
Other income (expense), net	39	(1,096)	3,217	372	185
Other (expense), net	(34,819)	(25,492)	(13,073)	(4,757)	(41,454)
(Loss) income before income taxes	(21,571)	(15,400)	(40,900)	2,946	1,264
Income tax (benefit) provision	(17,983)	(9,858)	(16,086)	283	11,830
(Loss) income from continuing operations	(3,588)	(5,542)	(24,814)	2,663	(10,566)
Income from discontinued operations	5,022	54,131	9,491	15,533	6,902
Net income (loss)	1,434	48,589	(15,323)	18,196	(3,664)
Accretion value of redeemable preferred stock	—	—	—	—	(2,616)
Net income (loss) attributable to common stockholders	\$ 1,434	\$ 48,589	\$ (15,323)	\$ 18,196	\$ (6,280)
Basic income (loss) per common share:					
(Loss) income from continuing operations	\$ (0.07)	\$ (0.11)	\$ (0.53)	\$ 0.06	\$ (0.53)
Income from discontinued operations	0.09	1.06	0.20	0.34	0.28
Net income (loss) - basic	\$ 0.03	\$ 0.95	\$ (0.33)	\$ 0.40	\$ (0.25)
Diluted income (loss) per common share:					
(Loss) income from continuing operations	\$ (0.07)	\$ (0.11)	\$ (0.53)	\$ 0.06	\$ (0.53)
Income from discontinued operations	0.09	1.06	0.20	0.33	0.28
Net income (loss) - diluted	\$ 0.03	\$ 0.95	\$ (0.33)	\$ 0.39	\$ (0.25)
Shares used to compute net income (loss) per common share:					
Basic	53,364	51,146	47,009	45,916	24,758
Diluted	53,364	51,146	47,009	47,137	24,758

	As of				
	September 30, 2016	October 2, 2015	October 3, 2014	September 27, 2013	September 28, 2012
Consolidated Balance Sheet Data (in thousands):					
Cash and cash equivalents	\$ 332,977	\$ 122,312	\$ 173,895	\$ 110,488	\$ 84,600
Working capital	520,794	312,743	287,703	194,289	157,451
Total assets	1,188,551	860,834	675,852	316,635	268,217
Long-term debt, less current portion	576,345	335,087	336,796	—	—
Stockholders' equity	\$ 462,784	\$ 424,533	\$ 228,567	\$ 247,141	\$ 199,458

- (1) See Results of Operations in Item 8 and Consolidated Statements of Operations and our Notes to Consolidated Financial Statements for additional information for fiscal years 2016, 2015 and 2014.
- (2) Represents changes in the fair value of certain features of our warrant and Class B convertible preferred stock that were recorded as liabilities and adjusted each reporting period to fair value. The convertible preferred stock liability was settled in connection with our initial public offering (IPO) in March 2012.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report. In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially and adversely from those referred to herein due to a number of factors, including but not limited to those described below and in Item 1A "Risk Factors" and elsewhere in this Annual Report.

OVERVIEW

See **Item 1 - Business** for additional information.

We are a leading provider of high-performance analog semiconductor solutions that enable next-generation internet applications, the cloud connected apps economy and the modern, networked battlefield across the radio frequency (RF), microwave, millimeterwave and photonic spectrum. We design and manufacture differentiated, high-value products for customers who demand high performance, quality and reliability. We offer a broad portfolio of over 4,500 standard and custom devices, which include integrated circuits (IC), multi-chip modules, power pallets and transistors, diodes, amplifiers, switches and switch limiters, passive and active components and complete subsystems, across approximately 40 product lines serving over 6,500 end customers in three primary markets. Our semiconductor products are electronic components that our customers incorporate into their larger electronic systems, such as, point-to-point wireless backhaul radios, high density networks, active antenna arrays, radar, magnetic resonance imaging systems (MRI) and unmanned aerial vehicles (UAVs). Our primary markets are: Networks, which includes carrier and enterprise infrastructure, wired broadband and cellular backhaul, cellular infrastructure, photonic solutions, data centers and fiber optic applications; Aerospace and Defense (A&D), which includes military and commercial radar, RF jammers, electronic countermeasures, and communication data links; and, Multi-market, which includes industrial, medical, test and measurement and scientific applications.

Basis of Presentation

We have one reportable operating segment. All intercompany balances have been eliminated in consolidation. Certain prior period financial statement amounts, including debt issuance costs, have been adjusted to conform to currently reported presentations.

We have a 52 or 53-week fiscal year ending on the Friday closest to the last day of September. The fiscal year 2016 included 52 weeks, fiscal year 2015 included 52 weeks and fiscal year 2014 included 53 weeks. To offset the effect of holidays, for fiscal years in which there are 53 weeks, we include the extra week arising in our fiscal years in the first quarter.

Description of Our Revenue

Revenue. Substantially all of our revenue is derived from sales of high-performance analog semiconductor solutions for use in wireless and wireline applications across the RF, microwave, millimeterwave and photonic spectrum and in high speed communications. We design, integrate, manufacture and package differentiated product solutions that we sell to customers through our direct sales organization, our network of independent sales representatives and our distributors.

We believe the primary drivers of our future revenue growth will include:

- engaging early with our lead customers to develop custom and standard products and solutions that can be driven across multiple growth markets;
- leveraging our core strength and leadership position in standard, catalog products that service all of our end applications;
- increasing content of our semiconductor solutions in our customers' systems through cross-selling of our more than 40 product lines;
- introducing new products through internal development and acquisitions with market reception that command higher prices based on the application of advanced technologies such as GaN, added features, higher levels of integration and improved performance; and
- continued growth in the demand for high-performance analog and optical semiconductors in our three primary markets in particular.

Our core strategy is to develop and innovate high-performance products that address our customers' most difficult technical challenges in our primary markets: Networks, A&D and Multi-market. While sales in any or all of our primary markets may slow or decline from period to period, over the long-term we generally expect to benefit from strength in these markets.

We expect our revenue in the Networks market to be primarily driven by continued upgrades and expansion of communications equipment to support the proliferation of mobile computing devices such as smartphones and tablets, increasing adoption of bandwidth rich services such as video on demand and cloud computing, the rapid adoption of cloud-based services and the migration to an application centric architecture, which we expect will drive adoption of higher speed, low latency optical and wireless links.

We expect our revenue in the A&D market to be driven by the upgrading of radar systems and modern battlefield communications equipment and networks designed to improve situational awareness. Growth in this market is subject to changes in governmental programs and budget funding, which is difficult to predict.

We expect revenue in Multi-market to be driven by diverse demand for our multi-purpose catalog products.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements. The preparation of financial statements, in conformity with generally accepted accounting principles in the U.S. (GAAP), requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and could be material if our actual or expected experience were to change unexpectedly. On an ongoing basis, we re-evaluate our estimates and judgments.

We base our estimates and judgments on our historical experience and on other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates and material effects on our operating results and financial position may result. The accounting policies which our management believes involve the most significant application of judgment or involve complex estimation, are inventories and associated reserves; goodwill and intangibles asset valuations and associated impairment assessments; revenue reserves; contingent consideration valuations and share-based compensation valuations.

When we evaluate inventory for excess quantities and obsolescence we utilize historical product usage experience and expected demand for establishing our reserve estimates. Our actual product usage may vary from the historical experience and estimating demand is inherently difficult, particularly given the cyclical nature of the semiconductor industry, both of these factors may result in us recording excess and obsolete inventory amounts that do not match the required amounts.

Significant management judgment is required in our valuation of goodwill and intangible assets and when assessing for potential impairment, many of which are based on the creation of forecasts of future operating results that are used in the valuation, including (i) estimation of future cash flows, (ii) estimation of the long-term rate of growth for our business, (iii) estimation of the useful life over which cash flows will occur, (iv) terminal values, if applicable, and (v) the determination of our weighted average cost of capital, which helps determine the discount rate. It is possible that these forecasts may change and our performance projections included in our forecasts of future results prove to be inaccurate. If our actual results, or the forecasts and estimates used in future impairment analysis, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges. The value of our goodwill and purchased intangible assets could also be impacted by future adverse changes such as: (i) a decline in the valuation of technology company stocks, including the valuation of our common stock, (ii) a significant slowdown in the worldwide economy or the semiconductor industry, or (iii) the abandonment of any of our acquired in-process research and development, or IPR&D, projects.

We establish revenue reserves, primarily for distributor price adjustments, which requires the use of judgment and estimates that impact the amount and timing of revenue recognition. We record reductions of revenue for such distributor pricing adjustments in the same period that the related revenue is recorded based on estimates of historical pricing adjustments granted to distributors. The actual pricing adjustments granted to distributors may significantly exceed or be less than the historical estimates resulting in adjustments to revenue in the incorrect period.

We estimate the fair value of contingent consideration by discounting the associated expected cash flows, using a probability-weighted, discounted cash flow model. The estimate of the fair value of contingent consideration requires subjective assumptions to be made regarding future operating results, discount rates and probabilities assigned to various potential operating result scenarios. These subjective assumptions and probabilities may be materially different from actual outcomes requiring us to make significant adjustments to such contingent consideration amounts.

We account for share-based compensation arrangements using the fair value method as described in *Note 2 - Summary of Significant Accounting Policies* to our Consolidated Financial Statements. There are a significant number of estimates and assumptions required for the initial valuation of certain transactions as well as for the ongoing valuation of certain share-based compensation items. These estimates may vary significantly and the assumptions may not be accurate resulting us to make adjustments to historically recorded balances. Historically, we have not experienced material differences in our estimates and actual results.

For additional information related to these and other accounting policies refer to *Note 2 - Summary of Significant Accounting Policies* to our Consolidated Financial Statements included in this Annual Report which is incorporated by reference herein.

RESULTS OF OPERATIONS

As discussed in Note 20 - Discontinued Operations, to our Consolidated Financial Statements included in this Annual Report, we have adjusted certain amounts associated with these businesses in our results of operations, cash flows and assets and liabilities as discontinued operations for all periods presented.

The following table sets forth, for the periods indicated, our statement of operations data (in thousands):

	Fiscal Years		
	2016	2015	2014
Revenue	\$ 544,338	\$ 420,609	\$ 339,189
Cost of revenue ^{(1) (4) (5)}	262,729	217,019	198,249
Gross profit	281,609	203,590	140,940
Operating expenses:			
Research and development ^{(1) (5)}	107,698	82,188	71,351
Selling, general and administrative ^{(1) (3) (5)}	145,433	110,030	82,593
Impairment charges ⁽⁷⁾	11,765	—	—
Restructuring charges	3,465	1,280	14,823
Total operating expenses	268,361	193,498	168,767
Income (loss) from operations	13,248	10,092	(27,827)
Other (expense) income:			
Warrant liability expense ⁽²⁾	(16,431)	(6,020)	(3,928)
Interest expense	(18,427)	(18,376)	(12,362)
Other income (expense), net	39	(1,096)	3,217
Other (expense), net	(34,819)	(25,492)	(13,073)
(Loss) income before income taxes	(21,571)	(15,400)	(40,900)
Income benefit provision	(17,983)	(9,858)	(16,086)
(Loss) income from continuing operations	(3,588)	(5,542)	(24,814)
Income from discontinued operations ⁽⁶⁾	5,022	54,131	9,491
Net (loss) income	\$ 1,434	\$ 48,589	\$ (15,323)

(1) Includes (a) Amortization expense related to intangible assets arising from acquisitions and (b) Share-based compensation expense included in our consolidated statements of operations is set forth below (in thousands):

	Fiscal Years		
	2016	2015	2014
(a) Intangible amortization expense:			
Cost of revenue	\$ 26,615	\$ 27,285	\$ 18,787
Selling, general and administrative	23,640	11,695	1,806
(b) Share-based compensation expense:			
Cost of revenue	2,150	1,949	1,771
Research and development	6,568	5,447	2,818
Selling, general and administrative	18,236	12,039	6,688

(2) Represents changes in the fair value of common stock warrants recorded as liabilities and adjusted each reporting period to fair value.

(3) Includes litigation costs of \$2.2 million, \$0.9 million and \$1.6 million incurred in fiscal years 2016, 2015 and 2014, respectively.

(4) In fiscal year 2016, 2015 and 2014, includes approximately \$2.1 million, \$5.5 million and \$18.1 million, respectively, of costs for step-up in valuation of acquired business inventories to fair value.

(5) In fiscal year 2014, cost of revenue, research and development and selling, general and administrative includes approximately \$1.4 million, \$4.5 million and \$13.9 million, respectively, of costs related to the acquisition and integration of Mindspeed.

(6) See Note 20 to the Consolidated Financial Statements for additional information.

(7) We recorded impairment charges of \$11.8 million during fiscal year 2016 as we made a strategic decision to exit the product line and end programs associated with our GaN-on Silicon Carbide license and technology transfer.

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

	Fiscal Years		
	2016	2015	2014
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue	48.3	51.6	58.4
Gross profit	51.7	48.4	41.6
Operating expenses:			
Research and development	19.8	19.5	21.0
Selling, general and administrative	26.7	26.2	24.4
Impairment charges	2.2	—	—
Restructuring charges	0.6	0.3	4.4
Total operating expenses	49.3	46.0	49.8
Income (loss) from operations	2.4	2.4	(8.2)
Other (expense) income:			
Warrant liability expense	(3.0)	(1.4)	(1.2)
Interest expense	(3.4)	(4.4)	(3.6)
Other (expense) income, net	0.0	(0.3)	0.9
Other expense, net	(6.4)	(6.1)	(3.9)
(Loss) income before income taxes	(4.0)	(3.7)	(12.1)
Income tax benefit	(3.3)	(2.3)	(4.7)
(Loss) income from continuing operations	(0.7)	(1.3)	(7.3)
Income from discontinued operations	0.9	12.9	2.8
Net (loss) income	0.3 %	11.6 %	(4.5)%

Comparison of Fiscal Year Ended September 30, 2016 to Fiscal Year Ended October 2, 2015

Revenue. In fiscal year 2016, our revenue increased \$123.7 million or 29.4%, to \$544.3 million from \$420.6 million for fiscal year 2015.

Revenue from our primary markets, the percentage of change between the years and revenue by primary markets expressed as a percentage of total revenue were (in thousands, except percentages):

	Fiscal Years		
	2016	2015	% Change
Networks	\$ 393,699	\$ 273,931	43.7 %
A&D	75,860	83,296	(8.9)%
Multi-market	74,779	63,382	18.0 %
Total	\$ 544,338	\$ 420,609	29.4 %
Networks	72.3%	65.1%	
A&D	13.9%	19.8%	
Multi-market	13.7%	15.1%	
Total	100.0%	100.0%	

For fiscal year 2015, the table above includes \$17.4 million recognized in connection with a change in estimate related to distribution revenue recognition. These amounts were primarily recorded in the first fiscal quarter of 2015 and include \$6.1 million related to Networks, \$5.6 million related to A&D and \$5.7 million related to Multi-market.

In fiscal year 2016, our Networks market revenue increased by \$119.8 million, or 43.7%, compared to fiscal year 2015. The increase was primarily related to our sales of products acquired in the BinOptics Acquisition in December 2014 and the FiBest Acquisition in December 2015 as well as increased sales of our products addressing carrier infrastructure, fiber to the home access networks, initial 100G long haul deployments, and other optical and optoelectronic applications. These increases were partially offset by lower demand for our products targeting wired broadband and wireless backhaul as well as the distributor revenue adjustment recorded during 2015.

In fiscal year 2016, our A&D market revenue decreased by \$7.4 million or 8.9%, compared to fiscal year 2015. The decrease was primarily due to the impact of the change in distributor revenue recognition during fiscal 2015, as well as lower demand for products targeting satellite communication applications during 2016, which were partially offset by incremental revenue from the December 2015 Metelics Acquisition.

In fiscal year 2016, our Multi-market revenues increased \$11.4 million or 18.0%, compared to fiscal year 2015. The increase was primarily due to incremental revenue from the December 2015 Metelics Acquisition, partially offset by the change in distributor revenue recognition during 2015.

Gross profit. In fiscal year 2016, our gross profit increased by \$78.0 million or 38.3%, compared to fiscal 2015. Gross margin of 51.7%, increased 330 basis points, compared to fiscal year 2015. Gross profit during 2016 was positively impacted by increased sales of higher gross margin products, revenue and the associated profit from newly acquired businesses, as well as lower expenses associated with the step-up in fair value of inventory related to acquisitions, partially offset by higher compensation and depreciation expense from newly acquired businesses, charges associated with the exit of one of our product lines incurred during the second fiscal quarter of 2016, as well as lower margins for certain products due to forward pricing in exchange for volume orders.

Research and development. In fiscal year 2016, research and development expense increased \$25.5 million, or 31.0%, to \$107.7 million representing 19.8% of revenue, compared with \$82.2 million or 19.5% of revenue in fiscal year 2015. Research and development expense increased in 2016 primarily as a result of additional costs from our acquisitions, higher share-based and variable compensation as well as increased spending on new product development initiatives.

Selling, general and administrative. In fiscal year 2016, SG&A expense increased \$35.4 million or 32.2%, to \$145.4 million, or 26.7% of revenue, compared with \$110.0 million, or 26.2% of revenue for fiscal year 2015. Selling, general and administrative expenses increased in 2016 primarily due to higher intangible amortization, share-based and variable compensation as well as additional costs from acquisitions, partially offset by lower acquisition related compensation and transaction expenses.

Impairment charges. We recorded impairment charges of \$11.8 million during fiscal year 2016 as we made a strategic decision to exit a product line and end programs associated with our GaN-on Silicon Carbide license and technology transfer. As a result of this strategic decision, we determined that the intangible assets and contractual commitments under the long term technology licensing and transfer agreement signed in July 2013, as well as inventory with a value of \$2.0 million would no longer have any future benefit. There were no impairment charges recorded in the prior fiscal year.

Restructuring charges. In fiscal year 2016, restructuring charges were \$3.5 million or 0.6% of our revenue compared with \$1.3 million or 0.3% of our revenue for fiscal year 2015. The increase in restructuring charges during 2016 was primarily related to the Metelics Acquisition. We expect to incur additional restructuring costs of approximately \$1.0 million to \$3.0 million during the remainder of calendar year 2016.

Warrant liability. In fiscal year 2016, we recorded warrant expense of \$16.4 million compared to an expense of \$6.0 million for fiscal year 2015. The expense relates to the change in the estimated fair value of common stock warrants we issued in December 2010, which we carry as a liability at fair value. Our common stock price is a key input in determining the fair value of the warrant liability and has increased over the past year which has resulted in a higher expense.

Provision for income taxes. In fiscal year 2016, the provision for income taxes was a benefit of \$18.0 million compared to a benefit of \$9.9 million for fiscal year 2015. The benefit increased primarily due to a decrease in the current period taxable loss in the U.S., partially offset by income taxed in foreign jurisdictions.

During the fourth quarter of fiscal 2016, we identified and corrected a prior period error where we understated our income tax benefit during 2013 through 2015. This was a result of the incorrect recording of intercompany pretax income among a few of our operating entities and due to the fact that these entities had different statutory tax rates. The out-of-period correction resulted in a \$3.9 million increase in income tax benefit in the fiscal year ended September 30, 2016 of which \$1.7 million, \$1.0 million and \$1.2 million related to the prior fiscal years 2015, 2014 and 2013, respectively.

The difference between the U.S. federal statutory income tax rate of 35% and the Company's effective income tax rates for fiscal year 2016 and 2015, was primarily impacted by changes in fair value of the stock warrant liability which is not deductible for tax purposes, as well as income taxed in foreign jurisdictions at tax rates generally lower than the U.S. rate, research and development credits and non-deductible compensation.

During fiscal year 2016, the Company's unrecognized tax benefits did not change and remained at \$1.7 million. The unrecognized tax benefits primarily relate to positions taken by the Company in its 2014 U.S. tax filings. During fiscal year 2014, the Company settled the federal audit for fiscal years 2011 and 2012 with no material impact upon the financial statements.

Comparison of Fiscal Year Ended October 2, 2015 to Fiscal Year Ended October 3, 2014

Revenue. In fiscal year 2015, our revenue increased \$81.4 million, or 24.0%, to \$420.6 million from \$339.2 million in fiscal year 2014

Revenue from our primary markets, the percentage of change between the years, and revenue by primary markets expressed as a percentage of total revenue were (in thousands, except percentages):

	Fiscal Years		% Change
	2015	2014	
Networks	273,931	183,347	49.4 %
A&D	83,296	87,563	(4.9)%
Multi-Market	63,382	68,279	(7.2)%
Total	420,609	339,189	24.0 %
Networks	65.1%	54.1%	
A&D	19.8%	25.8%	
Multi-Market	15.1%	20.1%	
Total	100.0%	100.0%	

For fiscal year 2015, the table above includes \$17.4 million recognized in connection with a change in estimate related to distribution revenue recognition. These amounts were primarily recorded in the first fiscal quarter of 2015 and include \$6.1 million related to Networks, \$5.6 million related to A&D and \$5.7 million related to Multi-market.

In fiscal year 2015, our Networks market revenue increased by \$90.6 million or 49.4%, compared to fiscal year 2014. The increase in revenue was primarily from sales of products from the BinOptics Acquisition in December 2014, and the full year impact of the Mindspeed Acquisition in December 2013. Each of these acquisitions expanded our product offerings significantly.

In fiscal year 2015, our A&D market revenue decreased by \$4.3 million or 4.9%, compared to fiscal year 2014. We attribute this decrease to lower demand and shipments of certain legacy radar programs as well as the impact of cyclical demand for radar applications.

In fiscal year 2015, our Multi-market revenues decreased \$4.9 million or 7.2%, compared to fiscal year 2014. The decrease in revenue was primarily due to lower general market demand for catalog products, partially offset by distributor revenue adjustments associated with a change in estimate during the first quarter of fiscal year 2015.

Gross profit. In fiscal year 2015, our gross profit increased by \$62.7 million or 44.5%, compared to fiscal 2014. Gross margin of 48.4% increased 6.8%, compared to fiscal year 2014. The higher gross profit was largely the result of a favorable product mix with higher revenue from recent acquisitions and legacy products, partially offset by acquisition related increases in amortization expense.

Research and development. In fiscal year 2015, research and development expense increased \$10.8 million or 15.2%, to \$82.2 million or 19.5% of our revenue, compared with \$71.4 million or 21.0% of our revenue in fiscal year 2014. Research and development expenses increased primarily related to additional research and development activities as well as increased headcount and employee compensation related to recently acquired businesses.

Selling, general and administrative. In fiscal year 2015, SG&A expense increased \$27.4 million or 33.2%, to \$110.0 million or 26.2% of our revenue, compared with \$82.6 million, or 24.4% of our revenue for fiscal year 2014. The increase was primarily due to increased headcount and employee compensation expense related to acquired businesses, acquisition integration costs and higher litigation costs.

Restructuring charges. In fiscal year 2015, restructuring charges were \$1.3 million or 0.3% of our revenue compared with \$14.8 million or 4.4% of our revenue for fiscal year 2014. Restructuring charges were higher in 2014 primarily due to a reduction in headcount and changes related to payments associated with Mindspeed employment agreements, as well as, reductions associated with the integration of the Mindspeed business which included severance and related benefits.

Income (loss) from operations. In fiscal year 2015, we reported income from operations of \$10.1 million or 2.4%, compared to a loss from operations of \$27.8 million or 8.2%. This change of \$37.9 million or 136.3%, was primarily the result of higher revenue and gross profit associated with recently acquired businesses, partly offset by higher operating expenses in fiscal year 2015 compared to the prior fiscal year 2014.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes our cash flow activities for the fiscal years ended September 30, 2016 and October 2, 2015, respectively (in thousands):

	Fiscal Year Ended	
	September 30, 2016	October 2, 2015
Cash and cash equivalents, beginning of period	\$ 122,312	\$ 173,895
Net cash provided by operating activities	79,232	33,678
Net cash used in investing activities	(94,863)	(207,425)
Net cash provided by financing activities	227,354	122,407
Effect of exchange rates on cash balances	(1,058)	(243)
Cash and cash equivalents, end of period	\$ 332,977	\$ 122,312

Cash Flow from Operating Activities:

Our cash flow from operating activities for fiscal year 2016 of \$79.2 million consisted of net income of \$1.4 million, plus adjustments to reconcile our net income to cash provided by operating activities of \$118.8 million less changes in operating assets and liabilities of \$41.0 million. Adjustments to reconcile our net income to cash provided by operating activities of \$118.8 million primarily included depreciation and intangible amortization expense of \$70.6 million, share-based incentive compensation expense of \$27.0 million, impairment related charges of \$13.0 million and warrant liability expense of \$16.4 million. In addition, cash used by operating assets and liabilities was \$41.0 million for fiscal year 2016, primarily driven by an increase in inventory of \$24.7 million and an increase in accounts receivable of \$17.2 million partially offset by an increase in accrued expenses of \$10.9 million. Inventory increases during fiscal year 2016 are expected to support anticipated customer demand. The fiscal year 2016 increase in accounts receivable was due to increases in revenue compared to 2015.

Our cash flow from operating activities for fiscal year 2015 of \$33.7 million consists of net income of \$48.6 million plus adjustments to reconcile our net income to cash provided by operating activities of \$45.8 million less changes in operating assets and liabilities of \$60.7 million. Adjustments to reconcile our net income to cash provided by operating activities of \$45.8 million primarily included depreciation and intangible amortization expense of \$54.7 million, share-based incentive compensation expense of \$19.4 million and warrant liability expense of \$6.0 million. In addition, cash used by operating assets and liabilities was \$60.7 million for fiscal year 2015 primarily driven by an escrow payment of \$14.6 million associated with the retention of BinOptics Acquisition employees, a decrease in deferred revenue of \$17.0 million associated with a change in estimate related to distributor revenue recognition, an increase in accounts receivable of \$13.1 million and a decrease in accrued liabilities of \$5.6 million, primarily associated with a payment for BinOptics Acquisition related professional fees.

Cash Flow from Investing Activities:

Our cash flow used by investing activities for fiscal year 2016 consisted primarily of cash paid for the FiBest Acquisition and Metelics Acquisition of \$85.5 million and capital expenditures of \$31.3 million. The \$7.5 million of cash provided from discontinued operations during fiscal year 2016 was consulting fee income associated with the sale of our Automotive business which occurred in August 2015. Additionally, during fiscal year 2016, we purchased \$36.3 million of short term investments and received proceeds of \$51.6 million related to the sale of short term investments which was used to fund acquisitions and operating activities.

Our cash flow used by investing activities for fiscal year 2015 consisted primarily of cash paid for the BinOptics Acquisition of \$208.4 million and capital expenditures of \$38.3 million. These expenditures were partially offset by proceeds of \$81.2 million from the divestiture of our Automotive business.

For additional information related to *Acquisitions, Investments and Discontinued Operations* see Notes 3, 4 and 20 to our Consolidated Financial Statements included in this Annual Report.

Cash Flow from Financing Activities:

For additional information related to our Debt, specifically our Credit Agreement, Term Loans and Revolving Facility, see Note 9 to our Consolidated Financial Statements - *Debt* included in this Annual Report.

During fiscal year 2016, our cash from financing activities of \$227.4 million was primarily related to \$247.6 million of proceeds from the amendment of our Credit Agreement (as defined in Note 9 - "Debt") on August 31, 2016 and \$5.5 million of proceeds from stock option exercises and employee stock purchases. These inflows were partially offset by \$9.9 million in payments of debt primarily assumed in connection with our FiBest Acquisition, \$10.0 million in purchases of stock associated with employee tax withholdings, \$3.5 million of financing costs associated with the amendment of our Credit Agreement and \$4.1 million of principal payments associated with our Term Loans.

Cash flow from financing activities for fiscal year 2015 was \$122.4 million driven primarily by net proceeds from our February 2015 common stock offering totaling \$127.8 million . We also received proceeds of \$100.0 million from our Revolving Facility during the first fiscal quarter, which was subsequently repaid during the following fiscal quarter. We made \$3.5 million in payments of debt as well as \$1.5 million in capital lease payments. In addition, we paid \$8.6 million in purchases of stock associated with employee tax withholdings, partly offset by \$5.5 million of proceeds from stock option exercises and employee stock purchases.

On February 5, 2015, we completed a public offering of 7,800,000 shares of common stock at a price of \$30.00 per share, of which 4,500,000 shares were newly-issued shares sold and 3,300,000 shares were previously outstanding shares held by affiliates of John Ocampo, our Chairman of the Board and majority stockholder prior to the offering and held by certain funds affiliated with Summit Partners, L.P. After deducting underwriting discounts and commissions and offering expenses, the net proceeds from shares sold in this offering were approximately \$127.7 million. We used \$100.0 million of the net proceeds we received in this offering to repay outstanding borrowings under our revolving credit facility and we expect to use the remainder of the net proceeds for general corporate purposes. We did not receive any proceeds from the sale of shares of common stock by the selling stockholders.

The undistributed earnings of our foreign subsidiaries are indefinitely reinvested and we do not intend to repatriate such earnings. We believe the decision to reinvest these earnings will not have a significant impact on our liquidity. As of September 30, 2016 , cash held by our foreign subsidiaries was \$40.5 million, which, along with cash generated from foreign operations, is expected to be used in the support of international growth and working capital requirements.

We plan to use our available cash and cash equivalents, short term investments and potential remaining borrowing capacity under our Revolving Facility for general corporate purposes, including working capital and for the acquisition of or investment in complementary technologies, design teams, products and businesses. We believe that our cash and cash equivalents, short term investments, cash generated from operations and borrowing availability under the Revolving Facility will be sufficient to meet our working capital requirements for at least the next 12 months. We may need to raise additional capital from time to time through the issuance and sale of equity or debt securities, and there is no assurance that we will be able do so on favorable terms or at all.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have significant contractual obligations not fully recorded on our consolidated balance sheet or fully disclosed in the notes to our consolidated financial statements. As of September 30, 2016 , we do not have material off-balance sheet arrangements as defined in SEC Regulation S-K Item 303(a)(4)(ii).

CONTRACTUAL OBLIGATIONS

The following is a summary of our contractual payment obligations for consolidated debt, purchase agreements, operating leases, other commitments and long-term liabilities as of September 30, 2016 , (in thousands):

	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Contractual Cash Obligations					
Principal Payments on Long-term Debt	\$ 591,487	\$ 6,051	\$ 12,102	\$ 573,334	\$ —
Interest Payments on Long-term Debt	121,515	27,377	52,443	41,695	—
Capital Leases	3,573	1,168	1,486	827	92
Estimated Interest Payments on Capital Leases	189	81	84	23	1
Operating Lease Obligations (1)	32,048	9,245	12,580	4,748	5,475
Purchase Commitments (2)	1,135	1,135	—	—	—
Total Contractual Cash Obligations	\$ 749,947	\$ 45,057	\$ 78,695	\$ 620,627	\$ 5,568
Other Commercial Commitments					
Letters of Credit	400	400	—	—	—
Commercial Contract Commitments (3)	68,236	64,293	3,943	—	—
Total Commercial Commitments	\$ 68,636	\$ 64,693	\$ 3,943	\$ —	\$ —

(1) We have non-cancelable operating lease agreements for office, research, development and manufacturing space in the U.S. and certain foreign locations. We also have operating leases for certain equipment, automobiles and services. These lease agreements expire at various dates through 2026 and certain agreements contain provisions for extension at substantially the same terms as currently in effect.

(2) In the normal course of business, we enter into supply arrangements with certain of our suppliers to purchase minimum quantities of inventories.

(3) The most significant of our commercial contract commitments relate to open purchase orders of approximately \$68.2 million .

As of September 30, 2016 , we had an estimated \$4.3 million in asset retirement obligations for the restoration of leased facilities

upon the termination of the related leases. Although it is reasonably possible that our estimates could materially change in the next 12 months, we are presently unable to reliably estimate when any cash settlement of these obligations may occur.

As of September 30, 2016, we had recorded \$1.7 million of unrecognized tax benefits. The Company is unable to make a reasonable estimate as to when and if such amounts will be paid.

OTHER MATTERS

Inflation did not have a material impact upon our results of operations during the three-year period ended September 30, 2016.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of business, which consists primarily of interest rate risk associated with our cash and cash equivalents investments and our variable rate debt, as well as foreign exchange rate risk. In addition, the value of our warrant liability is based on the underlying price of our common stock and changes in its value could significantly impact our warrant liability expense.

Interest rate risk. The primary objectives of our investment activity are to preserve principal, provide liquidity and invest excess cash for an average rate of return. To minimize market risk, we maintain our portfolio in cash and diversified investments, which may consist of corporate bonds, bank deposits, money market funds and commercial paper. The interest rates are variable and fluctuate with current market conditions. The risk associated with fluctuating interest rates is limited to this investment portfolio. We believe that a 10% change in interest rates would not have a material impact on our financial position or results of operations. We do not enter into financial instruments for trading or speculative purposes.

Our exposure to interest rate risk also relates to the increase or decrease in the amount of interest expense we must pay on the outstanding debt under the Credit Agreement. The interest rates on our term loans and revolving credit facility are variable interest rates based on our lender's prime rate or a LIBOR rate, in each case plus an applicable margin, which exposes us to market interest rate risk when we have outstanding borrowings under the Credit Agreement. As of September 30, 2016, we had \$591.5 million of outstanding borrowings under the Credit Agreement. Assuming our outstanding debt remains constant under the Credit Agreement for an entire year and the applicable annual interest rate increases or decreases by 1%, our annual interest expense would increase or decrease by \$5.9 million.

Foreign currency risk. To date, our international customer agreements have been denominated primarily in U.S. dollars. Accordingly, we have limited exposure to foreign currency exchange rates. The functional currency of a majority of our foreign operations is U.S. dollars with the remaining operations being local currency. Increases in the value of the United States dollar relative to other currencies could make our products more expensive, which could negatively impact demand in certain regions. Conversely, decreases in the value of the United States dollar relative to other currencies could result in our products being more expensive to certain customers and could reduce or delay orders, or otherwise negatively affect how they do business with us. The effects of exchange rate fluctuations on the net assets of the majority of our operations are accounted for as transaction gains or losses. We believe that a change of 10% in such foreign currency exchange rates would not have a material impact on our financial position or results of operations. In the future, we may enter into foreign currency exchange hedging contracts to reduce our exposure to changes in exchange rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
MACOM Technology Solutions Holdings, Inc.
Lowell, Massachusetts

We have audited the accompanying consolidated balance sheets of MACOM Technology Solutions Holdings, Inc. and subsidiaries (the "Company") as of September 30, 2016 and October 2, 2015 and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three fiscal years in the period ended September 30, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2016 and October 2, 2015, and the results of its operations and its cash flows for each of the three fiscal years in the period ended September 30, 2016 in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2016 based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 17, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
November 17, 2016

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	<u>September 30, 2016</u>	<u>October 2, 2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 332,977	\$ 122,312
Short term investments	23,776	39,557
Accounts receivable (less allowances of \$3,279 and \$5,745, respectively)	108,331	83,950
Inventories	114,935	79,943
Deferred income taxes	—	31,431
Income tax receivable	21,607	15,854
Prepaid and other current assets	11,318	11,172
Total current assets	<u>612,944</u>	<u>384,219</u>
Property and equipment, net	99,167	83,759
Goodwill	120,024	93,346
Intangible assets, net	259,602	243,666
Deferred income taxes	89,606	48,239
Other long-term assets	7,208	7,605
Total assets	<u>\$ 1,188,551</u>	<u>\$ 860,834</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion long-term debt	7,203	4,058
Accounts payable	30,579	29,311
Accrued liabilities	54,368	38,107
Total current liabilities	<u>92,150</u>	<u>71,476</u>
Long-term debt, less current portion	576,345	335,087
Warrant liability	38,253	21,822
Other long-term liabilities	7,254	7,916
Deferred income taxes	11,765	—
Total liabilities	<u>725,767</u>	<u>436,301</u>
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized, no shares issued		
Common stock, \$0.001 par value, 300,000 shares authorized; 53,709 and 52,958 shares issued and 53,685 and 52,933 shares outstanding as of September 30, 2016 and October 2, 2015, respectively, of which 3 and 11 shares, respectively, are subject to forfeiture	54	53
Treasury Stock, at cost, 23 shares as of September 30, 2016 and October 2, 2015	(330)	(330)
Accumulated other comprehensive income (loss)	9,039	(2,279)
Additional paid-in capital	551,509	526,011
Accumulated deficit	(97,488)	(98,922)
Total stockholders' equity	<u>462,784</u>	<u>424,533</u>
Total liabilities and stockholders' equity	<u>\$ 1,188,551</u>	<u>\$ 860,834</u>

See notes to consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Fiscal Years		
	2016	2015	2014
Revenue	\$ 544,338	\$ 420,609	\$ 339,189
Cost of revenue	262,729	217,019	198,249
Gross profit	281,609	203,590	140,940
Operating expenses:			
Research and development	107,698	82,188	71,351
Selling, general and administrative	145,433	110,030	82,593
Impairment charges	11,765	—	—
Restructuring charges	3,465	1,280	14,823
Total operating expenses	268,361	193,498	168,767
Income (loss) from operations	13,248	10,092	(27,827)
Other income (expense):			
Warrant liability expense	(16,431)	(6,020)	(3,928)
Interest expense	(18,427)	(18,376)	(12,362)
Other income (expense)	39	(1,096)	3,217
Total other income (expense), net	(34,819)	(25,492)	(13,073)
Loss before income taxes	(21,571)	(15,400)	(40,900)
Income tax (benefit) provision	(17,983)	(9,858)	(16,086)
Loss from continuing operations	(3,588)	(5,542)	(24,814)
Income from discontinued operations	5,022	54,131	9,491
Net (loss) income	\$ 1,434	\$ 48,589	\$ (15,323)
Net income (loss) per share:			
Basic income (loss) per share:			
Loss from continuing operations	\$ (0.07)	\$ (0.11)	\$ (0.53)
Income from discontinued operations	0.09	1.06	0.20
(Loss) income per share - basic	\$ 0.03	\$ 0.95	\$ (0.33)
Diluted income (loss) per share:			
Loss from continuing operations	\$ (0.07)	\$ (0.11)	\$ (0.53)
Income from discontinued operations	0.09	1.06	0.20
(Loss) income per share - diluted	\$ 0.03	\$ 0.95	\$ (0.33)
Shares used:			
Basic	53,364	51,146	47,009
Diluted	53,364	51,146	47,009

See notes to consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Fiscal Years		
	2016	2015	2014
Net income (loss)	1,434	\$ 48,589	\$ (15,323)
Unrealized loss on short term investments, net of tax	(2)	(97)	—
Foreign currency translation gain (loss), net of tax	11,320	(918)	(1,097)
Other adjustments, net of tax	—	90	(90)
Other comprehensive income (loss), net of tax	11,318	(925)	(1,187)
Total comprehensive income (loss)	<u>\$ 12,752</u>	<u>\$ 47,664</u>	<u>\$ (16,510)</u>

See notes to consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance - September 27, 2013	46,419	\$ 46	23	\$ (330)	\$ (167)	\$ 379,780	\$ (132,188)	\$ 247,141
Capital contributions	—	—	—	—	—	3,200	—	3,200
Common control business combination	—	—	—	—	—	(26,080)	—	(26,080)
Common control tax benefits	—	—	—	—	—	6,069	—	6,069
Stock option exercises	515	1	—	—	—	2,218	—	2,219
Vesting of restricted common stock and units	536	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	150	—	—	—	—	1,810	—	1,810
Shares repurchased for tax withholdings on restricted stock awards	(72)	—	—	—	—	(1,282)	—	(1,282)
Share-based compensation	—	—	—	—	—	11,277	—	11,277
Fair value of vested awards assumed in acquisition	—	—	—	—	—	785	—	785
Excess tax benefits	—	—	—	—	—	(63)	—	(63)
Other comprehensive income, net of tax	—	—	—	—	(1,187)	—	—	(1,187)
Net loss	—	—	—	—	—	—	(15,323)	(15,323)
Balance at October 3, 2014	47,548	\$ 48	23	\$ (330)	\$ (1,354)	\$ 377,714	\$ (147,511)	\$ 228,567
Net Proceeds from Stock Offering	4,500	5	—	—	—	127,756	—	127,761
Stock option exercises	288	—	—	—	—	2,613	—	2,613
Vesting of restricted common stock and units	704	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	176	—	—	—	—	2,838	—	2,838
Shares repurchased for tax withholdings on restricted stock awards	(258)	(1)	—	—	—	(8,555)	—	(8,556)
Share-based compensation	—	—	—	—	—	20,655	—	20,655
Excess tax benefits	—	—	—	—	—	2,990	—	2,990
Other comprehensive income, net of tax	—	—	—	—	(925)	—	—	(925)
Net income	—	—	—	—	—	—	48,589	48,589
Balance at October 2, 2015	52,958	\$ 53	23	\$ (330)	\$ (2,279)	\$ 526,011	\$ (98,922)	\$ 424,533
Stock option exercises	130	—	—	—	—	1,253	—	1,253
Vesting of restricted common stock and units	750	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	154	—	—	—	—	4,207	—	4,207
Shares repurchased for tax withholdings on restricted stock awards	(283)	—	—	—	—	(9,995)	—	(9,995)
Share-based compensation	—	—	—	—	—	26,954	—	26,954
Excess tax benefits	—	—	—	—	—	3,079	—	3,079
Other comprehensive income, net of tax	—	—	—	—	11,318	—	—	11,318
Net income	—	—	—	—	—	—	1,434	1,434
Balance at September 30, 2016	53,709	\$ 54	23	\$ (330)	\$ 9,039	\$ 551,509	\$ (97,488)	\$ 462,784

See notes to consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Years		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 1,434	\$ 48,589	\$ (15,323)
Adjustments to reconcile net (loss) income to net cash from operating activities (net of acquisitions):			
Depreciation and intangible amortization	70,591	54,708	34,618
Share-based compensation	26,954	19,435	11,277
Warrant liability expense	16,431	6,020	3,928
Acquired inventory step-up amortization	2,061	5,533	18,053
Deferred financing costs amortization and write offs	1,717	1,651	3,021
Acquisition prepaid compensation amortization	4,457	9,623	—
Gain from discontinued operations	(7,500)	(63,256)	—
Deferred income taxes	(9,936)	7,835	(13,328)
Impairment of assets	12,955	3,500	—
Other adjustments, net	1,083	740	186
Change in operating assets and liabilities (net of acquisition):			
Accounts receivable	(17,209)	(13,089)	2,223
Inventories	(24,708)	92	(9,586)
Prepaid expenses and other assets	(2,412)	3,932	(646)
Accounts payable	(1,075)	(1,858)	(7,140)
Accrued and other liabilities	10,862	(5,640)	(6,726)
Income taxes	(6,473)	(12,512)	(2,656)
Prepaid compensation	—	(14,586)	—
Deferred revenue	—	(17,039)	7,571
Net cash from operating activities	<u>79,232</u>	<u>33,678</u>	<u>25,472</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of businesses, net	(85,517)	(208,352)	(260,875)
Purchases of property and equipment	(31,326)	(38,252)	(16,973)
Proceeds from sales and maturities of investments	51,573	—	—
Purchases of investments	(36,316)	(40,183)	—
Proceeds from discontinued operations	7,500	—	—
Strategic investments	—	1,500	(5,250)
Acquisition of intellectual property	(777)	(3,346)	(5,490)
Sale of product line	—	—	12,000
Sale of businesses	—	81,208	12,345
Net cash used in investing activities	<u>(94,863)</u>	<u>(207,425)</u>	<u>(264,243)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from stock option exercises and employee stock purchases	5,460	5,450	4,028
Payments on notes payable	(4,138)	(3,500)	(3,500)
Payments of assumed debt	(9,938)	(1,504)	(40,917)
Repurchase of common stock	(9,995)	(8,626)	(1,282)
Proceeds from stock offering, net of issuance costs	—	127,761	—
Proceeds from revolving credit facility	—	100,000	245,000
Payments on revolving credit facility	—	(100,000)	(245,000)
Borrowings from notes payable	247,625	—	350,000
Excess tax benefits	3,079	2,990	(63)
Capital contributions	—	—	3,200
Other adjustments	(4,739)	(164)	(9,106)
Net cash from financing activities	<u>227,354</u>	<u>122,407</u>	<u>302,360</u>
Foreign currency effect on cash	(1,058)	(243)	(182)
NET CHANGE IN CASH AND CASH EQUIVALENTS	210,665	(51,583)	63,407
CASH AND CASH EQUIVALENTS — Beginning of year	\$ 122,312	\$ 173,895	110,488
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 332,977</u>	<u>\$ 122,312</u>	<u>\$ 173,895</u>

See notes to consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

MACOM Technology Solutions Holdings, Inc. (the Company) was incorporated in Delaware on March 25, 2009. We are a leading provider of high-performance analog semiconductor solutions that enable the next-generation internet applications, the cloud connected apps economy and the modern, networked battlefield across the radio frequency (RF), microwave, millimeterwave and photonic spectrum. We design and manufacture differentiated, high-value products for customers who demand high performance, quality and reliability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation, Basis of Presentation and Reclassification —We have one reportable segment, semiconductors and modules. The accompanying consolidated financial statements include our accounts and the accounts of our majority-owned subsidiaries. Certain prior period financial statement amounts, including debt issuance costs, have been adjusted to conform to currently reported presentations. All intercompany balances and transactions have been eliminated in consolidation.

We have a 52 or 53-week fiscal year ending on the Friday closest to the last day of September. The fiscal years 2016 and 2015 included 52 weeks and fiscal year 2014 included 53 weeks. To offset the effect of holidays, for fiscal years in which there are 53 weeks, we include the extra week arising in our fiscal years in the first quarter.

Use of Estimates —The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting periods, the reported amounts of revenue and expenses during the reporting periods and the disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, we base estimates and assumptions on historical experience, currently available information and various other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

Discontinued Operations— In the fourth quarter of fiscal year 2015, we divested our Automotive business. In the second quarter of fiscal year 2014, we sold assets of the non-core wireless business of Mindspeed. The operating results of these businesses are reflected in discontinued operations.

Foreign Currency Translation and Remeasurement —Our consolidated financial statements are presented in U.S. dollars. While the majority of our foreign operations use the U.S. dollar as the functional currency, the financial statements of our foreign operations for which the functional currency is not the U.S. dollar are translated into U.S. dollars at the exchange rates in effect at the balance sheet dates (for assets and liabilities) and at average exchange rates (for revenue and expenses). The unrealized translation gains and losses on the net investment in these foreign operations are accumulated as a component of other comprehensive income (loss).

The financial statements of our foreign operations where the functional currency is the U.S. dollar, but where the underlying transactions are transacted in a different currency, are remeasured at the exchange rate in effect at the balance sheet date with respect to monetary assets and liabilities. Nonmonetary assets and liabilities, such as inventories and property and equipment and related statements of operations accounts, such as cost of revenue and depreciation, are remeasured at historical exchange rates. Revenue and expenses, other than cost of revenue, amortization and depreciation, are translated at the average exchange rate for the period in which the transaction occurred. The net gains and losses on foreign currency remeasurement are reflected in selling, general and administrative expense in the accompanying consolidated statements of operations. Net foreign exchange transaction gains and losses for all periods presented were immaterial.

Cash and Cash Equivalents —Cash equivalents are primarily composed of short-term, highly-liquid instruments with an original maturity of three months or less and consists primarily of money market funds and commercial paper.

Investments —We classify our investments as available-for-sale. Our investments classified as available-for-sale are recorded at fair value based upon third party pricing at period end. Unrealized gains and losses that are deemed temporary in nature are recorded in accumulated other comprehensive income and loss as a separate component of stockholders' equity.

A decline in the fair value of any security below cost that is deemed other than temporary results in a charge to earnings and the corresponding establishment of a new cost basis for the security. Premiums and discounts are amortized (accreted) over the life of the related security as an adjustment to its yield. Dividend and interest income are recognized when earned. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of investments sold.

Inventories —Inventories are stated at the lower of cost or market. We use a combination of standard cost and moving weighted-average cost methodologies to determine the cost basis for our inventories, approximating a first-in, first-out basis. The standard cost of finished goods and work-in-process inventory is composed of material, labor and manufacturing overhead, which approximates actual cost. In addition to stating inventory at the lower of cost or market, we also evaluate inventory each reporting period for excess quantities and obsolescence, establishing reserves when necessary based upon historical experience, assessment of economic conditions and expected demand. Once recorded, these reserves are considered permanent adjustments to the carrying value of inventory.

Property and Equipment —Property and equipment are stated at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major improvements that significantly extend the useful life of the assets are capitalized as additions to property and equipment.

Property and equipment are depreciated or amortized using the straight-line method over the following estimated useful lives:

Asset Classification	Estimated Useful Life In Years
Buildings and improvements	40
Machinery and equipment	2 – 7
Computer equipment and software	2 – 5
Furniture and fixtures	7 – 10
Leasehold improvements	Shorter of useful life or term of lease

Goodwill and Indefinite-lived Intangible Assets —We have goodwill and certain intangible assets with indefinite-lives which are not subject to amortization; these are reviewed for impairment annually as of August 31st and more frequently if events or changes in circumstances indicate that the assets may be impaired. For our assessment of goodwill impairment we compare the carrying value of the reporting unit to the fair value of the Company. For our assessment of in-service indefinite-lived assets we compare the carrying value of the asset to the estimated fair value of the asset. For indefinite-lived assets not in service, such as in-process research and development, we performed a qualitative assessment using an assumption of ‘more likely than not’ to determine if there were any impairment indicators. If impairment exists, a loss would be recorded to write down the value of the assets to their implied fair values. There have been no impairments of goodwill or indefinite-lived intangible assets in any period presented through September 30, 2016 .

Other Intangible Assets —Our other intangible assets, including acquired technology and customer relationships, are definite-lived assets and are subject to amortization. We amortize definite-lived assets over their estimated useful lives, which range from five to ten years, generally based on the pattern over which we expect to receive the economic benefit from these assets.

Impairment of Long-Lived Assets —Long-lived assets include property and equipment and definite-lived intangible assets subject to amortization. We evaluate long-lived assets for recoverability when events or changes in circumstances indicate that their carrying amounts may not be recoverable. Circumstances which could trigger a review include, but are not limited to, significant decreases in the market price of the asset or asset group, significant adverse changes in the business climate or legal factors, the accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset, current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset and a current expectation that the asset will more likely than not, be sold or disposed of significantly before the end of its previously estimated useful life.

In evaluating a long-lived asset for recoverability, we estimate the undiscounted cash flows expected to result from our use and eventual disposition of the asset. If the sum of the expected undiscounted cash flows is less than the carrying amount of the asset, an impairment loss, equal to the excess of the carrying amount over the fair value of the asset, is recognized. In fiscal year 2016 we recorded impairment charges related to our strategic decision to exit a product line and end programs associated with our GaN-on Silicon Carbide license and technology transfer. There were no impairments of long-lived assets in any prior periods presented. Intangible assets related to in-process research and development acquired are not amortized until the underlying asset begins revenue generating activity, at which time it is amortized over its estimated useful life. Intangibles related to abandoned in-process research and development projects are expensed in the period the project is abandoned. There were no significant expenses related to abandoned in-process research and development projects in any prior period presented.

Revenue Recognition —We recognize revenue when: (i) persuasive evidence of an arrangement exists; (ii) delivery or services have been rendered; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured. We recognize revenue with the transfer of title and risk of loss and provide for reserves for returns and other allowances.

We generally do not provide customers other than distributors the right to return product, with the exception of warranty related matters. Shipping and handling fees billed to customers are recorded as revenue while the related costs are classified as a component cost of revenue. We provide warranties for certain products and accrue the costs of warranty claims in the period the related revenue is recorded.

Prior to fiscal year 2015, we had concluded that we had insufficient information as well as limited experience in estimating the effect of the right of distributors to return product and price protection and, accordingly, used the sell through approach of revenue recognition. Under this approach, we would recognize revenue from sales after the distributor resold the product to its end customer (the sell through basis). After concluding an extensive three year study of distributor related transactions, we completed an evaluation of our

revenue recognition policy and concluded that it was appropriate to recognize revenue to distributors at the time of shipment to the distributor (sell-in basis).

During fiscal year 2015, we concluded that we had sufficient data to predict future price adjustments from distributors and had a basis of being able to reasonably estimate these future price adjustments. Accordingly, on a consolidated basis, revenue from distribution customers was impacted by a change in estimate. Revenues from distributors accounted for approximately 10-15% of total consolidated revenue at that time. The terms of certain agreements with distribution customers provide for rights of return and compensation credits until such time as our products are sold by the distributors to their end customers. We have agreements with some distribution customers for various programs, including compensation, volume-based pricing, obsolete inventory, new products and stock rotation. Sales to these distribution customers, as well as the existence of compensation programs, are in accordance with terms set forth in written agreements with these distribution customers. In general, credits allowed under these programs are capped based upon individual distributor agreements. We record charges associated with these programs as a reduction of revenue at the time of sale with a corresponding adjustment to accounts receivable based upon historical activity. Our policy is to use a 12 month rolling historical experience rate and an estimated general reserve percentage in order to estimate the necessary allowance to be recorded.

During fiscal year ended October 2, 2015, we recorded corresponding adjustments related to this change in estimate to recognize previously deferred revenues. The full year impact of this change in estimate resulted in additional revenue of \$17.4 million and a net income of \$7.7 million, or \$0.15 earnings per share during fiscal year 2015. We also established a new reserve of \$6.0 million for the fiscal year ended October 2, 2015 related to future rebates and returns under various programs associated with our distributor agreements.

Research and Development Costs—Costs incurred in the research and development of products are expensed as incurred.

Income Taxes—Deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities, using rates anticipated to be in effect when such temporary differences reverse. A valuation allowance against net deferred tax assets is required if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We provide reserves for potential payments of tax to various tax authorities related to uncertain tax positions and other issues. Reserves are based on a determination of whether and how much of a tax benefit is taken by us in our tax filings or positions and that are more likely than not to be realized following an examination by taxing authorities. We recognize the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a “more-likely-than-not” threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. Potential interest and penalties associated with such uncertain tax positions are recorded as a component of income tax expense.

Earnings Per Share—Basic net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period, excluding the dilutive effect of common stock equivalents. Diluted net income (loss) per share reflects the dilutive effect of common stock equivalents, such as stock options, warrants and restricted stock units, using the treasury stock method.

Fair Value Measurements—Financial assets and liabilities are measured at fair value. Fair value is an exit price, representing the amount that would be received from the sale of an asset or paid to transfer a liability at the measurement date under current market conditions in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, we group financial assets and liabilities in a three-tier fair value hierarchy, according to the inputs used in measuring fair value as follows: Level 1—observable inputs such as quoted prices in active markets for identical assets and liabilities; Level 2—inputs other than quoted prices in active markets that are observable either directly or indirectly, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical assets and liabilities in markets that are not active and model-based valuation techniques for which significant assumptions are observable in active markets; and, Level 3—unobservable inputs for which there is little or no market data, requiring us to develop our own assumptions for model-based valuation techniques. This hierarchy requires us to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these assets and liabilities.

Contingent Consideration—We estimate and record at the acquisition date, the fair value of contingent consideration making up part of the purchase price consideration for acquisitions. Additionally, at each reporting period, we estimate the change in the fair value of contingent consideration and any change in fair value is recognized in the consolidated statements of operations. We estimate the fair value of contingent consideration by discounting the associated expected cash flows, using a probability-weighted, discounted cash flow model. The estimate of the fair value of contingent consideration requires subjective assumptions to be made regarding future operating results, discount rates and probabilities assigned to various potential operating result scenarios.

Share-Based Compensation—We account for all share-based compensation arrangements using the fair value method. We recognize compensation expense over the requisite service period of the award, which is generally the vesting period, using the straight-line method and providing that the minimum amount of compensation recorded is equal to the vested portion of the award. We record

the expense in the consolidated statements of operations in the same manner in which the award recipients' salary costs are classified. We use the Black-Scholes option-pricing model to estimate the fair value of stock options with service and performance conditions, inclusive of assumptions for risk-free interest rates, dividends, expected terms and estimated volatility. We derive the risk-free interest rate assumption from the U.S. Treasury's rates for U.S. Treasury zero-coupon bonds with maturities similar to the expected term of the award being valued. We base the assumed dividend yield on its expectation of not paying dividends in the foreseeable future. We calculate the weighted-average expected term of the options using the simplified method, which is a method of applying a formula that uses the vesting term and the contractual term to compute the expected term of a stock option. The decision to use the simplified method is based on a lack of relevant historical data, due to our limited operating experience. In addition, due to our limited historical data, we incorporate the historical volatility of comparable companies with publicly available share prices to determine estimated volatility. The accounting for stock options requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Guarantees and Indemnification Obligations —We enter into agreements in the ordinary course of business with, among others, customers, distributors and original equipment manufacturers (OEM). Most of these agreements require us to indemnify the other party against third-party claims alleging that a Company product infringes a patent and/or copyright. Certain agreements in which we grant limited licenses to specific Company trademarks require us to indemnify the other party against third-party claims alleging that the use of the licensed trademark infringes a third-party trademark. Certain of these agreements require us to indemnify the other party against certain claims relating to property damage, personal injury or the acts or omissions, its employees, agents or representatives. In addition, from time to time, we have made certain guarantees in the form of warranties regarding the performance of Company products to customers.

We have agreements with certain vendors, creditors, lessors and service providers pursuant to which we have agreed to indemnify the other party for specified matters, such as acts and omissions, its employees, agents or representatives.

We have procurement or license agreements with respect to technology that are used in our products and agreements in which we obtain rights to a product from an OEM. Under some of these agreements, we have agreed to indemnify the supplier for certain claims that may be brought against such party with respect to our acts or omissions relating to the supplied products or technologies.

Our certificate of incorporation and agreements with certain of our directors and officers and certain of our subsidiaries' directors and officers provide them indemnification rights, to the extent legally permissible, against liabilities incurred by them in connection with legal actions in which they may become involved by reason of their service as a director or officer. As a matter of practice, we have maintained director and officer liability insurance coverage, including coverage for directors and officers of acquired companies.

We have not experienced any losses related to these indemnification obligations in any period presented and no claims with respect thereto were outstanding as of September 30, 2016 and October 2, 2015. We do not expect significant claims related to these indemnification obligations and, consequently, have concluded that the fair value of these obligations is negligible. No liabilities related to indemnification liabilities have been established.

Recent Accounting Pronouncements —In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 requires revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 sets forth a new revenue recognition model that requires identifying the contract, identifying the performance obligations, determining the transaction price, allocating the transaction price to performance obligations and recognizing the revenue upon satisfaction of performance obligations. The amendments in ASU 2014-09 can be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the update recognized at the date of the initial application along with additional disclosures. On July 9, 2015, the FASB voted to defer the effective date by one year to interim and annual reporting periods beginning after December 15, 2017, and permitted early adoption of the standard, but not for periods beginning on or before the original effective date of December 15, 2016. We have not yet selected a transition method and are currently evaluating the impact of ASU 2014-09.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. To simplify presentation of debt issuance costs, ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015, and early adoption is permitted. We have retroactively adopted this guidance for our fiscal year ended October 2, 2015, and as a result we reclassified the debt issuance costs associated with our Term Loans as a direct reduction of the recognized debt liabilities in our accompanying consolidated balance sheet.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Acquirers would now recognize measurement-period adjustments during the period in which they determine the amount of the adjustment. This ASU is effective for annual and interim reporting periods beginning after December 15, 2015, including interim periods within those fiscal years, and should be applied prospectively to adjustments for provisional amounts that occur after the effective date with early adoption permitted for financial statements that have not been issued. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*. This update simplifies the presentation of deferred income taxes by eliminating the current requirements to classify deferred income tax assets and liabilities between current and noncurrent. The amendments in this update require that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. For public business entities, the standard is effective in the annual reporting periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of any interim or annual reporting period and can be applied either prospectively or retrospectively to all periods presented. We have elected to adopt this standard early and have implemented the change prospectively as of the second quarter of fiscal 2016; prior periods were not adjusted. Upon adoption in the second quarter of fiscal 2016, we included our current deferred income tax assets with our noncurrent deferred income tax assets; no adjustments were made to deferred tax liabilities. Refer to Note 16 to the Consolidated Financial Statements for additional information.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Liabilities*. This update makes amendments to the guidance in U.S. GAAP on the classification and measurement of financial instruments. The new standard significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2018, with early adoption permitted. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Early adoption is permitted and the updated standard must be adopted no later than our fiscal first quarter of fiscal 2018. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. This update amends the guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP; however, this update will require that credit losses be presented as an allowance rather than as a write-down. ASU 2016-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. This Update addresses debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions and separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*. This update amends the guidance on recognizing the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Consequently, the amendment eliminates the exception for an intra entity transfer of an asset other than inventory. ASU 2016-16 is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

3. ACQUISITIONS

Acquisition of FiBest Limited — On December 9, 2015, we completed the acquisition of FiBest Limited (FiBest) a Japan-based merchant market component supplier of optical sub-assemblies (FiBest Acquisition). We acquired FiBest to expand our position in optical networking components. In connection with the FiBest Acquisition, all of the outstanding equity interests (including outstanding options) of FiBest were exchanged for aggregate consideration of \$ 59.1 million including cash of \$ 47.5 million and assumed debt of \$ 11.6 million. We funded the FiBest Acquisition with cash on hand. For the fiscal year ended September 30, 2016, we recorded transaction costs of \$2.7 million as selling, general and administrative expense related to this acquisition. The FiBest Acquisition was accounted for as a stock purchase and the operations of FiBest have been included in our consolidated financial statements since the date of acquisition.

We recognized the FiBest assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for FiBest is being allocated to the tangible and identifiable intangible

assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, none of which will be tax deductible.

During the fiscal year ended September 30, 2016, we recorded adjustments to our preliminary allocation of \$0.9 million primarily related to a deferred tax liability and inventory valuation associated with the acquisition of FiBest. The purchase accounting is preliminary and subject to completion of certain areas and therefore the purchase price allocation remains preliminary as of September 30, 2016. The adjustments arising from the completion of the outstanding matters could materially affect the preliminary purchase accounting. We expect to finalize our allocation of purchase price when our review has been completed during calendar year 2016. The adjusted preliminary allocation of purchase price as of September 30, 2016, is as follows (in thousands):

	Preliminary Allocation	Allocation Adjustments	Adjusted Allocation
Current assets	\$ 10,850	\$ (405)	\$ 10,445
Intangible assets	45,650	—	45,650
Other assets	3,334	(17)	3,317
Total assets acquired	59,834	(422)	59,412
Liabilities assumed:			
Debt	11,627	—	11,627
Deferred income taxes	12,932	(1,274)	11,658
Other liabilities	3,968	—	3,968
Total liabilities assumed	28,527	(1,274)	27,253
Net assets acquired	31,307	852	32,159
Consideration:			
Cash paid upon closing, net of cash acquired	47,517	—	47,517
Goodwill	\$ 16,210	\$ (852)	\$ 15,358

The components of the acquired intangible assets on a preliminary basis were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	\$ 9,400	7
Customer relationships	36,250	10
	\$ 45,650	

The overall weighted-average life of the identified intangible assets acquired in the FiBest Acquisition is estimated to be 9.4 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.

The following is a summary of FiBest revenue and earnings included in our accompanying consolidated statements of operations for the fiscal year ended September 30, 2016 (in thousands):

	Amount
Revenue	\$ 30,540
Loss before income taxes	(4,616)

Unaudited Supplemental Pro Forma Data— The pro forma statements of operations data for the fiscal year ended September 30, 2016 and October 2, 2015 below give effect to the FiBest Acquisition, described above, as if it had occurred at October 4, 2014. These amounts have been calculated after applying our accounting policies and adjusting the results of FiBest to reflect; transaction costs, retention compensation expense, the impact of the step-up to the value of acquired inventory, as well as the additional intangible amortization that would have been charged assuming the fair value adjustments had been applied and incurred since October 4, 2014. This pro forma data is presented for informational purposes only and does not purport to be indicative of our future results of operations.

	Fiscal Year Ended	
	September 30, 2016	October 2, 2015
Revenue	\$ 551,964	\$ 444,991
Net income (loss)	(3,324)	36,715

Acquisition of Aeroflex/Metelics Inc. — On December 14, 2015, we acquired Aeroflex/Metelics, Inc. (Metelics), a diode supplier for aggregate cash consideration of \$37.1 million, subject to customary working capital and other adjustments (Metelics Acquisition). We acquired Metelics to expand our diode business. We funded the acquisition with cash on hand. The Metelics Acquisition was accounted for as a stock purchase and the operations of Metelics have been included in our consolidated financial statements since the date of acquisition. For the fiscal year ended September 30, 2016, we recorded transaction costs of \$0.5 million as selling, general and administrative expenses related to this acquisition.

We recognized the Metelics assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for Metelics is being allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, which will be tax deductible due to a 338(h)(10) election.

During the fourth quarter ended September 30, 2016, we recorded an adjustment to our preliminary allocation of \$3.5 million primarily associated with the physical inventory and fixed assets review which reduced current and other assets acquired and increases to intangible assets. During fiscal year 2016, we finalized the working capital adjustment resulting in a reduction of the cash consideration paid of \$0.9 million. The purchase accounting is preliminary and subject to completion including certain fair value measurements. The adjustments arising from the completion of the outstanding matters may materially affect the preliminary purchase accounting. We will finalize our allocation of purchase price during calendar year 2016. The adjusted preliminary allocation of purchase price as of September 30, 2016, is as follows (in thousands):

	Preliminary Allocation	Allocation Adjustments	Adjusted Allocation
Current assets	\$ 15,250	\$ (2,636)	\$ 12,614
Intangible assets	19,700	1,200	20,900
Other assets	6,249	(3,160)	3,089
Total assets acquired	41,199	(4,596)	36,603
Liabilities assumed:			
Other liabilities	7,401	(200)	7,201
Total liabilities assumed	7,401	(200)	7,201
Net assets acquired	33,798	(4,396)	29,402
Consideration:			
Cash paid upon closing, net of cash acquired	38,000	(875)	37,125
Goodwill	\$ 4,202	\$ 3,521	\$ 7,723

The components of the acquired intangible assets on a preliminary basis were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	\$ 1,000	7
Customer relationships	19,900	10
	\$ 20,900	

The overall weighted-average life of the identified intangible assets acquired in the Metelics Acquisition is estimated to be 9.9 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.

The following is a summary of Metelics revenue and earnings included in our accompanying consolidated statements of operations for the fiscal year ended September 30, 2016 (in thousands):

	Amount	
Revenue	\$	33,552
Income before income taxes		3,372

Unaudited Supplemental Pro Forma Data— The pro forma statements of operations data for the fiscal year ended September 30, 2016 and October 2, 2015, below, give effect to the Metelics Acquisition, described above, as if it had occurred at October 4, 2014. These amounts have been calculated after applying our accounting policies and adjusting the results of Metelics to reflect the transaction costs, the impact of the step-up to the value of acquired inventory, as well as, the additional intangible amortization that would have been charged assuming the fair value adjustments had been applied and incurred since October 4, 2014. This pro forma data is presented for informational purposes only and does not purport to be indicative of our future results of operations.

	Fiscal Year Ended	
	September 30, 2016	October 2, 2015
Revenue	\$ 553,174	\$ 459,048
Net income (loss)	1,183	45,107

Acquisition of BinOptics Corporation — On December 15, 2014, we completed the acquisition of BinOptics Corporation (BinOptics), a supplier of high-performance photonic semiconductor products (BinOptics Acquisition). In accordance with the related Agreement and Plan of Merger, all of the outstanding equity interests (including outstanding warrants) of BinOptics were exchanged for aggregate consideration of approximately \$208.4 million in cash. In addition we paid \$14.6 million as part of a related retention escrow agreement designed to retain certain BinOptics employees. This \$14.6 million was included in the terms of the purchase agreement and has been accounted for as a post-closing prepaid expense. We funded the BinOptics Acquisition with a combination of cash on hand and the incurrence of \$100.0 million of additional borrowings under our existing Revolving Facility. For the fiscal year ended October 2, 2015, we recorded transaction costs of approximately \$4.2 million related to the BinOptics Acquisition in selling, general and administrative expense in the accompanying consolidated statements of operations.

The BinOptics Acquisition was accounted for as a purchase and the operations of BinOptics have been included in our consolidated financial statements since the date of acquisition.

We have recognized BinOptics' assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for BinOptics has been allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, none of which is tax deductible.

We finalized our allocation of purchase price during the first quarter of fiscal year 2016. The final allocation of purchase price as of January 1, 2016, was as follows (in thousands):

	October 2, 2015 Allocation	Allocation Adjustments	January 1, 2016 Adjusted Allocation
Current assets	\$ 23,674	\$ (1,100)	\$ 22,574
Intangible assets	136,900	400	137,300
Other assets	9,194	—	9,194
Total assets acquired	169,768	(700)	169,068
Liabilities assumed:			
Debt	2,535	—	2,535
Deferred income taxes	33,345	99	33,444
Other liabilities	13,106	—	13,106
Total liabilities assumed	48,986	99	49,085
Net assets acquired	120,782	(799)	119,983
Consideration:			
Cash paid upon closing, net of cash acquired	208,352	—	208,352
Goodwill	\$ 87,570	\$ 799	\$ 88,369

The components of the acquired intangible assets were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	\$ 17,500	7
Customer relationships	119,800	10
	<u>\$ 137,300</u>	

The overall weighted-average life of the identified intangible assets acquired in the BinOptics Acquisition is estimated to be 9.6 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.

The following is a summary of BinOptics revenue and earnings included in our consolidated statements of operations for the fiscal year ended October 2, 2015 (in thousands):

	Fiscal Year Ended	
	October 2, 2015	
Revenue	\$	61,549
Income before income taxes		354

Unaudited Supplemental Pro Forma Data—The pro forma statements of operations data for the fiscal year ended October 2, 2015, below, give effect to the BinOptics Acquisition, described above, as if it had occurred at September 28, 2013. These amounts have been calculated after applying our accounting policies and adjusting the results of BinOptics to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets and additional interest expense on acquisition-related borrowings had been applied and incurred since September 28, 2013. This pro forma data is presented for informational purposes only and does not purport to be indicative of our future results of operations.

	Fiscal Year Ended			
	October 2, 2015		October 3, 2014	
Revenue	\$	428,440	\$	384,452
Net income (loss) from continuing operations		(3,489)		(98,119)

4. INVESTMENTS

All investments are classified as available-for-sale. The amortized cost, gross unrealized holding gains or losses, and fair value of our available-for-sale investments by major investments type as of September 30, 2016 and October 2, 2015 are summarized in the tables below (in thousands):

	September 30, 2016			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Corporate bonds	\$ 14,894	\$ 9	\$ (103)	\$ 14,800
Commercial paper	2,978	—	(4)	2,974
US treasuries and agency bonds	6,004	1	(3)	6,002
Total investments	<u>\$ 23,876</u>	<u>\$ 10</u>	<u>\$ (110)</u>	<u>\$ 23,776</u>

	October 2, 2015			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Corporate bonds	\$ 24,546	\$ 5	\$ (89)	\$ 24,462
US treasuries and agency bonds	15,108	3	(16)	15,095
Total investments	<u>\$ 39,654</u>	<u>\$ 8</u>	<u>\$ (105)</u>	<u>\$ 39,557</u>

The contractual maturities of available-for-sale investments were as follows (in thousands):

	September 30, 2016
Less than 1 year	\$ 8,976
Over 1 year	14,800
Total investments	\$ 23,776

Available-for-sale investments are reported at fair value and as such, their associated unrealized gains and losses are reported as a separate component of stockholders' equity within accumulated other comprehensive income (loss).

We have determined that the gross unrealized losses on its available for sale securities at September 30, 2016 and October 2, 2015 are temporary in nature. No available for sale securities were held as of October 3, 2014. We review our investments to identify and evaluate investments that have indications of possible impairment. The techniques used to measure the fair value of our investments are described in Note 5 - *Fair Value*. Factors considered in determining whether a loss is temporary include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the investee, and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. Substantially all of our fixed income securities are rated investment grade or better.

We received proceeds from sales of available-for-sale securities of \$51.6 million during the fiscal year ended September 30, 2016. During fiscal year ended October 2, 2015 we did not receive proceeds from sales of available-for-sale securities. Such sales resulted in the recording of gross realized gains of \$0.1 million and gross realized losses of \$0.2 million during the year ended September 30, 2016, which have been recorded within other income (expense). The Company did not hold available for sale securities during the year ended October 3, 2014.

Other Investments —We determined the appropriate classification of our investments at the time of acquisition and re-evaluate such determination at each balance sheet date. We record at cost non-marketable equity investments where we do not have the ability to exercise significant influence or control and periodically reviews such investments for impairment.

During fiscal year 2015, we made a minority investment of \$0.5 million in the convertible debt of a privately-held U.S. based company. This investment was included in the assets sold in connection with the Automotive business.

During fiscal year 2014, we made a minority investment of \$5.0 million in the equity of a privately-held U.S. based company. This minority equity investment was accounted for under the cost method and is included on the consolidated balance sheets in other long-term assets. During the second fiscal quarter of 2015, the privately-held U.S. based company was sold to a third party which provided the Company with information that the underlying value of the investment had been impaired at April 3, 2015. Accordingly, the Company recorded an impairment charge of \$3.5 million which is included in Other Expense in the Consolidated Statement of Operations during fiscal year 2015. The Company received \$1.5 million in exchange for the equity investment during fiscal year 2015. There are no other investments outstanding at September 30, 2016 or October 2, 2015.

5. FAIR VALUE

We group our financial assets and liabilities measured at fair value on a recurring basis in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets) or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.

Level 3 - Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by us.

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

We measure certain assets and liabilities at fair value on a recurring basis such as our financial instruments and derivatives. There have been no transfers between Level 1, 2 or 3 assets or liabilities during the fiscal year ended September 30, 2016.

Money market funds are actively traded and consist of highly liquid investments with original maturities of 90 days or less. They are measured at their net asset value (NAV) and classified as Level 1. Corporate and agency bonds and commercial paper are categorized as Level 2 assets except where sufficient quoted prices exist in active markets, in which case such securities are categorized as Level 1 assets. These securities are valued using third-party pricing services. These services may use, for example, model-based pricing methods that utilize observable market data as inputs. We generally use quoted prices for recent trading activity of assets with similar characteristics to the debt security or bond being valued. The securities and bonds priced using such methods are generally classified as Level 2. Broker dealer bids or quotes on securities with similar characteristics may also be used.

Assets and liabilities measured at fair value on a recurring basis consist of the following (in thousands):

	September 30, 2016			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 1,172	\$ 1,172	\$ —	\$ —
Commercial paper	102,928	—	102,928	—
US treasuries and agency bonds	6,002	—	6,002	—
Corporate bonds	14,799	—	14,799	—
Total assets measured at fair value	\$ 124,901	\$ 1,172	\$ 123,729	\$ —
Liabilities				
Contingent consideration	\$ 848	\$ —	\$ —	\$ 848
Common stock warrant liability	38,253	—	—	38,253
Total liabilities measured at fair value	\$ 39,101	\$ —	\$ —	\$ 39,101
October 2, 2015				
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 15,000	\$ 15,000	\$ —	\$ —
US treasuries and agency bonds	15,095	—	15,095	—
Corporate bonds	24,462	—	24,462	—
Total assets measured at fair value	\$ 54,557	\$ 15,000	\$ 39,557	\$ —
Liabilities				
Contingent consideration	\$ 1,150	\$ —	\$ —	\$ 1,150
Warrant liability	21,822	—	—	21,822
Total liabilities measured at fair value	\$ 22,972	\$ —	\$ —	\$ 22,972

The quantitative information utilized in the fair value calculation of our Level 3 liabilities are as follows:

Liabilities	Valuation Technique	Unobservable Input	Inputs	
			September 30, 2016	October 2, 2015
Contingent consideration	Discounted cash flow	Discount rate	12.9%	16.0%
		Probability of achievement	75% - 100%	75% - 90%
		Timing of cash flows	1 year	2 years
Warrant liability	Black-scholes model	Volatility	43.2%	36.0%
		Discount rate	1.14%	1.30%
		Expected life	4.2 years	5.2 years
		Exercise price	\$14.05	\$14.05

The fair values of the contingent consideration liabilities were estimated based upon a risk-adjusted present value of the probability-weighted expected payments by us. Specifically, we considered base, upside and downside scenarios for the operating metrics upon which the contingent payments are to be based. Probabilities were assigned to each scenario and the probability-weighted payments were discounted to present value using risk-adjusted discount rates. The maximum possible payment of contingent consideration is \$1.5 million.

As of September 30, 2016 and October 2, 2015, the fair value of the common stock warrant liability has been estimated using a Black-Scholes option pricing model. Prior to September 30, 2016, expected volatility was based on our own historical trading experience averaged with the historical volatility of our publicly-traded peer companies since we lacked sufficient historical data to use our own volatility on a stand-alone basis. As of September 30, 2016, we have begun to use our own historical trading history to calculate estimated volatility since we now had sufficient historical experience based on the remaining term of the warrants.

The changes in assets and liabilities with inputs classified within Level 3 of the fair value hierarchy consist of the following (in thousands):

Fiscal Year 2016						
	October 2, 2015	Net Realized/Unrealized Losses (Gains) Included in Earnings	Purchases and Issuances	Sales and Settlements	Transfers in and/or (out) of Level 3	September 30, 2016
Contingent consideration	\$ 1,150	\$ 98	\$ —	\$ (400)	\$ —	\$ 848
Warrant liability	\$ 21,822	\$ 16,431	\$ —	\$ —	\$ —	\$ 38,253

Fiscal Year 2015						
	October 3, 2014	Net Realized/Unrealized Losses (Gains) Included in Earnings	Purchases and Issuances	Sales and Settlements	Transfers in and/or (out) of Level 3	October 2, 2015
Trading securities	\$ 250	\$ —	\$ 500	\$ (750)	\$ —	\$ —
Contingent consideration	\$ 820	\$ 330	\$ —	\$ —	\$ —	\$ 1,150
Warrant liability	\$ 15,801	\$ 6,021	\$ —	\$ —	\$ —	\$ 21,822

Fiscal Year 2014						
	September 27, 2013	Net Realized/Unrealized Losses (Gains) Included in Earnings	Purchases and Issuances	Sales and Settlements	Transfers in and/or (out) of Level 3	October 3, 2014
Trading securities	\$ —	\$ —	\$ 250	\$ —	\$ —	\$ 250
Contingent consideration	\$ —	\$ —	\$ 820	\$ —	\$ —	\$ 820
Warrant liability	\$ 11,873	\$ 3,928	\$ —	\$ —	\$ —	\$ 15,801

6. ACCOUNTS RECEIVABLES ALLOWANCES

Summarized below is the activity in our accounts receivable allowances including customer returns, doubtful accounts and other items as follows (in thousands):

	Fiscal Year		
	2016	2015	2014
Balance - beginning of year	\$ 5,745	\$ 725	\$ 514
Provision (recoveries), net	10,453	11,010	250
Charge-offs	(12,919)	(5,990)	(39)
Balance - end of year	3,279	5,745	725

The balance at the end of the fiscal year primarily includes compensation credits and customer returns allowance of \$3.0 million, \$5.5 million and \$0.4 million and allowance for doubtful accounts of \$0.2 million for fiscal years 2016, 2015 and 2014, respectively.

7. INVENTORIES

Inventories consist of the following (in thousands):

	September 30, 2016	October 2, 2015
Raw materials	\$ 67,378	\$ 44,329
Work-in-process	9,157	3,086
Finished goods	38,400	32,528
Total	\$ 114,935	\$ 79,943

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following (in thousands):

	September 30, 2016	October 2, 2015
Land, buildings and improvements	\$ 12,572	\$ 10,981
Construction in process	9,415	25,898
Machinery and equipment	129,639	89,852
Leasehold improvements	12,152	9,161
Furniture and fixtures	1,469	983
Computer equipment and software	12,954	9,307
Total property and equipment	178,201	146,182
Less accumulated depreciation and amortization	(79,034)	(62,423)
Property and equipment — net	<u>\$ 99,167</u>	<u>\$ 83,759</u>

Depreciation and amortization expense related to property and equipment for fiscal years 2016 , 2015 and 2014 was \$ 20.4 million , \$15.7 million and \$14.0 million , respectively.

9. DEBT

On May 8, 2014, we entered into a credit agreement (Credit Agreement) with a syndicate of lenders that provided for term loans in an aggregate principal amount of \$350.0 million , which mature in May 2021 (Initial Term Loans) and a revolving credit facility of \$100.0 million initially, which matures in May 2019 (Revolving Facility). In February 2015, we executed an amendment to the Credit Agreement that increased our aggregate borrowing capacity under the Revolving Facility to \$ 130 million . The Initial Term Loans were issued with an original issue discount of 0.75% , which is being amortized over the term of the Initial Term Loans using the straight-line method, which approximates the effective interest rate method.

On August 31, 2016 we entered into an amendment (Incremental Term Loan Amendment) to our Credit Agreement which provided for incremental term loans in an aggregate principal amount of \$250.0 million , which mature in May 2021 (Incremental Term Loans, together with the Initial Term Loans, Term Loans). The terms of the Incremental Term Loans are identical to the terms of the Initial Term Loans, other than with respect to upfront fees, original issue discount and arrangement, structuring or similar fees payable in connection therewith. The Incremental Term Loans were issued with an original issue discount of 0.95% , which is being amortized over the term of the Incremental Term Loans using the straight-line method, which approximates the effective interest rate method.

Borrowings under the Initial Term Loans and Incremental Term Loans bear interest (payable quarterly) at: (i) for LIBOR loans, a rate per annum equal to the LIBOR rate (subject to a floor of 0.75%), plus an applicable margin of 3.75% and (ii) for base rate loans, a rate per annum equal to the greater of (x) the prime rate quoted in the print edition of the Wall Street Journal, Money Rates Section, (y) the federal funds rate plus one-half of 1.00% , and (z) the LIBOR rate applicable to a one-month interest period plus 1.00% (but in each case, not less than 1.75%), plus an applicable margin of 2.75% . Borrowings under the Revolving Facility bear interest (payable quarterly) at: (i) for LIBOR loans, a rate per annum equal to the LIBOR rate, plus an applicable margin in the range of 2.00% to 2.50% (based on our total net leverage ratio being within certain defined ranges); and, (ii) for base rate loans, a rate per annum equal to the prime rate, plus an applicable margin in the range of 1.00% to 1.50% (based on our total net leverage ratio being within certain defined ranges). The effective interest rate on our Initial Term Loans and Incremental Term Loans was 4.5% as of September 30, 2016 . We also pay a quarterly unused line fee for the Revolving Facility in the range of 0.25% to 0.375% (based on our total net leverage ratio being within certain defined ranges) as well as overall agency fees. As of September 30, 2016 , we had no borrowings under the Revolving Facility.

The combined Initial Term Loans and Incremental Term Loans are payable in quarterly principal installments of approximately \$1.5 million on the last business day of each calendar quarter, beginning on September 30, 2016 , with the remainder due on the maturity date. In the event that we divest a business, the net cash proceeds of the divestment are generally to be applied to repayment of outstanding Term Loans except to the extent we reinvest such proceeds in assets useful for its business within 18 months of receiving the proceeds. To the extent we enter into a binding agreement to reinvest such proceeds within 18 months of receiving them, we have until the later of 18 months following its receipt of the proceeds and 6 months following the date of such agreement to complete the reinvestment.

At the signing of the Credit Agreement and the Incremental Term Loan Amendment, the entire \$350.0 million principal amount of the Initial Term Loans and \$250.0 million principal amount of the Incremental Term Loans, respectively, were funded. The Term Loans and Revolving Facility are secured by a first priority lien on substantially all of our assets and provide that we must comply with certain financial covenants. We incurred \$8.7 million in fees for the issuance of the Credit Agreement and \$3.1 million in fees for the issuance of the Incremental Term Loan Amendment, which were recorded as deferred financing costs and are being amortized over the life of the Credit Agreement as interest expense. As of September 30, 2016 , approximately \$8.8 million of deferred financing

costs remain unamortized, of which \$7.5 million related to the Incremental Term Loans is recorded as a direct reduction of the recognized debt liabilities in our accompanying consolidated balance sheet, and \$1.3 million related to the Revolving Facility is recorded in other assets in our accompanying consolidated balance sheet.

The Term Loans and Incremental Term Loans are secured by a first priority lien on substantially all of our assets and provide that we must comply with certain financial and non-financial covenants. As of September 30, 2016, we were in compliance with all financial and non-financial covenants under the Credit Agreement and we had \$591.5 million of outstanding Term Loan borrowings under the Credit Agreement and \$130.0 million of borrowing capacity under our Revolving Facility.

As of September 30, 2016, the following remained outstanding on the Term Loans:

Principal balance	\$	591,487
Unamortized discount		(4,051)
Total Term loans		587,436
Current portion		6,051
Long-term, less current portion	\$	581,385

As of September 30, 2016, the minimum principal payments under the Term Loans in future fiscal years were as follows (in thousands):

2017	\$	6,051
2018		6,051
2019		6,051
2020		6,051
2021		567,283
Total	\$	591,487

The fair value of the Term Loans was estimated to be approximately \$595.9 million as of September 30, 2016, and was determined using Level 2 inputs, including a quoted rate from a bank.

In fiscal year 2016 we retroactively adopted ASU 2015-03, and as a result we classified \$ 7.5 million and \$ 5.4 million of debt issuance costs for fiscal years ended September 30, 2016 and October 2, 2015, respectively, as a direct reduction of long term debt in our accompanying consolidated balance sheet.

In connection with the FiBest Acquisition during fiscal year 2016, we assumed \$ 11.6 million of debt, of which approximately \$3.1 million was outstanding as of September 30, 2016.

In connection with the BinOptics Acquisition during fiscal year 2015, we assumed debt of approximately \$2.5 million of which approximately \$ 0.5 million was outstanding as of September 30, 2016, which is included in the current portion of long term debt.

10. EMPLOYEE BENEFIT PLANS

We established a defined contribution savings plan under Section 401(k) of the Code (Section 401(k)) on October 1, 2009 (401 (k) Plan). The 401 (k) Plan follows a calendar year, covers substantially all U.S. employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis, subject to legal limitations. Our contributions to the plan may be made at the discretion of the board of directors. During the fiscal year ended September 30, 2016, we contributed \$1.9 million to our 401 (k) Plan for calendar year 2015. There were no contributions made by us to the 401 (k) Plan for calendar year 2016 through September 30, 2016.

Our employees located in foreign jurisdictions meeting minimum age and service requirements participate in defined contribution plans whereby participants may defer a portion of their annual compensation on a pretax basis, subject to legal limitations. Company contributions to these plans are discretionary and vary per region. We expensed contributions of \$1.1 million, \$1.0 million and \$1.0 million for fiscal years 2016, 2015 and 2014, respectively.

11. ACCRUED LIABILITIES

Accrued liabilities consist of the following (in thousands):

	September 30, 2016	October 2, 2015
Compensation and benefits	\$ 32,563	\$ 20,711
Interest payable	4,314	3,502
Distribution costs	3,584	3,091
Restructuring costs	3,104	943
Asset retirement obligations	2,932	—
Professional fees	1,706	2,167
Rent and utilities	1,310	1,458
Product warranty	1,039	656
Software licenses	90	1,223
Other	3,726	4,356
Total	<u>\$ 54,368</u>	<u>\$ 38,107</u>

12. COMMITMENTS AND CONTINGENCIES

Operating Leases —We have non-cancelable operating lease agreements for office, research and development and manufacturing space in the United States and foreign locations. We also have operating leases for certain equipment, automobiles and services in the United States and foreign jurisdictions. These lease agreements expire at various dates through 2026, and certain agreements contain provisions for extension at substantially the same terms as currently in effect. Lease escalation clauses, rent abatements and/or concessions, such as rent holidays and landlord or tenant incentives or allowances, are typically included in the determination of straight-line rent expense over the lease term.

Future minimum lease payments for the next five fiscal years as of September 30, 2016, are as follows (in thousands):

2017	\$ 9,245
2018	6,715
2019	5,865
2020	3,188
2021	1,560
Thereafter	5,475
Total minimum lease payments	<u>\$ 32,048</u>

Rent expense incurred under non-cancelable operating leases was \$7.0 million, \$6.5 million and \$6.6 million in fiscal years 2016, 2015 and 2014, respectively.

Asset Retirement Obligations —We are obligated under certain facility leases to restore those facilities to the condition in which we or our predecessors first occupied the facilities. We are required to remove leasehold improvements and equipment installed in these facilities prior to termination of the leases. As of the end of fiscal years 2016, 2015 and 2014, the estimated costs for the removal of these assets are recorded as asset retirement obligations was \$4.3 million, \$1.3 million and \$1.8 million, respectively.

Unused Letter of Credit —As of September 30, 2016, we had outstanding unused letters of credit from a bank aggregating \$0.4 million.

Purchase Commitments —As of September 30, 2016, we had outstanding non-cancelable purchase commitments aggregating \$ 1.1 million pursuant to inventory supply arrangements.

Litigation —From time to time we may be subject to commercial disputes, employment issues, claims by other companies in the industry that we have infringed their intellectual property rights and other similar claims and litigations. Any such claims may lead to future litigation and material damages and defense costs. Other than as set forth below, we were not involved in any material pending legal proceedings during the year ended September 30, 2016.

GaN Lawsuit Against Infineon — On April 26, 2016, we and our wholly-owned subsidiary Nitronex, LLC brought suit against International Rectifier Corporation (International Rectifier), Infineon Technologies Americas Corporation (Infineon Americas), and Infineon Technologies AG (Infineon AG) (collectively, Infineon) in the Federal District Court for the Central District of California, seeking injunctive relief, monetary damages, and specific performance of certain contractual obligations. On July 19, 2016, we filed a first amended complaint omitting International Rectifier as a defendant (since we had been advised that formal legal entity no longer exists) and adding a further claim of breach of contract based on some of Infineon's GaN-on-Si product activities, among other changes.

The suit arises out of agreements relating to GaN patents that were executed in 2010 by Nitronex Corporation (acquired by MACOM in 2014) and International Rectifier (acquired by Infineon AG in 2015). We assert claims for breach of contract, breach of the covenant of good faith and fair dealing, declaratory judgment of contractual rights, and declaratory judgment of non-infringement of patents. If successful, the relief sought in our first amended complaint would, among other remedies, require Infineon to assign back to us certain GaN-related Nitronex patents that were previously assigned to International Rectifier and enjoin Infineon from proceeding with its marketing and sales of certain types of GaN-on-Si products. On August 9, 2016, we moved for a preliminary injunction on our Third Claim for Relief, which seeks a declaration that the 2010 exclusive license from Infineon to MACOM is still in effect, and asking the Court to enjoin Infineon from acting inconsistently with that license. On August 17, 2016, both Infineon entities moved to dismiss our claims asserted against them on various grounds. In an order dated October 31, 2016, the Court: (a) granted MACOM's motion for preliminary injunction; (b) denied Infineon Americas' motion to dismiss; and (c) granted in part and denied in part Infineon AG's motion to dismiss.

With respect to the above legal proceeding, we have not been able to reasonably estimate the amount or range of any possible loss, and accordingly have not accrued or disclosed any related amounts of possible loss in the accompanying consolidated financial statements.

13. RESTRUCTURINGS

We have periodically implemented restructuring actions in connection with broader plans to reduce staffing, reduce our internal manufacturing footprint and, generally, reduce operating costs. The restructuring expenses are primarily comprised of direct and incremental costs related to headcount reductions including severance and outplacement fees for the terminated employees, as well as facility close costs.

The following is a summary of the costs incurred and remaining balances included in accrued expenses related to restructuring actions taken (in thousands):

	Total
Balance - September 27, 2013	\$ 145
Current period charges	14,823
Payments	<u>(14,167)</u>
Balance - October 3, 2014	801
Current period charges	1,280
Payments	<u>(1,138)</u>
Balance - October 2, 2015	943
Current period charges	3,465
Payments	<u>(1,304)</u>
Balance at September 30, 2016	\$ 3,104

The restructuring expenses recorded to date are expected to be paid through the remainder of calendar year 2016. We expect to incur additional restructuring costs in the range of approximately \$1.0 million and \$3.0 million during the remainder of calendar year 2016 as we complete restructuring actions primarily associated with the Metelics Acquisition.

14. PRODUCT WARRANTIES

We establish a product warranty liability at the time of revenue recognition. Product warranties generally have terms of between 12 months and 60 months and cover nonconformance with specifications and defects in material or workmanship. For sales to distributors, our warranty generally begins when the product is resold by the distributor. The liability is based on estimated costs to fulfill customer product warranty obligations and utilizes historical product failure rates. Should actual warranty obligations differ from estimates, revisions to the warranty liability may be required.

Product warranty liability activity is as follows (in thousands):

	Fiscal Years		
	2016	2015	2014
Balance — beginning of year	\$ 656	\$ 446	\$ 318
Impact of acquisition	413	50	202
Provisions	<u>(30)</u>	<u>160</u>	<u>(74)</u>
Balance — end of year	<u>\$ 1,039</u>	<u>\$ 656</u>	<u>\$ 446</u>

15. INTANGIBLE ASSETS

Amortization expense related to amortized intangible assets is as follows (in thousands):

	Fiscal Years		
	2016	2015	2014
Cost of revenue	\$ 26,615	\$ 27,285	\$ 18,787
Selling, general and administrative	23,640	11,695	1,806
Total	\$ 50,255	\$ 38,980	\$ 20,593

Intangible assets consist of the following (in thousands):

	September 30, 2016	October 2, 2015
Acquired technology	\$ 165,397	\$ 162,536
Customer relationships	207,674	144,070
In-process research and development	8,000	8,000
Trade name	3,400	3,400
Total	384,471	318,006
Less accumulated amortization	(124,869)	(74,340)
Intangible assets — net	\$ 259,602	\$ 243,666

A summary of the activity in intangible assets and goodwill follows (in thousands):

	Total	Acquired Technology	Customer Relationships	In-Process Research and Development	Trade Name	Goodwill
Balance at October 3, 2014	\$ 188,777	\$ 131,953	\$ 24,670	\$ 17,970	\$ 3,400	\$ 10,784
Net intangibles acquired	224,470	17,500	119,400	—	—	87,570
Placed in service	—	9,780	—	(9,780)	—	—
Adjustment to fair value	(190)	—	—	(190)	—	—
Goodwill allocation to discontinued operations	(5,008)	—	—	—	—	(5,008)
Other intangibles purchased	3,303	3,303	—	—	—	—
Balance at October 2, 2015	411,352	162,536	144,070	8,000	3,400	93,346
Net intangibles acquired	85,762	10,400	54,950	—	—	20,412
Adjustment to fair value	16,801	1,881	8,654	—	—	6,266
Impairments of intangible assets	(10,088)	(10,088)	—	—	—	—
Other intangibles purchased	668	668	—	—	—	—
Balance at September 30, 2016	\$ 504,495	\$ 165,397	\$ 207,674	\$ 8,000	\$ 3,400	\$ 120,024

As of September 30, 2016, our estimated amortization of our intangible assets in future fiscal years, subject to the completion of the purchase price allocation for the FiBest and Metelics acquisitions, was as follows (in thousands):

	2017	2018	2019	2020	2021	Thereafter
Amortization expense \$	51,647	48,742	42,045	33,914	27,613	44,241

Our trade name is an indefinite-lived intangible asset. During development, in-process research and development (IPR&D) is not subject to amortization and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a qualitative assessment using an assumption of 'more likely than not' to determine if there were any impairment indicators. If impairment exists, a loss is recognized in an amount equal to that excess. Once an IPR&D project is complete, it becomes a definite long-lived intangible asset and is evaluated for impairment in accordance with our policy for long-lived assets.

Accumulated amortization, for the acquired technology and customer relationships, was \$ 76.7 million and \$ 48.1 million, respectively, as of September 30, 2016, and \$ 52.0 million and \$ 22.3 million, respectively, as of October 2, 2015.

During the second quarter of fiscal year 2016, we made a strategic decision to exit the product line and end programs associated with our GaN-on-SiC license and technology transfer to focus on development of our GaN-on-SiC efforts. As a result of this strategic decision, we determined that the intangible assets and contractual commitments under the long term technology licensing and transfer agreement signed in July 2013, as well as certain dedicated fixed assets and inventory, would no longer have any future benefit. The associated charges incurred during the nine months ended July 1, 2016 were \$ 13.8 million which included a write-off of \$ 10.1 million of intangible assets, \$ 0.6 million of property and equipment, \$ 1.1 million of contractual commitments and \$ 2.0 million of inventory.

16. INCOME TAXES

Deferred income taxes reflect the net effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. The components of our deferred tax assets and liabilities are as follows (in thousands):

	September 30, 2016	October 2, 2015
Current deferred tax assets:		
Accrued liabilities	\$ —	\$ 11,332
Inventory	—	5,043
Deferred revenue	—	(3)
Accounts receivable	—	51
Federal net operating loss	—	11,186
Other current deferred tax assets	—	—
Discontinued operations	—	2,703
Deferred compensation	—	3,468
Valuation allowance	—	(2,349)
Current net deferred tax assets	\$ —	\$ 31,431
Non-current deferred tax assets (liabilities):		
Federal and foreign net operating losses and credits	\$ 85,256	\$ 70,448
Intangible assets	(49,725)	(44,196)
Property and equipment	(2,730)	(2,977)
Other non-current deferred tax assets	21,855	292
Discontinued operations	9,100	9,191
Deferred compensation	5,545	1,066
Deferred gain	19,011	23,531
Valuation allowance	(10,471)	(9,116)
Non-current net deferred tax assets (liabilities)	77,841	48,239
Total deferred tax asset	\$ 77,841	\$ 79,670

Included in the above table are the attributes of our Japan jurisdiction which is in a net liability position of \$ 11.8 million and comprised primarily of a liability of \$ 14.9 million relating to intangible assets offset by a \$ 2.9 million net operating loss.

In fiscal year 2016 we adopted ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*. Upon adoption we included our current deferred income tax assets with our noncurrent deferred income tax assets; no adjustments were made to deferred tax liabilities.

As of September 30, 2016, we have \$195.7 million of gross federal net operating loss (NOL) carryforwards consisting of \$2.2 million relating to the BinOptics Acquisition and \$193.5 million relating to prior acquisitions. The federal net operating loss carryforwards will expire at various dates through 2035. The reported net operating loss carryforward includes any limitation under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, which applies to an ownership change as defined under Section 382. As of September 30, 2016, we also have \$7.0 million of gross net operating loss carryforwards in Japan which will expire at various dates through 2025.

During the fourth quarter of fiscal 2016, we identified and corrected a prior period error where we understated our income tax benefit during 2013 through 2015. This was a result of the incorrect recording of intercompany pretax income among a few of our operating entities and due to the fact that these entities had different statutory tax rates. The out-of-period correction resulted in a \$ 3.9 million increase in income tax benefit in the fiscal year ended September 30, 2016 of which \$ 1.7 million, \$ 1.0 million and \$ 1.2 million related to the prior fiscal years 2015, 2014 and 2013, respectively.

The domestic and foreign income (loss) from continuing operations before taxes were as follows (in thousands):

	Fiscal Years		
	2016	2015	2014
United States	\$ (46,593)	\$ (34,251)	\$ (60,836)
Foreign	25,022	18,851	19,936
(Loss) income from operations before income taxes	\$ (21,571)	\$ (15,400)	\$ (40,900)

The components of the provision (benefit) for income taxes are as follows (in thousands):

	Fiscal Years		
	2016	2015	2014
Current:			
Federal	\$ (5,861)	\$ (19,015)	\$ 712
State	(766)	688	(419)
Foreign	906	1,092	2,181
Current provision (benefit)	<u>(5,721)</u>	<u>(17,235)</u>	<u>2,474</u>
Deferred:			
Federal	(8,163)	10,845	(16,557)
State	(502)	(4,131)	(756)
Foreign	(2,603)	(1,302)	(725)
Change in valuation allowance	(994)	1,965	(522)
Deferred provision (benefit)	<u>(12,262)</u>	<u>7,377</u>	<u>(18,560)</u>
Total provision (benefit)	<u>\$ (17,983)</u>	<u>\$ (9,858)</u>	<u>\$ (16,086)</u>

Our net deferred tax asset relates predominantly to our operations in the United States. A valuation allowance is recorded when, based on assessment of both positive and negative evidence, management determines that it is not more likely than not that the assets are recoverable. Such assessment is required on a jurisdictional basis.

The \$10.5 million of valuation allowance as of September 30, 2016 relates primarily to state NOL and tax credit carryforwards assumed in the Mindspeed Acquisition and UK tax credit and NOL carryforwards whose recovery is not considered more likely than not. The \$11.5 million of valuation allowance as of October 2, 2015 related primarily to state NOL carryforwards assumed in the Mindspeed Acquisition and UK tax credit and NOL carryforwards whose recovery is not considered more likely than not. The change during the year ending September 30, 2016 of \$1.0 million primarily relates to state NOL and tax credit carryforwards.

Our effective tax rates differ from the federal and statutory rate as follows:

	Fiscal Years		
	2016	2015	2014
Federal statutory rate	35.0 %	35.0 %	35.0 %
Foreign rate differential	40.1	30.5	11.2
State taxes net of federal benefit	1.0	3.5	1.8
Warrant liabilities	(26.7)	(13.7)	(3.4)
Change in valuation allowance	3.0	(6.0)	(0.3)
Research and development credits	16.9	16.1	1.9
Correction of prior period	18.3	—	—
Provision to return adjustments	3.5	9.9	—
Non deductible compensation expense	(9.2)	(8.9)	(1.5)
Non deductible legal fees	(1.8)	(4.1)	(1.9)
Nitronex losses	—	—	(2.6)
Other permanent differences	3.3	1.6	(0.8)
Effective income tax rate	<u>83.4 %</u>	<u>63.9 %</u>	<u>39.4 %</u>

For fiscal years 2016, 2015 and 2014, the effective tax rates to calculate the tax benefit on \$21.6 million, \$15.4 million and \$40.9 million, respectively, of pre-tax loss from continuing operations were 83.4%, 63.9% and 39.4%, respectively. The effective income tax rate for fiscal years 2016, 2015 and 2014 were primarily impacted by a lower income tax rate in many foreign jurisdictions in which our foreign subsidiaries operate, research and development tax credits, and the fair market value adjustment of warrant liabilities. For fiscal years 2015 and 2016, the rate was impacted by a retroactive enactment of the R&D tax credit from fiscal years 2014 and 2015, respectively, and a larger shift of the revenue associated with foreign entities taxed at lower rates as part of our auto divestiture. In addition, the effective income tax rate for fiscal year 2014 was impacted by pre-acquisition Nitronex losses.

All earnings of foreign subsidiaries are considered indefinitely reinvested for the periods presented. Undistributed earnings of all foreign subsidiaries as of September 30, 2016 aggregated \$105.3 million, with Ireland and Grand Cayman accounting for \$45.0 million and \$56.3 million, respectively. It is not practicable to determine the U.S. federal and state deferred tax liabilities associated with such foreign earnings.

Activity related to unrecognized tax benefits is as follows (in thousands):

	Amount
Balance - October 3, 2014	(1,670)
Additions based on tax positions	—
Reductions based on tax positions	—
Balance - October 2, 2015	\$ (1,670)
Additions based on tax positions	—
Reductions based on tax positions	—
Balance at September 30, 2016	\$ (1,670)

The balance of the unrecognized tax benefit as of September 30, 2016, is included in other long-term liabilities in the accompanying consolidated balance sheets. The entire balance of unrecognized tax benefits, if recognized, will reduce income tax expense. It is our policy to recognize any interest and penalties accrued related to unrecognized tax benefits in income tax expense. During fiscal year 2016, we did not make any payment of interest and penalties. There was nothing accrued in the consolidated balance sheets for the payment of interest and penalties at September 30, 2016, as the remaining unrecognized tax benefits would only serve to reduce our current federal and state NOL carryforwards, if ultimately recognized.

A summary of the fiscal tax years that remain subject to examination, as of September 30, 2016, for the Company's significant tax jurisdictions are:

Jurisdiction	Tax Years Subject to Examination
United States—federal	2013 - forward
United States—various states	2013 - forward
Ireland	2012 - forward

Generally, we are no longer subject to federal income tax examinations for years before 2013, except to the extent of loss and tax credit carryforwards from those years.

17. SHARE-BASED COMPENSATION PLANS

Stock Plans

We have three equity incentive plans: the Amended and Restated 2009 Stock Incentive Plan (2009 Plan), the 2012 Omnibus Incentive Plan (2012 Plan) and the 2012 Employee Stock Purchase Plan (ESPP).

Upon the closing of the IPO, all shares that were reserved under the 2009 Plan but not awarded were assumed by the 2012 Plan. No additional awards will be made under the 2009 Plan. Under the 2012 Plan, we have the ability to issue incentive stock options (ISOs), non-statutory stock options (NSOs), performance based non-statutory stock options, stock appreciation rights, restricted stock (RSAs), restricted stock units (RSUs), performance-based stock units (PRSUs), performance shares and other equity-based awards to employees, directors and outside consultants. The ISOs and NSOs must be granted at a price per share not less than the fair value of our common stock on the date of grant. Options granted to date primarily vest based on certain market-based and performance-based criteria as described below. Certain of the share-based awards granted and outstanding as of September 30, 2016, are subject to accelerated vesting upon a sale of the Company or similar changes in control. Options granted generally have a term of 7 to 10 years.

As of September 30, 2016, we had 13.9 million shares available for future issuance under the 2012 Plan. The financial impact of any modifications to share-based awards during the periods presented was not material.

Share-Based Compensation

The following table shows a summary of share-based compensation expense included in the Consolidated Statement of Operations during the periods presented (in thousands):

	Fiscal Years		
	2016	2015	2014
Cost of revenue	\$ 2,150	\$ 1,949	\$ 1,771
Research and development	6,568	5,447	2,818
Selling, general and administrative	18,236	12,039	6,688
Total	\$ 26,954	\$ 19,435	\$ 11,277

Amounts presented above included share-based compensation expense in fiscal years 2015 and 2014, related to employees terminated in conjunction with the Automotive divestiture in August 2015, of \$ 0.4 million and \$ 0.3 million, respectively.

As of September 30, 2016, the total unrecognized compensation costs, adjusted for estimated forfeitures, related to outstanding stock options, restricted stock awards and units including awards with time-based and performance based vesting was \$49.2 million, which we expect to recognize over a weighted-average period of 2.8 years.

Stock Options

A summary of stock option activity for fiscal year 2016 is as follows (in thousands, except per share amounts):

	Number of Shares	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Options outstanding - October 2, 2015	889	\$ 18.40		
Granted	305	32.22		
Exercised	(130)	9.61		
Forfeited, canceled or expired	(16)	40.04		
Options outstanding - September 30, 2016	1,048	\$ 23.18	5.79	20,073
Options vested and expected to vest - September 30, 2016	1,048	\$ 23.18	5.79	20,073
Options exercisable - September 30, 2016	508	\$ 12.91	5.68	14,939

Aggregate intrinsic value represents the difference between our closing stock price on September 30, 2016, and the exercise price of outstanding, in-the-money options. The total intrinsic value of options exercised was \$3.7 million, \$7.1 million and \$7.6 million for fiscal year 2016, 2015 and 2014, respectively.

Stock Options with Performance-based Vesting Criteria

In April 2016, we granted 5,000 non-qualified stock options which will vest subject to certain performance metrics such as revenue and gross margin targets being achieved. These performance stock options were valued at \$ 10.54 per share at the date of grant using the Black-Scholes option pricing model.

In April 2015 and May 2015, the Company granted 225,000 non-qualified stock options which will vest subject to certain performance metrics such as revenue and gross margin targets being achieved. The aggregate fair value of these stock options was approximately \$ 2.0 million on the date of grant and are subject to vesting based on performance and service conditions being met. We used a Black-Scholes valuation model for estimating the fair value on the date of grant of \$ 10.35 and \$ 10.12 per option share, respectively. The fair value of stock options are affected by valuation assumptions, including volatility, the Company's stock price, expected term of the option, risk-free interest rate and expected dividends. These stock options will fully vest and become exercisable if certain performance criteria are met or exceeded in any period of four consecutive fiscal quarters completed during the term of the options based on pre-established revenue and gross margin targets. The stock options have a term of seven years, assuming continued employment with or services to the Company, and have an average exercise price of \$ 34.06 and equal to the closing price of the Company's common stock on the date of grant.

The weighted average Black-Scholes input assumptions used for calculating the fair value of stock options are as follows:

	Fiscal Years		
	2016	2015	2014
Risk-free interest rate	1.2%	1.2%	—%
Expected term (years)	4.0	4	0
Expected volatility	31.8%	36.2%	—%
Expected dividends	—%	—%	—%

Stock Options with Market-based Vesting Criteria

In November 2015, we granted 300,000 non-qualified stock options with a grant date fair value of \$ 3.5 million that are subject to vesting only upon the market price of our underlying public stock closing above a certain price target within seven years of the date of grant. These non-qualified stock options with market related vesting conditions were valued using a Monte Carlo simulation model. Share-based compensation expense is recognized regardless of the number of awards that are earned based on the market condition and is recognized on a straight-line basis over the estimated service period of approximately three years. In the event that the Company's underlying public stock achieves the target price of \$ 64.22 per share based on a 30 day trailing average prior to the end of the estimated service period, any remaining unamortized compensation cost will be recognized.

In September 2015, we granted 30,000 stock options awards, with an exercise price of \$ 29.80, under the 2012 Plan with a grant date fair value of \$ 0.4 million that are subject to vesting only upon the market price of the Company's underlying public stock closing

at \$ 63.60 for at least a consecutive three trading day period. These stock options' fair value of \$ 12.38 per option was estimated using a Monte Carlo simulation model based on the market conditions vesting condition. Compensation cost is recognized on a straight-line basis over the estimated service period of approximately three years, expiring in September 2022.

In April 2014, we granted stock options as to 405,000 shares of common stock with a grant date fair value of \$ 3.5 million that are subject to vesting only upon the market price of our underlying public stock closing above a certain price target within ten years of the grant date. Due to the market condition upon which vesting is based, the fair value of the awards was estimated using a Monte Carlo simulation model. Compensation expense is recognized regardless of the number of awards that are earned based on the market condition and is recognized on a straight-line basis over the estimated service period of three years. During 2015, our common stock closed at a price of \$ 34.79 per share, exceeding the target price of \$ 32.55 per share, which resulted in the recognition of approximately \$ 2.5 million of compensation expense.

The weighted average Monte Carlo input assumptions used for calculating the fair value of stock options are as follows:

	Fiscal Years		
	2016	2015	2014
Risk-free interest rate	2.1%	1.9%	2.7%
Expected term (years)	7	7	10
Expected volatility	36.5%	37.4%	42.6%

Restricted Stock Awards and Units

A summary of restricted stock awards and units activity for fiscal year 2016 is as follows (in thousands):

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Issued and unvested - October 2, 2015	1,692	\$ 25.30	\$ 48,375
Granted	864	39.73	
Vested	(750)	23.88	
Forfeited, canceled or expired	(98)	33.36	
Issued and unvested shares - September 30, 2016	1,708	32.76	\$ 72,165

As of September 30, 2016, the aggregate intrinsic value of vesting restricted stock units including time-based and performance units was \$67.3 million for fiscal year 2016. The total fair value of restricted stock awards and units vesting was \$26.5 million, \$23.3 million and \$9.2 million for the fiscal years 2016, 2015 and 2014, respectively.

PRSU awards, which are also included in the table above, have two vesting conditions (1) based on performance where awards are divided into three equal tranches and will vest based on achieving certain adjusted earnings per share (EPS) growth targets and (2) a service condition where the employee must be employed on May 15th of the following year once the performance condition being met. Depending on the actual performance achieved, a participant may earn between 0% to 300% of the targeted shares for each tranche which is determined based on a straight-line interpolation applied for the achievement between the specified performance ranges. PRSU awards were granted during fiscal year 2015 and 2016 with performance criteria and service conditions have been met on the first tranche of fiscal year 2015 awards resulting in a vesting at 300% of targeted shares. The performance criteria for the first tranche of the fiscal year 2016 awards and the second tranche of the fiscal year 2015 awards have met and are expected to vest assuming continued employment with, or services to us, through the vest date of May 15th following the date of when the performance criteria has been met. Incremental PRSU awards that could ultimately vest if all performance criteria are achieved would be 240,585 shares assuming a maximum of 300% of the targeted shares.

Employee Stock Purchase Plan (ESPP)

The ESPP allows eligible employees to purchase shares of our common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. In administering the ESPP, the board of directors has limited discretion to set the length of the offering periods thereunder. As of September 30, 2016, total unrecognized compensation cost related to the ESPP was not material. In fiscal years 2016 and 2015, approximately 154,000 and 176,000, respectively, of shares of common stock were issued under the ESPP.

The 2012 Plan contains an "evergreen" provision, pursuant to which the number of shares of common stock available for issuance under the 2012 Plan can be increased on the first day of each fiscal year equal by the lesser of (a) 4.0% of outstanding common stock on a fully diluted basis as of the end of the immediately preceding fiscal year, (b) 1.9 million shares of common stock and (c) a lesser amount determined by the board of directors; provided, however, that any shares from any increases in previous years that are not actually issued will continue to be available for issuance under the 2012 Plan. The ESPP also contains an "evergreen" provision, pursuant to which the

number of shares of common stock available for issuance under the ESPP can be increased on the first day of each fiscal year equal by the lesser of (a) 1.25% of outstanding common stock on a fully diluted basis as of the end of the immediately preceding fiscal year, (b) 550,000 shares of common stock and (c) a lesser amount determined by the board of directors; provided, however, that any shares from any increases in previous years that are not actually issued will continue to be available for issuance under the ESPP. In fiscal year 2016, pursuant to the evergreen provisions, the number of shares of common stock available for issuance under the 2012 Plan and the ESPP were increased by 1.9 million shares and 550,000 shares, respectively.

18. STOCKHOLDERS' EQUITY

We have authorized 10 million shares of \$0.001 par value preferred stock and 300 million shares of \$0.001 par value common stock as of September 30, 2016 and October 2, 2015. The outstanding shares of common stock as of September 30, 2016 and October 2, 2015, presented in the accompanying consolidated statements of stockholders' equity, exclude 3,300 and 11,000 unvested shares of restricted stock awards, respectively, issued as compensation to employees that were subject to forfeiture.

Common Stock Warrants—In March 2012, we issued warrants to purchase 1,281,358 shares of common stock for \$14.05 per share. The warrants expire December 21, 2020, or earlier as per the terms of the agreement, including immediately following consummation of a sale of all or substantially all assets or capital stock or other equity securities, including by merger, consolidation, recapitalization or similar transactions. We do not currently have sufficient registered and available shares to immediately satisfy a request for registration, if such a request were made. As of September 30, 2016, no exercise of the warrants had occurred and no request had been made to register the warrants or any underlying securities for resale by the holders.

We are recording the estimated fair values of the warrants as a long-term liability in the accompanying consolidated financial statements with changes in the estimated fair value being recorded in the accompanying statements of operations.

19. RELATED-PARTY TRANSACTIONS

GaAs Labs, LLC (GaAs Labs), a former stockholder and an affiliate of directors John and Susan Ocampo, continues to engage us to provide administrative and business development services to GaAs Labs on a time and materials basis. There are no minimum service requirements or payment obligations and the agreement may be terminated by either party with 30 days notice.

In the fiscal year ended September 30, 2016, we recorded charges to GaAs Labs of \$0.1 million and \$0.1 million in fiscal years 2016 and 2014, respectively, for services provided pursuant to this agreement. No charges were recorded in fiscal year 2015. We have recorded these amounts as other income in the accompanying consolidated statements of operations.

In fiscal years 2016, 2015 and 2014, we recorded revenue of \$0.1 million, \$1.1 million and 0.2 million, respectively, associated with product sales to a public company with a common director.

20. DISCONTINUED OPERATIONS

In August of fiscal year 2015, we sold our Automotive business to Autoliv ASP Inc. (Autoliv) as the Automotive business was not consistent with our long-term strategic vision from both a growth and profitability perspective. The agreed consideration included \$82.1 million in cash paid at closing and \$18.0 million payable in eighteen months pending resolution of any contingencies as part of an indemnification agreement, plus the opportunity to receive up to an additional \$30.0 million in cash based on achievement of revenue-based earnout targets through 2019. Additionally, we entered into a Consulting Agreement pursuant to which we may provide Autoliv with certain non-design advisory services for a period of two years following the closing of the transaction for up to \$15.0 million in cash.

During fiscal year 2015, we recorded a pre-tax gain on the sale of the Automotive business of \$ 61.8 million based on the \$82.1 million received at closing on August 17, 2015, as described above. The remainder of the consideration to be received from Autoliv, if any, including any amounts related to the consulting agreement, will be accounted for in discontinued operations when the contingencies are finalized and the proceeds, if any, become realizable.

In fiscal year 2014, subsequent to closing the Mindspeed Acquisition, we divested the wireless business of Mindspeed. The operations of the wireless business are included in discontinued operations through the date of sale. There was no initial gain or loss on the sale which closed in February 2014. The selling price of the wireless business was \$12.3 million and was received upon settlement of all indemnification holdbacks during fiscal year 2014. The final settlement of \$1.6 million was received in September 2015, and recorded as a pre-tax gain within discontinued operations.

Additionally during fiscal year 2014, we sold non-core assets representing one product line, receiving cash proceeds aggregating \$12.0 million. We have no continuing interests in these assets. There was no gain or loss on the sale, which closed in May 2014, and results of this product line are included in continuing operations.

The accompanying consolidated statement of operations includes the following operating results related to these divested businesses (in thousands):

	Automotive Business			Mindspeed Wireless Business		
	Fiscal Years			Fiscal Years		
	2016	2015	2014	2016	2015	2014
Revenue	\$ —	\$ 71,712	\$ 79,473	\$ —	\$ —	\$ 2,439
Cost of revenue	—	46,931	51,425	—	—	1,249
Gross profit	—	24,781	28,048	—	—	1,190
Operating expenses:						
Research and development	—	2,319	2,334	—	—	4,531
Selling, general and administrative	—	2,441	3,586	—	—	1,078
Restructuring charges	—	—	—	—	—	2,962
Total operating expenses	—	4,760	5,920	—	—	8,571
Income from discontinued operations	—	20,021	22,128	—	—	(7,381)
Other income	7,500	4,000	—	—	—	—
Gain on sale	308	61,771	—	—	1,550	—
Income (loss) before income taxes	7,808	85,792	22,128	—	1,550	(7,381)
Income tax provision (benefit)	2,786	32,652	8,032	—	559	(2,776)
Income (loss) from discontinued operations	\$ 5,022	\$ 53,140	\$ 14,096	\$ —	\$ 991	\$ (4,605)
Above includes depreciation & amortization of	\$ —	\$ 189	\$ 302	\$ —	\$ —	\$ —
Cashflow from Operating Activities	\$ —	\$ (9,513)	\$ 16,945	\$ —	\$ 991	\$ (4,605)
Cashflow from Investing Activities	\$ 7,500	\$ (505)	\$ (275)	\$ —	\$ —	\$ —

Other income recorded during the fiscal year ended September 30, 2016, related to the Consulting Agreement with Autoliv. The gain on sale recorded during the fiscal year ended September 30, 2016, related to the adjustment of accruals established at the time of the sale of the Automotive business. Amounts recorded during the fiscal year ended October 2, 2015, were from ongoing operating activities prior to the sale of the Automotive business.

21. EARNINGS PER SHARE

The following table set forth the computation for basic and diluted net income (loss) per share of common stock (in thousands, except per share data):

	Fiscal Years		
	2016	2015	2014
Numerator:			
Income (loss) from continuing operations	\$ (3,588)	\$ (5,542)	\$ (24,814)
Income (loss) from discontinued operations	5,022	54,131	9,491
Net income (loss)	1,434	48,589	(15,323)
Warrant liability gain	—	—	—
Net income (loss) attributable to common stockholders	<u>\$ 1,434</u>	<u>\$ 48,589</u>	<u>\$ (15,323)</u>
Denominator:			
Weighted average common shares outstanding-basic	53,364	51,146	47,009
Dilutive effect of options and warrants	—	—	—
Weighted average common shares outstanding-diluted	<u>53,364</u>	<u>51,146</u>	<u>47,009</u>
Common stock earnings per share-basic:			
Continuing operations	\$ (0.07)	\$ (0.11)	\$ (0.53)
Discontinued operations	0.09	1.06	0.20
Net common stock earnings per share-basic	<u>\$ 0.03</u>	<u>\$ 0.95</u>	<u>\$ (0.33)</u>
Common stock earnings per share-diluted:			
Continuing operations	\$ (0.07)	\$ (0.11)	\$ (0.53)
Discontinued operations	0.09	1.06	0.20
Net common stock earnings per share-diluted	<u>\$ 0.03</u>	<u>\$ 0.95</u>	<u>\$ (0.33)</u>

The table above excludes the effects of 1,855 , 2,056 and 1,408 shares for the fiscal years ended 2016 , 2015 and 2014 , respectively, of potential shares of common stock issuable upon exercise of stock options, restricted stock and restricted stock units and warrants as the inclusion would be antidilutive.

22. SUPPLEMENTAL CASH FLOW INFORMATION

As of September 30, 2016 and October 2, 2015 , we had \$0.8 million and \$ 3.2 million , respectively, in unpaid amounts related to purchases of property and equipment and intangibles included in accounts payable and accrued liabilities during each period. These amounts have been excluded from the payments for purchases of property and equipment in the accompanying consolidated statements of cash flows until paid.

Upon closing the Mindspeed Acquisition, we assumed \$ 40.2 million of the seller's indebtedness, all of which was paid in fiscal year 2014.

The following is supplemental cash flow information regarding noncash investing and financing activities:

	Fiscal Years		
	2016	2015	2014
Cash paid for interest	\$ 16,335	\$ 15,607	\$ 6,994
Cash paid (refunded) for income taxes	\$ (373)	\$ 22,676	\$ 4,668

23. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive income (loss), net of income taxes, are as follows:

	Foreign currency items	Other items	Total
Balance - October 3, 2014	\$ (1,264)	\$ (90)	\$ (1,354)
Foreign currency translation adjustment	(918)	—	(918)
Other adjustment, net of tax	—	90	90
Unrealized gain/loss on short term investments	—	(97)	(97)
Balance - October 2, 2015	(2,182)	(97)	(2,279)
Foreign currency translation, net of tax	11,320	—	11,320
Unrealized gain/loss on short term investments	—	(2)	(2)
Balance at September 30, 2016	<u>\$ 9,138</u>	<u>\$ (99)</u>	<u>\$ 9,039</u>

24. GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION

We have one reportable operating segment that designs, develops, manufactures and markets semiconductors and modules. The determination of the number of reportable operating segments is based on the chief operating decision maker's use of financial information for the purposes of assessing performance and making operating decisions. In evaluating financial performance and making operating decisions, the chief operating decision maker primarily uses consolidated revenue, gross profit and operating income (loss).

Information about our operations in different geographic regions, based upon customer locations, is presented below (in thousands):

<u>Revenue by Geographic Region</u>	Fiscal Years		
	2016	2015	2014
United States	\$ 155,998	\$ 152,974	\$ 134,436
Asia Pacific (1)	346,670	231,369	148,141
Other Countries (2)	41,670	36,266	56,612
Total	<u>\$ 544,338</u>	<u>\$ 420,609</u>	<u>\$ 339,189</u>

<u>Long-Lived Assets by Geographic Region</u>	As of	
	September 30, 2016	October 2, 2015
United States	\$ 79,832	\$ 72,617
Asia Pacific (1)	16,614	8,740
Other Countries(2)	2,721	2,402
Total	<u>\$ 99,167</u>	<u>\$ 83,759</u>

(1) Asia Pacific represents China, Taiwan, Hong Kong, Japan, Singapore, India, Thailand, Korea, Australia, Malaysia and the Philippines.

(2) No international country or region represented greater than 10% of the total net long-lived assets or revenue as of the dates presented, other than the Asia-Pacific region as presented above.

The following is a summary of customer concentrations as a percentage of total sales and accounts receivable as of and for the periods presented:

<u>Revenue</u>	Fiscal Years		
	2016	2015	2014
Customer A	15%	8%	4%
Customer B	12%	12%	10%
Customer C	11%	18%	19%

<u>Accounts Receivable</u>	<u>September 30, 2016</u>	<u>October 2, 2015</u>
Customer A	11%	14%
Customer B	16%	10%
Customer C	11%	22%

No other customer represented more than 10% of revenue or accounts receivable in the periods presented in the accompanying consolidated financial statements. In fiscal years 2016, 2015 and 2014, our top ten customers represented an aggregate of 62%, 57% and 52% of total revenue, respectively.

25. QUARTERLY FINANCIAL DATA (UNAUDITED)

(In thousands, except per share data)

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Fiscal Year</u>
Fiscal Year 2016					
Revenue	\$ 115,774	\$ 133,579	\$ 142,288	\$ 152,697	\$ 544,338
Gross profit	60,318	65,525	73,962	81,804	281,609
Income (loss) from continuing operations (1)	(16,770)	(12,045)	21,353	3,874	(3,588)
Income (loss) from discontinued operations (1)	1,199	1,396	1,199	1,228	5,022
Per share data (2)					
Income (loss) from continuing operations, basic	\$ (0.32)	\$ (0.23)	\$ 0.40	\$ 0.07	\$ (0.07)
Income (loss) from discontinued operations, basic	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.02	\$ 0.09
Per share data (2)					
Income (loss) from continuing operations, diluted	\$ (0.32)	\$ (0.23)	\$ 0.11	\$ 0.07	\$ (0.07)
Income (loss) from discontinued operations, diluted	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.02	\$ 0.09
Fiscal Year 2015					
Revenue	\$ 96,556	\$ 102,431	\$ 109,058	\$ 112,564	\$ 420,609
Gross profit	47,419	46,714	52,496	56,961	203,590
Income (loss) from continuing operations	(9,963)	(11,176)	1,756	13,841	(5,542)
Income (loss) from discontinued operations (1)	3,657	3,639	6,271	40,564	54,131
Per share data (2)					
Income (loss) from continuing operations, basic	\$ (0.21)	\$ (0.22)	\$ 0.03	\$ 0.26	\$ (0.11)
Income (loss) from discontinued operations, basic	\$ 0.08	\$ 0.07	\$ 0.12	\$ 0.76	\$ 1.06
Per share data (2) (3)					
Income (loss) from continuing operations, diluted	\$ (0.21)	\$ (0.22)	\$ 0.03	\$ 0.08	\$ (0.11)
Income (loss) from discontinued operations, diluted	\$ 0.08	\$ 0.07	\$ 0.11	\$ 0.74	\$ 1.06

(1) During the fourth quarter of fiscal year 2015 we divested our Automotive business.

(2) Earnings per share calculations for each of the quarters are based on the weighted average number of shares outstanding and included common stock equivalents in each period. Therefore, the sums of the quarters do not necessarily equal the full year earnings per share.

(3) Diluted income (loss) per shares for the fiscal third quarter 2016 and 2015, and fiscal fourth quarter 2015, exclude \$15.3 million, \$0.5 million and \$9.7 million, respectively, related to warrant liability gain.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are intended to ensure that information that would be required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

An evaluation was performed, under the supervision, and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2016 . Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2016 at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and,
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2016 . In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated 2013 Framework.

Based on this assessment, our management concluded that, as of September 30, 2016 , our internal control over financial reporting is effective based on those criteria.

The effectiveness of our internal control over financial reporting as of September 30, 2016 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

Remediation Activities. During fiscal year 2016, we implemented additional internal controls over financial reporting related to information technology general controls in the areas of user access and program change management. Management actively engaged in the implementation efforts related to this remediation plan in order to ensure that internal controls which contributed to this material weakness were properly designed and to ensure that they will operate effectively. The remediation actions taken during fiscal year 2016 included the following:

- Improving the design, operation and monitoring of control activities and procedures associated with restricted user and administrator access and appropriate segregation of duties to the affected IT systems, including both preventive and detective control activities.
- Enhancing existing program change management control activities, including tracking of access, authorizations and history of changes across the affected IT systems.
- Expanding our resources in the functional areas that support and monitor our IT systems and the information generated therefrom.

Management believes that these efforts have effectively remediated the material weakness identified in prior periods. Additionally, new internal controls have been implemented during fiscal year 2016 and have been in operation for a sufficient period of time, tested and concluded on by management to be designed and operating effectively as of September 30, 2016 . Although effective, we will continue to evaluate and work to improve our internal control over financial reporting and may decide to take additional measures to address any subsequent control deficiencies identified or determine to modify the control designs as described above. Management relies on these internal controls to provide reasonable assurance that they will prevent or detect a material error in our financial statements. Accordingly, management believes these remediation efforts have been successful and has concluded that our internal controls over financial reporting related to information technology general controls in the areas of user access and program change are operating effectively as of September 30, 2016 .

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
MACOM Technology Solutions Holdings, Inc.
Lowell, Massachusetts

We have audited the internal control over financial reporting of MACOM Technology Solutions Holdings, Inc. and subsidiaries (the "Company") as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control Over Financial Reporting" appearing at Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of MACOM Technology Solutions Holdings, Inc., and subsidiaries as of September 30, 2016 and October 2, 2015, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three fiscal years in the period ended September 30, 2016 of MACOM Technology Solutions Holdings, Inc., and subsidiaries and our report dated November 17, 2016 expressed an unqualified opinion thereon.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

November 17, 2016

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this item is incorporated herein by reference to our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016 .

We have adopted a written 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, and persons performing similar functions. We make available our code of business conduct and ethics free of charge through our website, which is located at www.macom.com. We intend to disclose any amendments to, or waivers from, our code of business conduct and ethics that are required to be publicly disclosed pursuant to rules of the SEC and the NASDAQ Global Select Market by posting any such amendment or waivers on our website and disclosing any such waivers in a Form 8-K filed with the SEC.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated herein by reference to our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016 .

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this item is incorporated herein by reference to our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016 .

Equity Compensation Plan Information

We have two equity compensation plans under which shares are currently authorized for issuance, our 2012 Omnibus Incentive Plan (2012 Plan) and our 2012 Employee Stock Purchase Plan (2012 ESPP). We also maintain our Amended and Restated 2009 Omnibus Incentive Plan (2009 Plan), however, no additional awards may be issued under the 2009 Plan. Each of our aforementioned plans were approved by our stockholders prior to our initial public offering in March 2012. The following table provides information regarding securities authorized for issuance as of September 30, 2016 under our equity compensation plans.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	(b) Weighted-average exercise price of outstanding options, warrants and rights(1)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(2)(3)
Equity Compensation Plans Approved by Security Holders	2,518,724	\$ 8.95	13,930,847
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	2,518,724	\$ 8.95	13,930,847

(1) Does not include 1,707,506 unvested shares outstanding as of September 30, 2016 in the form of restricted stock awards or restricted stock units under our 2012 Plan, which do not require the payment of any consideration by the recipients.

(2) The 2012 Plan contains an “evergreen” provision, pursuant to which the number of shares of our common stock available for issuance under the 2012 Plan can be increased on the first day of each fiscal year equal to the lesser of (a) 4.0% of our outstanding common stock on a fully diluted basis as of the end of our immediately preceding fiscal year, (b) 1.9 million shares of our common stock and (c) a lesser amount determined by our board of directors; provided, however, that any shares from any increases in previous years that are not actually issued will continue to be available for issuance under the 2012 Plan.

(3) The 2012 ESPP contains an “evergreen” provision, pursuant to which the number of shares of our common stock available for issuance under the 2012 ESPP can be increased on the first day of each fiscal year equal to the lesser of (a) 1.25% of our outstanding common stock on a fully diluted basis as of the end of our immediately preceding fiscal year, (b) 550,000 shares of our common stock and (c) a lesser amount determined by our board of directors; provided, however, that any shares from any increases in previous years that are not actually issued will continue to be available for issuance under the 2012 ESPP.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item is incorporated herein by reference to our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016 .

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this item is incorporated herein by reference to our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016 .

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Financial Statements (included in Item 8. "Financial Statements and Supplementary Data" of this Annual Report):

Report of Independent Registered Public Accounting Firm
 Consolidated Balance Sheets as of September 30, 2016 and October 2, 2015
 Consolidated Statements of Operations for the Fiscal Years Ended September 30, 2016, October 2, 2015 and October 3, 2014
 Consolidated Statements of Cash Flows for the Fiscal Years September 30, 2016, October 2, 2015 and October 3, 2014
 Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss) for the Fiscal Years Ended September 30, 2016, October 2, 2015
 and October 3, 2014
 Notes to Consolidated Financial Statements

(b) Exhibits

The exhibits required by Item 601 of Regulation S-K are filed herewith and incorporated by reference herein.

<u>Exhibit Number</u>	<u>Description</u>
2.1	Membership Interest Purchase Agreement by and among MACOM Technology Solutions Inc., Nitronex, LLC and GaAs Labs, LLC, dated February 13, 2014 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on February 13, 2014).
2.2	Agreement and Plan of Merger by and among MACOM Technology Solutions Inc., BinOptics Corporation, Borealis Merger Sub, Inc. and Ithaca Stockholders' Agent, LLC, as stockholders' agent, dated November 17, 2014 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on November 19, 2014).
2.3	Stock Purchase Agreement, dated July 16, 2015, among Autoliv ASP Inc., MACOM Technology Solutions Inc., MACOM Auto Solutions Inc. and MACOM Technology Solutions Holdings, Inc. (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on July 17, 2015).
3.1	Fifth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on June 2, 2016).
3.2	Third Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on June 2, 2016).
4.1	Specimen of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to our Registration Statement on Form S-1 (File No. 333-175934) filed on November 23, 2011).
4.2	Form of Common Stock Purchase Warrant issued on December 21, 2010 (incorporated by reference to Exhibit 4.3 our Registration Statement on Form S-1 (File No. 333-175934) filed on August 1, 2011).
4.3	Second Amended and Restated Investor Rights Agreement, dated February 28, 2012 (incorporated by reference to Exhibit 4.2 to Amendment No. 6 to our Registration Statement on Form S-1 (File No. 333-175934) filed on February 28, 2012).
4.4	First Amendment to the Second Amended and Restated Investor Rights Agreement, dated May 20, 2013 (incorporated by reference to Exhibit 4.5 to our Registration Statement on Form S-3 (File No. 333-188728) filed on May 21, 2013).
4.5	Second Amendment to the Second Amended and Restated Investor Rights Agreement, dated February 2, 2015 (incorporated by reference to Exhibit 4.5 to our Registration Statement on Form S-3 ASR (File No. 333-201827) filed on February 2, 2015).
10.1*	Form of Indemnification Agreement between MACOM Technology Solutions Holdings, Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.1 to Amendment No. 3 to our Registration Statement on Form S-1 (File No. 333-175934) filed on October 21, 2011).
10.2	MACOM Technology Solutions Holdings, Inc. Amended and Restated 2009 Omnibus Stock Plan, as amended (incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K filed on November 28, 2012).
10.3	Form of Incentive Stock Option Agreement under the MACOM Technology Solutions Holdings, Inc. 2009 Omnibus Stock Plan (incorporated by reference to Exhibit 10.3 to our Registration Statement on Form S-1 (File No. 333-175934) filed on August 1, 2011).
10.4*	Form of Restricted Stock Agreement under the MACOM Technology Solutions Holdings, Inc. 2009 Omnibus Stock Plan (incorporated by reference to Exhibit 10.4 to our Registration Statement on Form S-1 (File No. 333-175934) filed on August 1, 2011).
10.5*	MACOM Technology Solutions Holdings, Inc. 2012 Omnibus Incentive Plan, as amended (incorporated by reference to Exhibit 10.5 to our Annual Report on Form 10-K filed on November 28, 2012).

10.6*	Form of Restricted Stock Unit Award Agreement under 2012 Omnibus Incentive Plan (Time-Based and Performance-Based) (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 27, 2015).
10.7*	Form of Nonqualified Stock Option Agreement under 2012 Omnibus Incentive Plan (Performance-Based) (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on April 27, 2015).
10.8*	MA-COM Technology Solutions Holdings, Inc. 2012 Employee Stock Purchase Plan, as amended. (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on February 2, 2015).
10.9*	Mindspeed Technologies, Inc. 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Mindspeed Technologies, Inc. on February 12, 2013 (File No. 001-31650)).
10.10*	Mindspeed Technologies, Inc. 2003 Long-Term Incentives Plan.
10.11*	MACOM Technology Solutions Holdings, Inc. Change in Control Plan, as amended and restated through November 13, 2015 (incorporated by reference to Exhibit 10.11 to our Annual Report on Form 10-K filed on November 24, 2015).
10.12*	Offer of Employment Letter to Michael Murphy, dated September 28, 2009, as amended (incorporated by reference to Exhibit 10.13 to our Registration Statement on Form S-1 (File No. 333-175934) filed on August 1, 2011).
10.13*	Offer of Employment to John Croteau, dated September 6, 2012 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on September 7, 2012).
10.14*	Offer of Employment to Robert McMullan, dated December 11, 2013 (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on December 16, 2013).
10.15*	Offer of Promotion and Revised Terms of Employment Letter, dated September 24, 2013, between MACOM Technology Solutions Inc. and Robert Dennehy (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on February 2, 2015).
10.16*	Offer of Employment Letter, dated as of December 11, 2013, between MACOM Technology Solutions Inc. and Preetinder Virk (incorporated by reference to Exhibit (d)(8) to Amendment No. 4 to our Tender Offer Statement on Schedule TO filed with the SEC on December 11, 2013).
10.17	Credit Agreement by and among MACOM Technology Solutions Holdings, Inc., Goldman Sachs Bank USA, as Administrative Agent, Collateral Agent, Swing Line Lender and an L/C Issuer, and the other agents and lenders party thereto, dated May 8, 2014 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on May 12, 2014).
10.18	Incremental Amendment, dated February 13, 2015, among Morgan Stanley Senior Funding, Inc., MACOM Technology Solutions Holdings, Inc., and Goldman Sachs Bank USA (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 13, 2015).
10.19*	Form of Restricted Stock Award Agreement under 2012 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on August 12, 2015).
10.20	Consulting Agreement, dated July 16, 2015, among MACOM Technology Solutions Inc., MACOM Auto Solutions Inc. and Autoliv ASP Inc. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on July 17, 2015).
10.21	Purchase and Sale Agreement and Escrow Instructions by and between MACOM Technology Solutions Inc., and Calare Properties, Inc., dated May 23, 2016 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 2, 2016).
10.22	Incremental Term Loan Amendment, dated August 31, 2016, by and among MACOM Technology Solutions Holdings, Inc., Goldman Sachs Bank USA, as the administrative agent, and the lender party thereto (incorporated by reference to our Current Report on Form 8-K filed August 31, 2016).
10.23	First, Second and Third Amendments to Purchase And Sale Agreement and Escrow Instructions by and between MACOM Technology Solutions Inc. and Calare Properties, Inc. dated July 22, 2016, September 20, 2016 and September 22, 2016, respectively.
21.1	Subsidiaries of Registrant.
23.1	Consent of Deloitte & Touche LLP.
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document

101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

* Management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 17, 2016

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

Registrant

By: /s/ John Croteau

John Croteau

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on November 17, 2016 .

Signature and Title

/s/ John Croteau

John Croteau
President and Chief Executive Officer
Director
(Principal Executive Officer)

/s/ Robert J. McMullan

Robert J. McMullan
Senior Vice President and
Chief Financial Officer
(Principal Accounting and Financial Officer)

Signature and Title

/s/ John Ocampo

John Ocampo
Chairman of the Board

/s/ Susan Ocampo

Susan Ocampo
Director

/s/ Peter Chung

Peter Chung
Director

/s/Gil Van Lunsen

Gil Van Lunsen
Director

/s/ Charles Bland

Charles Bland
Director

/s/ Stephen Daly

Stephen Daly
Director

Mindspeed Technologies, Inc.
2003 Long-Term Incentives Plan,
As Amended And Restated
As Of January 24, 2011

Section 1: Purpose

The purpose of the Mindspeed Technologies, Inc. 2003 Long-Term Incentives Plan (as amended and restated, the "Plan") is to provide incentive compensation to officers, executives and other employees, and prospective employees, contractors and consultants of the Company and its Subsidiaries; to attract and retain individuals of outstanding ability; and to align the interests of such persons with the interests of the Company's shareholders.

Section 2: Definitions

The following terms, as used herein, shall have the meaning specified:

"*Award*" means an award granted pursuant to Section 4.

"*Award Agreement*" means a letter to a Participant, together with the terms and conditions applicable to an Award granted to the Participant, issued by the Company, as described in Section 6.

"*Board of Directors*" means the Board of Directors of the Company as it may be comprised from time to time.

"*Code*" means the Internal Revenue Code of 1986, and any successor statute, as it or they may be amended from time to time.

"*Committee*" means the Compensation and Management Development Committee of the Board of Directors as it may be comprised from time to time or another committee of the Board of Directors designated by the Board of Directors to administer the Plan.

"*Company*" means Mindspeed Technologies, Inc., a Delaware corporation, and any successor corporation.

"*Conexant*" means Conexant Systems, Inc., a Delaware corporation, and any successor corporation.

"*Employee*" means, subject to the exclusions set forth below, an individual who was hired (and advised that he or she was being hired) directly by the Company or a Subsidiary as a regular employee and who at the time of grant of an Award performs regular employment services directly for the Company or a Subsidiary, but shall not include (a) members of the Board of Directors who are not also employees of the Company or a Subsidiary or (b) any individuals who work, or who were hired to work, or who were advised that they work: (i) as independent contractors or employees of independent contractors; (ii) as temporary employees, regardless of the length of time that they work at the Company or a Subsidiary; (iii) through a temporary employment agency, job placement agency, or other third party; or (iv) as part of an employee leasing arrangement between the Company or a Subsidiary and any third party. For the purposes of the Plan, the exclusions described above shall remain in effect even if the described individual could otherwise be construed as an employee under any applicable common law.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*Exchange Act*" means the Securities Exchange Act of 1934, and any successor statute, as it may be amended from time to time.

"*Executive Officer*" means an Employee who is an executive officer of the Company as defined in Rule 3b-7 under the Exchange Act (or any successor provision).

"*Fair Market Value*" means the closing sale price of the Stock as reported on the Nasdaq Stock Market or such other national securities exchange or automated inter-dealer quotation system on which the Stock has been duly listed and approved for quotation and trading on the relevant date, or if no sale of the Stock is reported for such date, the next preceding day for which there is a reported sale.

"*Incentive Stock Option*" means an option to purchase Stock that is granted pursuant to Section 4(b) or pursuant to any other plan of the Company or a Subsidiary that complies with Code Section 422.

"*Immediate Family*" means a participant's spouse and natural, adopted or step-children and grandchildren.

"*Mindspeed Distribution Date*" means the date on which Conexant completes the pro rata distribution of all outstanding Stock to Conexant shareowners.

"*Non-Employee*" means an individual who at the time of grant of an Award (a) has been extended an offer of employment with the Company or a Subsidiary but who has not yet accepted the offer and become an Employee, or (b) performs consulting, contracting or other services for the Company or a Subsidiary other than in a capacity as an Employee or who has been extended an offer to perform consulting, contracting or other services for the Company or a Subsidiary, but shall not include members of the Board of Directors.

"*Non-Qualified Stock Option*" shall have the meaning set forth in Section 4(a).

"*Participant*" means any Employee or Non-Employee who has been granted an Award pursuant to the Plan.

"*Restricted Stock*" shall have the meaning set forth in Section 4(c).

"*Restricted Stock Units*" shall have the meaning set forth in Section 4(f).

“SARs” shall have the meaning set forth in Section 4(e).

“Share Reserve” shall have the meaning set forth in Section 5(a).

“Stock” means shares of common stock, par value \$.01 per share, of the Company, or any security of the Company issued in substitution, exchange or lieu thereof.

“Subsidiary” means any corporation or other entity in which the Company, directly or indirectly, controls 50% or more of the total combined voting power of such corporation or other entity.

“Ten-Percent Shareholder” means any person who owns, directly or indirectly, on the relevant date, securities having ten percent (10%) or more of the combined voting power of all classes of the Company’s securities or of its parent or subsidiaries. For purposes of applying the foregoing ten percent (10%) limitation, the rules of Code Section 424(d) shall apply.

“Unrestricted Stock” shall have the meaning set forth in Section 4(d).

Section 3: Eligibility

Persons eligible for Awards shall consist of Employees and Non-Employees whose performance or potential contribution, in the judgment of the Committee, will benefit the future success of the Company and/or a Subsidiary. Notwithstanding the foregoing, only Employees will be eligible for Awards of Incentive Stock Options, Restricted Stock, Restricted Stock Units and/or Unrestricted Stock under the Plan and only Employees who are foreign nationals or employed outside the United States will be eligible for Awards of SARs under the Plan.

Section 4: Awards

The Committee may grant any of the following types of Awards, either singly, in tandem or in combination with other types of Awards, as the Committee may in its sole discretion determine:

a. *Non-Qualified Stock Options.* A “Non-Qualified Stock Option” is an Award to an Employee or Non-Employee in the form of an option to purchase a specific number of shares of Stock exercisable at such time or times, and during such specified time not to exceed ten (10) years, as the Committee may determine, at a price not less than 100% of the Fair Market Value of the Stock on the date the option is granted.

(i) The purchase price of the Stock subject to the option may be paid in cash. At the discretion of the Committee, the purchase price may also be paid by the tender of Stock (the value of such Stock shall be its Fair Market Value on the date of exercise), or through a combination of Stock and cash, or through such other means as the Committee determines are consistent with the Plan’s purpose and applicable law. No fractional shares of Stock will be issued or accepted.

(ii) Without limiting the foregoing, the Committee may permit Participants, either on a selective or aggregate basis, to simultaneously exercise options and sell the shares of Stock thereby acquired, pursuant to a brokerage or similar arrangement approved in advance by the Committee, and use the proceeds from such sale as payment of the purchase price of such Stock and any applicable withholding taxes.

(iii) Dividends and dividend equivalents shall not be paid on Non-Qualified Stock Options.

b. *Incentive Stock Options.* An Incentive Stock Option is an Award to an Employee in the form of an option to purchase a specified number of shares of Stock that complies with the requirements of Code Section 422, which option shall, subject to the following provisions, be exercisable at such time or times, and during such specified time, as the Committee may determine.

(i) The aggregate Fair Market Value (determined at the time of the grant of the Award) of the shares of Stock subject to Incentive Stock Options which are exercisable by one person for the first time during a particular calendar year shall not exceed \$100,000.

(ii) No Incentive Stock Option may be granted under the Plan after June 27, 2013.

(iii) No Incentive Stock Option may be exercisable more than:

(A) in the case of an Employee who is not a Ten-Percent Shareholder on the date the option is granted, ten (10) years after the date the option is granted, and

(B) in the case of an Employee who is a Ten-Percent Shareholder on the date the option is granted, five (5) years after the date the option is granted.

(iv) The exercise price of any Incentive Stock Option shall not be less than:

(A) in the case of an Employee who is not a Ten-Percent Shareholder on the date the option is granted, the Fair Market Value of the Stock subject to the option on such date; and

(B) in the case of an Employee who is a Ten-Percent Shareholder on the date the option is granted, 110% of the Fair Market Value of the Stock subject to the option on such date.

(v) The Committee may provide that the exercise price of an Incentive Stock Option may be paid by one or more of the methods available for paying the exercise price of a Non-Qualified Stock Option.

(vi) Dividends and dividend equivalents shall not be paid on Incentive Stock Options.

c. *Restricted Stock.* Restricted Stock is an Award of Stock that is issued to an Employee subject to restrictions on transfer and such other restrictions on incidents of ownership as the Committee may determine. Subject to such restrictions, a Participant as owner of shares of Restricted Stock shall have the rights of a holder of shares of Stock, except that the Committee shall provide at the time of the Award that any dividends or other distributions paid on the Restricted Stock while

subject to such restrictions shall be reinvested in Stock and held subject to the same restrictions as the Restricted Stock and such other terms and conditions as the Committee shall determine. Shares of Restricted Stock shall be registered in the name of the Participant and, at the Company's sole discretion, (i) shall be held in book-entry form subject to the Company's instructions until the restrictions relating thereto lapse, or (ii) shall be evidenced by a certificate, which shall bear an appropriate restrictive legend, shall be subject to appropriate stop-transfer orders and shall be held in custody by the Company until the restrictions relating thereto lapse, and the Participant shall deliver to the Company a stock power endorsed in blank relating to the Restricted Stock.

d. *Unrestricted Stock.* Unrestricted Stock is an Award of Stock that is issued to an Employee without any restrictions, as the Committee in its sole discretion shall determine, including the issuance of Unrestricted Stock pursuant to awards conditioned upon the achievement of performance or other vesting requirements (as may be established by the Committee) prior to the delivery of such Unrestricted Stock. A Participant shall not be required to make any payment for Unrestricted Stock. Upon receipt of shares of Unrestricted Stock, the Participant as owner of such shares shall have the rights of a holder of shares of Stock, including the right to vote the Unrestricted Stock and to receive dividends and distributions thereon.

e. *Stock Appreciation Rights (SARs).* A SAR is the right to receive a payment measured by the increase in the Fair Market Value of a specified number of shares of Stock from the date of grant of the SAR to the date on which the Employee exercises the SAR. The payment to which the Employee is entitled on exercise of a SAR may be in cash, in Stock valued at Fair Market Value on the date of exercise or partly in cash and partly in Stock, as the Committee may determine. Dividends and dividend equivalents shall not be paid on SARs. No SAR may be exercisable more than ten (10) years after the date the SAR is granted.

f. *Restricted Stock Units.* A Restricted Stock Unit is an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Committee and which may be settled for cash, Stock or other securities or a combination of cash, Stock or other securities as established by the Committee. Dividend equivalents declared prior to the settlement of Restricted Stock Units shall not be paid until the settlement of the underlying Restricted Stock Units.

Section 5: Shares of Stock Available Under Plan

a. Subject to the provisions set forth in Section 9, the maximum aggregate number of shares of Stock which may be issued pursuant to all Awards (including Incentive Stock Options) shall be 9,694,284 shares of Stock (the "Share Reserve"). Notwithstanding the foregoing, any Awards other than options (whether Non-Qualified Stock Options or Incentive Stock Options) and SARs granted after the 2011 annual meeting of the Company's shareholders shall count against the Share Reserve set forth herein as one and twenty-eight one hundredths (1.28) shares of Stock for every one (1) share of Stock subject to such Award. Any shares of Stock that pursuant to Section 5(b) again become available for grant upon the forfeiture, repurchase, cancellation or expiration of an Award that originally counted as one and twenty-eight one hundredths (1.28) shares of Stock upon grant shall be added back to the Share Reserve as one and twenty-eight one hundredths (1.28) shares of Stock for every one (1) share of Stock forfeited, repurchased, cancelled or expired or deemed not to have been issued from the Plan pursuant to Section 5(b). Options (whether Non-Qualified Stock Options or Incentive Stock Options) and SARs shall be counted against the Share Reserve as one (1) share of Stock for every one (1) share of Stock subject to such Award (and shall be added back to the Share Reserve as one (1) share of Stock for every one (1) share of Stock subject to such Awards that is forfeited, repurchased, cancelled or expired or deemed not to have been issued from the Plan pursuant to Section 5(b)). The shares of Stock to be issued pursuant to Awards may be authorized, but unissued, or reacquired Stock. No single Participant shall receive, in any one calendar year, Awards (whether Non-Qualified Stock Options, Incentive Stock Options, Restricted Stock, Restricted Stock Units (to the extent settled in Stock), SARs (to the extent settled in Stock) or Unrestricted Stock) with underlying shares of Stock exceeding three hundred thousand (300,000) shares of Stock, subject to adjustment as set forth in Section 9.

b. Any shares of Stock covered by an Award (or portion of an Award) which is forfeited, canceled or expires shall be deemed not to have been issued for purposes of determining the Share Reserve. Shares of Stock that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested shares of Stock are forfeited, or repurchased by the Company at the lower of their original purchase price or their Fair Market Value at the time of repurchase, such shares of Stock shall become available for future grant under the Plan. Notwithstanding anything to the contrary contained herein: (i) shares of Stock tendered or withheld in payment of an option exercise price shall not be returned to the Plan and shall not become available for future issuance under the Plan; (ii) shares of Stock withheld by the Company to satisfy any tax withholding obligation shall not be returned to the Plan and shall not become available for future issuance under the Plan; and (iii) all shares of Stock covered by the portion of a SAR that is exercised (whether or not shares of Stock are actually issued to the Participant upon exercise of the SAR) shall be considered issued pursuant to the Plan.

Section 6: Award Agreements.

Each Award under the Plan shall be evidenced by an Award Agreement. Each Award Agreement shall set forth the number of shares of Stock subject to the Award and shall include the terms set forth below and such other terms and conditions applicable to the Award, as determined by the Committee, not inconsistent with the terms of the Plan. Notwithstanding the foregoing, the provisions of subsection (b) below may be modified to the extent deemed advisable by the Committee in Award Agreements pertaining to Non-Employees providing consulting, contracting or other services to the Company or a Subsidiary. In the event of any conflict between an Award Agreement and the Plan, the terms of the Plan shall govern.

a. *Transferability.* A provision stating that an Award may not be transferred or assigned other than (i) by will or by the laws of descent and distribution; or (ii) by gift to members of the Participant's Immediate Family or to a trust established for the benefit of one or more members of the Participant's Immediate Family.

b. *Termination of Employment.*

(i) A provision describing the treatment of an Award in the event of the Retirement, Disability, death or other termination of a Participant's employment with the Company or a Subsidiary, including, but not limited to, the definitions of Retirement and Disability and terms relating to the vesting, time for exercise, forfeiture or cancellation of an Award in such circumstances. Participants who terminate employment due to Retirement, Disability or death prior to the satisfaction of applicable conditions and restrictions associated with their Awards may be entitled to prorated Awards as and to the extent determined by the Committee.

(ii) A provision describing the treatment of an Award in the event of (A) a transfer of an Employee from the Company to a Subsidiary or an affiliate of the Company, whether or not incorporated, or vice versa, or from one Subsidiary or affiliate of the Company to another or (B) a leave of absence, duly authorized in writing by the Company.

(iii) A provision stating that in the event the Participant's employment is terminated for Cause (as defined in the Award Agreement), anything else in the Plan or Award Agreement to the contrary notwithstanding, all Awards granted to the Participant shall immediately terminate and be forfeited.

c. *Rights as a Shareholder.* A provision stating that a Participant shall have no rights as a shareholder with respect to any Stock covered by an Award until the date the Participant becomes the holder of record thereof. Except as provided in Section 9, no adjustment shall be made for dividends or other rights, unless the Award Agreement specifically requires such adjustment.

d. *Withholding.* A provision requiring the withholding of applicable taxes required by law from all amounts paid in satisfaction of an Award. A Participant may satisfy the withholding obligation by paying the amount of any taxes in cash or, with the approval of the Committee, shares of Stock may be delivered to the Company or deducted from the payment or, in accordance with Section 4(a) (ii), sold to satisfy the obligation in full or in part. If such tax withholding obligation is paid in shares of Stock, tax amounts shall be limited to the statutory minimum as required by law.

e. *Treatment of Options.* Each Award of an option shall state whether it will or will not be treated as an Incentive Stock Option.

f. *Performance Conditions.* The Committee may condition, or provide for the acceleration of, the exercisability or vesting of any Award upon such prerequisites as it, in its sole discretion, deems appropriate, including, but not limited to, achievement of specific objectives, whether absolute or relative to a peer group or index designated by the Committee, with respect to one or more measures of the performance of the Company and/or one or more Subsidiaries, including, but not limited to, earnings per share, revenue, net income, net operating income, earnings before interest, taxes, depreciation and amortization (EBITDA), stock price, total shareholder return, operating margin, gross margin, return on equity, return on assets, return on investment, operating income, pre-tax profit, cash flow, expenses, earnings before interest, taxes and depreciation, economic value added and market share. At the time it sets the performance measures, the Committee may determine to include or exclude extraordinary, unusual, nonrecurring or other items. Such performance objectives shall be determined in accordance with the Company's audited financial statements, to the extent applicable, and so that a third party having knowledge of the relevant facts could determine whether such performance objectives are met.

Section 7: Amendment and Termination

The Board of Directors may at any time amend, suspend or discontinue the Plan, in whole or in part, *provided, however*, that no such action shall be effective without the approval of the shareholders of the Company to the extent that such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan; and *provided, further*, that subject to Section 9, no such action shall impair the rights of any holder of an Award without the holder's consent. The Committee may at any time alter or amend any or all Awards and Award Agreements under the Plan to the extent permitted by law, except that, subject to the provisions of Section 9, no such alteration or amendment shall impair the rights of any holder of an Award without the holder's consent. Notwithstanding the foregoing and subject to Section 10(n), no such action may, without approval of the shareholders of the Company, increase the number of shares of Stock with respect to which Awards may be granted or reduce the exercise price of any Option or SAR below Fair Market Value on the date of grant.

Section 8: Administration

a. The Plan and all Awards shall be administered by the Committee. The members of the Committee shall be designated by the Board of Directors from among its members who are not eligible for Awards under the Plan.

b. Any member of the Committee who, at the time of any proposed grant of one or more Awards, is not a "Non-Employee Director" as defined in Rule 16b-3(b)(3)(i) under the Exchange Act (or any successor provision) shall abstain from and take no part in the Committee's action on the proposed grant.

c. The Committee and others to whom the Committee has delegated such duties shall keep a record of all their proceedings and actions and shall maintain all such books of account, records and other data as shall be necessary for the proper administration of the Plan.

- d. The Company shall pay all reasonable expenses of administering the Plan, including, but not limited to, the payment of professional fees.
- e. The Committee may appoint such accountants, counsel and other experts as it deems necessary or desirable in connection with the administration of the Plan. Subject to the express provisions of the Plan, the Committee may delegate to the officers or employees of the Company and its Subsidiaries the authority to execute and deliver such instruments and documents, to do all such acts and things, and to take all such other steps deemed necessary, advisable or convenient for the effective administration of the Plan in accordance with its terms and purpose.
- f. The Committee may adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by employees who are foreign nationals or employed outside the U.S. Without limiting the foregoing, the Committee may authorize supplementary plans applicable to Employees subject to the tax laws of one or more countries other than the United States in order to provide for the grant of Non-Qualified Stock Options, Restricted Stock, Restricted Stock Units, Unrestricted Stock or SARs to such Employees on terms and conditions, consistent with the Plan, determined by the Committee which may differ from the terms and conditions of other Awards in those forms pursuant to the Plan for the purpose of complying with the conditions for qualification of Awards for favorable treatment under foreign tax laws.
- g. Subject to the express provisions of the Plan, the Committee shall have the power (i) to implement (including the power to delegate such implementation to appropriate officers of the Company), interpret and construe the Plan and Awards and Award Agreements or other documents defining the rights and obligations of the Company and Participants hereunder and thereunder, (ii) to determine all questions arising hereunder and thereunder, and (iii) to adopt and amend such rules and regulations for the administration hereof and thereof as it may deem desirable. The interpretation and construction by the Committee of any provisions of the Plan or of any Award or Award Agreement shall be conclusive and binding. Any action taken by, or inaction of, the Committee relating to the Plan or any Award or Award Agreement shall be within the discretion of the Committee and shall be conclusive and binding upon all persons. Subject only to compliance with the express provisions hereof, the Committee may act in its discretion in matters related to the Plan and any and all Awards and Award Agreements. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among Employees and Non-Employees who receive, or who are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.
- h. It is the intent of the Company that the Plan and Awards hereunder satisfy, and be interpreted in a manner that satisfy, in the case of Participants who are or may be Executive Officers, the applicable requirements of Rule 16b-3 under the Exchange Act, so that such persons will be entitled to the benefits of Rule 16b-3, or other exemptive rules under Section 16 of the Exchange Act, and will not be subjected to avoidable liability under Section 16(b) of the Exchange Act.
- i. The Committee may delegate, and revoke the delegation of, all or any portion of its authority and powers under the Plan to the Chief Executive Officer of the Company, except that the Committee may not delegate any discretionary authority with respect to substantive decisions or functions regarding the Plan or Awards to the extent (i) related to Awards granted to Executive Officers, (ii) inconsistent with the intent expressed in Section 8(h) or (iii) prohibited by applicable law.

Section 9: Adjustment Provisions

- a. In the event of any change in or affecting the outstanding shares of Stock by reason of a stock dividend or split, recapitalization, reclassification, merger or consolidation (whether or not the Company is a surviving corporation), reorganization, combination or exchange of shares or other similar corporate changes or an extraordinary dividend in cash, securities or other property, the Board of Directors shall make or take such amendments to the Plan and outstanding Awards and Award Agreements and such adjustments and actions hereunder and thereunder as it deems appropriate, in its sole discretion, under the circumstances, and its determination in that respect shall be final and binding. Such amendments, adjustments and actions may include, but are not limited to, changes in the number of shares of Stock (or other securities) then remaining subject to the Plan, and the maximum number of shares that may be delivered to any single Participant pursuant to the Plan, including those that are then covered by outstanding Awards, or accelerating the vesting of outstanding Awards. No fractional interests will be issued under the Plan resulting from any adjustments.
- b. The Committee shall make any further adjustments as it deems necessary to ensure equitable treatment of any holder of an Award as the result of any transaction affecting the securities subject to the Plan not described in (a), or as is required or authorized under the terms of any applicable Award Agreement.
- c. The existence of the Plan and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Board of Directors or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference stock or other securities ahead of or affecting the Stock or the rights thereof, the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding.

Section 10: Miscellaneous

a. *Other Payments or Awards.* Nothing contained in the Plan shall be deemed in any way to limit or restrict the Company or a Subsidiary from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

b. *Payments to Other Persons.* If payments are legally required to be made to any person other than the person to whom any amount is made available under the Plan, payments shall be made accordingly. Any such payment shall be a complete discharge of the liability hereunder.

c. *Unfunded Plan.* The Plan shall be unfunded. No provision of the Plan or any Award or Award Agreement shall require the Company or a Subsidiary, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company or a Subsidiary maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company or a Subsidiary, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees or consultants, as applicable, under generally applicable law.

d. *Limits of Liability.* Any liability of the Company or a Subsidiary to any Participant with respect to an Award shall be based solely upon contractual obligations created by the Plan and the Award Agreement. Neither the Company or its Subsidiaries, nor any member of the Board of Directors or of the Committee, nor any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability to any party for any action taken, or not taken, in good faith under the Plan.

e. *Rights of Employees and Non-Employees.* Status as an eligible Employee or Non-Employee shall not be construed as a commitment that any Award shall be made under the Plan to such eligible Employee or Non-Employee or to eligible Employees or Non-Employees generally. Nothing contained in the Plan or in any Award Agreement shall confer upon any Employee or Non-Employee any right to continue in the employ or other service of or, in the case of prospective employees, contractors or consultants, become employed by or render service to the Company or a Subsidiary or constitute any contract or limit in any way the right of the Company or a Subsidiary to change such person's compensation or other benefits or, in the case of prospective employees, contractors or consultants, prospective compensation or benefits or to terminate the employment or other service or, in the case of prospective employees, contractors or consultants, withdraw an offer of employment or offer to retain such person with or without cause.

f. *Section Headings.* The section headings contained herein are for the purpose of convenience only, and in the event of any conflict, the text of the Plan, rather than the section headings, shall control.

g. *Gender, Etc.* In interpreting the Plan, the masculine gender shall include the feminine, the neuter gender shall include the masculine or feminine, and the singular shall include the plural unless the context clearly indicates otherwise.

h. *Invalidity.* If any term or provision contained herein or in any Award Agreement shall to any extent be invalid or unenforceable, such term or provision, to the extent practicable, will be reformed so that it is valid and as consistent as possible with the original provisions hereof, and such invalidity or unenforceability shall not affect any other provision or part thereof.

i. *Applicable Law.* The Plan, the Award Agreements and all actions taken hereunder or thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to the conflict of law principles thereof.

j. *Compliance with Laws.* Notwithstanding anything contained herein or in any Award Agreement to the contrary, the Company shall not be required to sell or deliver shares of Stock or other securities hereunder or thereunder if the sale or delivery thereof would constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority or any national securities exchange or interdealer quotation system, and as a condition of any sale or delivery the Company may require such agreements or undertakings, if any, as the Company may deem necessary or advisable in its discretion to assure compliance with any such law or regulation.

k. *Effective Date and Term.* The Plan was adopted by the Board of Directors of the Company and approved by the sole shareholder of the Company to be effective as of the Mindspeed Distribution Date. The Plan shall remain in effect until all Awards granted under the Plan have been exercised or terminated under the terms of the Plan and applicable Award Agreements, provided that Awards under the Plan may only be granted within ten (10) years from the effective date of the Plan.

l. *Awards for Compensation Purposes Only.* The Plan is not intended to constitute an "employee benefit plan" within the meaning of Section 3(3) of ERISA.

m. *Plan History.* The Plan was amended and restated effective July 1, 2008 to adjust (in accordance with Section 9 of the Plan) the number of shares of Stock available under the Plan, the limits on the number of shares of Stock that may be granted as certain Awards and the annual limits of Awards that may be granted to Participants (as set forth in Section 5(a) of the Plan) after giving effect to a 1-for-5 reverse stock split of the Company's Stock, which became effective at 11:59 p.m. EDT on June 30, 2008. Such amendment and restatement was not subject to the approval of the Company's shareholders.

n. *Repricings.* Except in connection with a corporate transaction (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or

exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price of outstanding Incentive Stock Options, Non-Qualified Stock Options or SARs or cancel outstanding Incentive Stock Options, Non-Qualified Stock Options or SARs in exchange for cash, other Awards or Incentive Stock Options, Non-Qualified Stock Options or SARs with an exercise price that is less than the exercise price of the original Incentive Stock Options, Non-Qualified Stock Options or SARs without shareholder approval.

**FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS**

This First Amendment to Purchase and Sale Agreement and Escrow Instructions dated July 22, 2016 (the "First Amendment") by and between **M/A-COM TECHNOLOGY SOLUTIONS INC.** (the "Seller") and **CALARE PROPERTIES, INC.** (the "Buyer").

WITNESSETH THAT:

WHEREAS, Seller and Buyer entered into that certain Purchase and Sale Agreement and Escrow Instructions dated May 23, 2016 (the "Agreement"); and

WHEREAS, Seller and Buyer have agreed to amend the Agreement as herein provided;
and

WHEREAS, the Agreement is currently in full force and effect.

NOW, THEREFORE, in consideration of the mutual covenants herein contained the Seller and buyer hereby agree as follows:

1. **Inclusion**. The above "WHEREAS" clauses are hereby incorporated into the First Amendment as if fully repeated herein. The capitalized terms not defined in this First Amendment shall have the meanings as set forth in the Agreement.

2. **Contingencies**. Seller and Buyer hereby agree that notwithstanding the date Seller and/or Buyer executed this Agreement the Contingency Period commenced on June 1, 2016 and shall expire on July 31, 2016. All documents have been timely made available to Buyer.

3. **Initial Deposit**. The Initial Deposit has been timely delivered by Buyer to the Escrow Agent.

4. **Miscellaneous.** This First Amendment shall become effective only upon full execution and delivery of this First Amendment by Seller and Buyer. The Agreement, as modified by this First Amendment, contains the parties' entire agreement regarding the subject matter covered by the Agreement and this First Amendment and supersedes all prior correspondence, negotiations and agreements, if any, whether oral or written, between the parties concerning such subject matter. There are no contemporaneous oral agreements, and there are no representations or warranties between the parties not contained in the Agreement and this First Amendment. Except as modified by this First Amendment, the terms and provisions of the Agreement shall remain in full force and effect, and the Agreement, as modified by this First Amendment, shall be binding upon and shall inure to the benefit of the parties hereto, their successors and permitted assigns.

5. **Counterparts; Facsimile and PDF Signatures.** This First Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument. Signature and acknowledgment pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document. Signatures given by facsimile, electronic pdf, or portable documents format shall be binding and effective to the same extent as original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

SELLER: **M/A-COM TECHNOLOGY SOLUTIONS INC.,**
a Delaware corporation

/s/ Robert McMullan
By: Robert McMullan
Chief Financial Officer

BUYER: **CALARE PROPERTIES, INC.,**
a Delaware corporation

/s/ William Manley
By: William Manley
Authorized Agent

Signature Page to First Amendment to Purchase and Sale Agreement and Escrow Instructions

**SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS**

This Second Amendment to Purchase and Sale Agreement and Escrow Instructions dated as of September 20, 2016 (the "Second Amendment") is made by and between M/A-COM TECHNOLOGY SOLUTIONS INC. (the "Seller") and CALARE PROPERTIES, INC. (the "Buyer").

WITNESSETH THAT:

WHEREAS, Seller and Buyer entered into that certain Purchase and Sale Agreement and Escrow Instructions dated May 23, 2016 as amended by that First Amendment to Purchase and Sale Agreement dated July 22, 2016 (collectively the "Agreement"); and

WHEREAS, the Agreement terminated as of July 31, 2016; and

WHEREAS, Seller and Buyer desire to reinstate and amend the Agreement as herein provided.

NOW, THEREFORE, in consideration of the mutual covenants herein contained the Seller and Buyer hereby agree as follows:

1. Inclusion. The above "WHEREAS" clauses are hereby incorporated into the Second Amendment as if fully repeated herein. The capitalized terms not defined in this Second Amendment shall have the meanings as set forth in the Agreement.

2. **Reinstatement.** The Agreement is deemed reinstated effective retroactively to July 31, 2016.

3. **Contingencies.** Seller and Buyer hereby agree that the Contingency Period is extended to expire at 5:00 P.M. (Eastern Time) on September 22, 2016. Notwithstanding the foregoing:

(a) Buyer hereby deems the Due Diligence Review and Environmental Audit Contingencies satisfied. Buyer's execution of this Second Amendment shall constitute Buyer's Approval Notice for the Due Diligence Review and Environmental Audit Contingencies. The parties acknowledge, however, that (i) the Lease Documents Contingency (as set forth in Section 4(c) of the Agreement) has not been satisfied or waived, (ii) Buyer has not given an Approval Notice for such Lease Documents Contingency, and (iii) the Seller's contingency as set forth in Section 4A of the Agreement has not been satisfied or waived.

(b) Buyer hereby waives all Title Objections as contemplated under clause (b) of the fourth sentence of Section 5(d) of the Agreement; except as to any Impermissible Encumbrances and subject to (i) the undertakings agreed to by Seller under that certain letter from Seller's counsel dated July 25, 2016 and (ii) Buyer's right to issue a Buyer's Amended Exception Notice. With respect to Buyer's right to issue a Buyer's Amended Exception Notice the two references to "the end of the Contingency Period" as contained in the fifth sentence of Section 5(d) of the Agreement shall be deemed modified to mean the date of this Second Amendment (rather than the end of the Contingency Period).

4. **Miscellaneous.** This Second Amendment shall become effective only upon full execution and delivery of this Second Amendment by Seller and Buyer. The Agreement, as

modified by this Second Amendment, contains the parties' entire agreement regarding the subject matter covered by the Agreement and this Second Amendment and supersedes all prior correspondence, negotiations and agreements, if any, whether oral or written, between the parties concerning such subject matter. There are no contemporaneous oral agreements, and there are no representations or warranties between the parties not contained in the Agreement and this Second Amendment. Except as modified by this Second Amendment, the terms and provisions of the Agreement shall remain in full force and effect, and the Agreement, as modified by this Second Amendment, shall be binding upon and shall inure to the benefit of the parties hereto, their successors and permitted assigns.

5. Counterparts; Facsimile and PDF Signatures. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument. Signature and acknowledgment pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document. Signatures given by facsimile, electronic pdf, or portable documents format shall be binding and effective to the same extent as original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

SELLER: **M/A-COM TECHNOLOGY SOLUTIONS INC.,**
a Delaware corporation

/s/ Robert McMullan
By: Robert McMullan
Chief Financial Officer

BUYER: **CALARE PROPERTIES, INC.,**
a Delaware corporation

/s/ William Manley
By: William Manley
Authorized Agent

Signature Page to Second Amendment to Purchase and Sale Agreement and Escrow Instructions

**THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS**

This Third Amendment to Purchase and Sale Agreement and Escrow Instructions dated as of September 22, 2016 (the "Third Amendment") is made by and between **MACOM TECHNOLOGY SOLUTIONS INC.**, formerly known as M/A-COM Technology Solutions Inc. (the "Seller") and **CALARE PROPERTIES, INC.** (the "Buyer").

WITNESSETH THAT:

WHEREAS, Seller and Buyer entered into that certain Purchase and Sale Agreement and Escrow Instructions dated May 23, 2016, as amended by that certain First Amendment to Purchase and Sale Agreement dated July 22, 2016 and that certain as amended by that Second Amendment to Purchase and Sale Agreement dated September 20, 2016 (collectively the "Agreement"); and

WHEREAS, Seller and Buyer desire to further amend the Agreement as herein provided.

NOW, THEREFORE, in consideration of the mutual covenants herein contained the Seller and Buyer hereby agree as follows:

1. Inclusion. The above "WHEREAS" clauses are hereby incorporated into the Third Amendment as if fully repeated herein. The capitalized terms not defined in this Third Amendment shall have the meanings as set forth in the Agreement.

2. Approval Notice. Buyer hereby determines that, subject to the agreements set forth in this Third Amendment, the Contingencies set forth in Section 4 of the Agreement are satisfied or waived. Accordingly, this Third Amendment shall serve as Buyer's Approval Notice.

3. Form of Agreements. The definitions for Build-to-Suit Lease, Buyer/Seller Lease, Hale Street Lease Amendment, and REA set forth in Section 1 of the Agreement are deleted and the following definitions are, respectively, inserted in their place:

Build-to-Suit Lease: The Lease Agreement pursuant to which Buyer (or its nominee or affiliate), as landlord, agrees to lease to Seller's affiliate, as tenant, that portion of the Land shown as "BTS Parcel" on Exhibit A-1 (the "BTS Parcel") including a new building consisting of approximately 59,000 square feet and associated site improvements to be constructed by Buyer (or its nominee or affiliate), at Buyer's sole cost and expense, on the BTS Parcel, subject to the terms and conditions of such Lease Agreement, in the form set forth in **Attachment 1 to Third Amendment**, attached hereto and made a part hereof.

Buyer/Seller Lease: The Lease Agreement pursuant to which Buyer (or its nominee or affiliate), as landlord, agrees to lease to Seller's affiliate, as tenant, that portion of the Land shown as the "Leased Parcel" on Exhibit A-1 (the "Leased Parcel") including the Building and Improvements located thereon, all in the form set forth in **Attachment 2 to Third Amendment**, attached hereto and made a part hereof.

Hale Street Lease Amendment: The Fifth Amendment to Lease to be entered into between ND Hale Street, LLC (an affiliate of Buyer), as landlord, and Seller's affiliate, as tenant, which modifies a certain lease dated May 31, 2007, as amended, relating to certain premises in Lowell, Massachusetts known as and numbered 121 Hale Street, in the form set forth in **Attachment 3 to Third Amendment**, attached hereto and made a part hereof.

REA: The Reciprocal Easement Agreement contemplated by each of the Build-to-Suit Lease, Buyer/Seller Lease, and Hale Street Lease Amendment in the form set forth in **Attachment 4 to Third Amendment**, attached hereto and made a part hereof.

Notwithstanding the foregoing, Buyer and Seller acknowledge that Section III.B, Exhibit B and Exhibit C of the REA and the forms of the 2016 Assignment and the 2016 Consent as referred to in the Hale Street Lease Amendment (collectively, the "Open Items") remain subject to completion by both Seller and Buyer, who agree to work in good faith to finalize the Open Items prior to Closing; provided, however, that agreement on the Open Items by both Seller and Buyer, acting in their respective sole discretion, will be both a condition to Buyer's obligation to proceed to Closing under Section 8(b) of the Agreement and a condition to Seller's obligation to proceed to Closing under Section 8(c) of the Agreement.

4. Closing Date. The definition for Closing Date set forth in Section 1 of the Agreement is deleted and the following definition is inserted in its place:

Closing Date: November 14, 2016 (the "Scheduled Closing Date").

5. Miscellaneous. This Third Amendment shall become effective only upon full execution and delivery of this Third Amendment by Seller and Buyer. The Agreement, as modified by this Third Amendment, contains the parties' entire agreement regarding the subject matter covered by the Agreement and this Third Amendment and supersedes all prior correspondence, negotiations and agreements, if any, whether oral or written, between the parties concerning such subject matter. There are no contemporaneous oral agreements, and there are no representations or warranties between the parties not contained in the Agreement and this Third Amendment. Except as modified by this Third Amendment, the terms and provisions of the Agreement shall remain in full force and effect, and the Agreement, as modified by this Third Amendment, shall be binding upon and shall inure to the benefit of the parties hereto, their successors and permitted assigns.

6. **Counterparts; Facsimile and PDF Signatures.** This Third Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument. Signature and acknowledgment pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document. Signatures given by facsimile, electronic pdf, or portable documents format shall be binding and effective to the same extent as original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

SELLER:
INC.,

MACOM TECHNOLOGY SOLUTIONS

a Delaware corporation

McMullan_____

/s/_____ Robert

By: Robert McMullan
Chief Financial Officer

BUYER:

CALARE PROPERTIES, INC.,

a Delaware corporation

Manley_____

/s/_____ William

By: William Manley
Authorized Agent

Signature Page to Third Amendment to Purchase and Sale Agreement and Escrow
Instructions

ATTACHMENT 1 TO THIRD AMENDMENT

Form of Build-to-Suit Lease

(appended hereto)

LEASE AGREEMENT

144 CHELMSFORD STREET
LOWELL, MASSACHUSETTS

THIS LEASE AGREEMENT (the "Lease" or this "Lease") is made and entered into as of the day of , 2016 (the "Effective Date"), by and between [], a [] ("Landlord") and MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation ("Tenant").

RECITALS

A. Landlord [OR ITS AFFILIATE] is, simultaneously with the execution and delivery of this Lease, purchasing from Tenant's affiliate certain improved real property (the "Landlord's Parcel") currently known as and numbered 100 Chelmsford Street, in the City of Lowell, Massachusetts, more particularly described on EXHIBIT A and shown on the plan attached hereto as EXHIBIT A-1.

B. Landlord desires to lease to Tenant and Tenant desires to lease from Landlord that certain portion of the Landlord's Parcel shown as "144 CHELMSFORD PARCEL" on the plan attached hereto as EXHIBIT A-1 (the "Leased Parcel"), together with the Improvements (as defined herein), which will include without limitation certain improvements to be constructed by Landlord to the extent required as set forth in APPENDIX 1 (attached hereto and incorporated herein by reference) and Intangible Rights (as defined herein), all upon the terms and conditions hereinafter set forth. It is anticipated that the Leased Parcel will be known as and numbered 144 Chelmsford Street, Lowell, Massachusetts.

C. Simultaneously herewith Landlord [OR ITS AFFILIATE] and Tenant are entering into a Lease Agreement (the "100 Chelmsford Lease") pursuant to which Landlord [OR ITS AFFILIATE] will lease to Tenant the remaining portion of Landlord's Parcel as shown as "100 CHELMSFORD PARCEL" on the plan attached hereto as EXHIBIT A-1 together with all Improvements (as such term is defined in the 100 Chelmsford Lease) now and/or hereafter existing thereon, which will include without limitation certain site improvements to be constructed by Landlord to the extent required as set forth in APPENDIX 1 (the "100 Chelmsford Parcel").

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties do hereby agree as follows:

I. (a) Demise. Landlord hereby leases unto Tenant and Tenant hereby leases from Landlord the Leased Parcel and all buildings, structures, fixtures and improvements now or hereafter located thereon and/or to be constructed thereon as in this Lease provided (collectively the "Improvements"), together with all existing rights of ingress and egress from all public ways adjacent to the Premises, such rights (the "Ancillary Rights") being in common with Landlord and others now or hereafter entitled thereto from time to time pursuant to the terms of any applicable Other Documents (as defined herein). It is anticipated that upon the occurrence of Substantial Completion of the Landlord Work (as such terms are defined in APPENDIX 1), the

Improvements will include without limitation a building comprised of approximately 59,000 square feet of gross floor area as shown approximately as "NEW BUILDING" and "CONNECTOR" on EXHIBIT A-2, which square footage shall be finalized by the Work Plans (as defined in APPENDIX 1) and shall not be subject to challenge or re-measurement by either party for all intents and purposes under this Lease (except to the extent otherwise expressly provided herein). The Leased Parcel, the Improvements and Ancillary Rights are hereinafter collectively referred to as the "Premises." As used herein, "Building" shall mean any building or buildings as shall at any given time have been constructed on the Leased Parcel.

(b) Condition of Leased Parcel. Immediately prior to the Effective Date, Tenant occupied the Leased Parcel. Tenant is therefore familiar with the Leased Parcel, and its condition and suitability for Tenant's use and Tenant acknowledges that, except as specifically set forth herein, Landlord has not made any warranty or representations, expressed or implied, as to the condition or suitability of the Leased Parcel for Tenant's intended use and that Tenant is leasing the Leased Parcel and hereby accepts the Leased Parcel in its "AS IS" and "WHERE IS" condition. Except to the extent expressly set forth in APPENDIX 1, Landlord shall not have any obligation to make repairs, alterations or improvements to the Leased Parcel, Building and/or Premises, either at or prior to the commencement of the term hereof or at any time thereafter. Tenant, at Tenant's option and/or election, shall have the right, but not the obligation, to perform certain work and/or make certain installations at the Premises in connection with Tenant's initial occupancy thereof as set forth in EXHIBIT B (the "Tenant Work").

(c) Landlord Work. APPENDIX 1 sets forth certain rights and obligations of Landlord and Tenant with respect to the design, permitting and performance of the Landlord Work (as defined in APPENDIX 1), which Landlord Work includes certain site improvements to be made to both the Leased Premises and the 100 Chelmsford Parcel. As set forth in APPENDIX 1, in the event of the occurrence of an Approval Contingency Failure (as defined in APPENDIX 1), subject to all of the terms and conditions applicable thereto as set forth in APPENDIX 1, Landlord shall have no obligation to perform the Landlord Work and the Possession Date shall be deemed to have occurred. Further in the event of the occurrence of an Approval Contingency Failure, and only in such event, the terms and conditions of EXHIBIT F shall also apply (and shall govern and control in the event of a conflict between the terms and conditions of this Lease outside of EXHIBIT F and the terms and conditions of EXHIBIT F).

2. Term.

(a) Initial Term. The initial term ("Initial Term") of this Lease shall commence on the Commencement Date and shall terminate at 11:59 p.m. on the last day of the month during which the twentieth (20th) anniversary of the Commencement Date occurs, subject to Tenant's right to extend this Lease as set forth in Section 2.2. As used herein, "Commencement Date" shall mean the Possession Date (as defined in APPENDIX 1). As used herein, the "term" or the "term of this Lease" shall mean the Initial Term, as the same may be extended by an Optional Extension Term (as defined herein) as set forth in clause (b) immediately below.

(b) Extension Term(s). Provided that Tenant is not then in default beyond any applicable notice and cure period under any monetary term or condition of this Lease at the time

of exercise of an Optional Extension Term (defined herein), and further provided that Tenant gives Landlord written notice of Tenant's election to exercise an Optional Extension Term by no later than such date (the "Option Exercise Deadline") as is at least two (2) years prior to the end of the then current term, Tenant shall have the right to extend the term of this Lease for two (2) separate and consecutive optional extension periods of ten (10) years each (each an "Optional Extension Term" and collectively the "Optional Extension Terms"). Upon Tenant's exercise of an option to extend the term for an Optional Extension Term as set forth above, the term of this Lease shall be thereby automatically extended for the period of such Optional Extension Term without the need for the parties to execute and deliver any further documentation, such Optional Extension Term shall be on the same terms and conditions as were in effect under this Lease for the term prior to such Optional Extension Term except that the fixed annual Base Rent due hereunder for each Optional Extension Term shall be determined as set forth in Section 3(b) and Tenant shall have no further options to extend the term other than the Optional Extension Terms expressly provided for in this Section 2(b). At such time as such information has been conclusively determined hereunder, at the election of either party, the parties shall execute an agreement, in a form reasonably acceptable to the parties, memorializing the dates of any Optional Extension Term and the Base Rent applicable thereto.

3. Rental.

(a) During the term hereof, commencing on the Commencement Date, Tenant shall pay to Landlord, in advance on the first day of each calendar month in equal monthly installments at the address set forth in Section 17 or such other place as Landlord may from time to time designate, in writing, without demand or right of set-off except to the extent (if any) otherwise expressly set forth in this Lease, fixed and minimum annual rental ("Base Rent") as determined under Section I(i) of APPENDIX I, provided that commencing on the first day after the conclusion of the first twelve (12) full calendar months of the term, and then continuing annually thereafter on the one (1) year anniversary of such date, the Base Rent shall be increased by one and one-half percent (1.5%) above the previous year's Base Rent. All Base Rent shall be payable in addition to all additional rent required under this Lease. If the Commencement Date begins on a date other than the first day of a calendar month, or the term of this Lease ends on a day other than the last day of the calendar month, Base Rent for such month shall be prorated, based on the number of days in the applicable calendar month. Tenant shall pay an interest charge determined in accordance with Section 16 for Base Rent received by Landlord more than five (5) days following the due date.

(b) Extension Terms. The annual Base Rent due during each Optional Extension Term for which Tenant shall have exercised its extension option right shall be equal to the greater of (i) ninety-five percent (95%) of the Market Rent (as defined herein) or (ii) the average of the annual Base Rent in effect for all years (x) of the Initial Term (in the case of the first such Optional Extension Term) or (y) of the first such Optional Extension Term (in the case of the second such Optional Extension Term); provided that, commencing on the first day after the conclusion of the first twelve (12) full calendar months of any such first or second (as applicable) Optional Extension Term and then continuing annually thereafter on each anniversary of such date for the duration of such first or second (as applicable) Optional Extension Term, the annual Base Rent shall be increased by one and one-half percent (1.5%) above the previous year's annual Base Rent.

(c) Market Rent. The "Market Rent" for the Premises shall be the rental rate being charged under new leases of premises in Massachusetts comparable to the Premises and located within ten (10) miles of the Premises (the "Trade Area") for the first year of a ten (10) year term commencing approximately at the time of the applicable Optional Extension Term, taking into account all of the terms and conditions of this Lease (other than rental) and all other relevant factors such as the size, condition, use, utility, location and accessibility of the Premises, determined as follows:

(i) Within ninety (90) days after the later to occur of (i) Landlord's receipt of Tenant's notice of its exercise of an Optional Extension Term in accordance with Section 2(b) or (ii) the Option Exercise Deadline applicable thereto, Landlord shall deliver to Tenant written notice of its determination of Market Rent. Tenant shall, within sixty (60) days after receipt of such notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of Market Rent ("Tenant's Response Notice"). If Tenant so accepts Landlord's determination of Market Rent or if Tenant fails to timely deliver Tenant's Response Notice then such determination of the Market Rent by Landlord shall be conclusively deemed to be the Market Rent hereunder for the applicable Optional Extension Term.

(ii) If Tenant's Response Notice is timely delivered to Landlord and indicates that Tenant rejects Landlord's determination of Market Rent, then Market Rent shall be determined in accordance with the procedures set forth below in this clause (ii). Within fifteen (15) days after receipt by Landlord of Tenant's Response Notice indicating Tenant's rejection of Landlord's determination of Market Rent, Tenant and Landlord shall each notify the other in writing of their respective designation of an individual broker or appraiser (respectively, "Tenant's Broker" and "Landlord's Broker"). If Landlord shall fail to so designate Landlord's Broker then Tenant shall have the right to arrange for Tenant's Broker to designate Landlord's Broker by notice to Landlord and Tenant given after Landlord's failure to have done so as and when required herein, and if Tenant shall fail to so designate Tenant's Broker then Landlord shall have the right to arrange for Landlord's Broker to designate Tenant's Broker by notice to Landlord and Tenant given after Tenant's failure to have done so as and when required herein. Within ten (10) days of the designation of Landlord's Broker and Tenant's Broker, Landlord's Broker and Tenant's Broker shall jointly select a third broker (the "Third Broker"), failing which either party may petition the President of the Greater Boston Real Estate Board requesting that he or she designate the Third Broker (which designation shall be binding on the parties). All of the brokers or appraisers selected shall be duly licensed or certified individuals with at least five

(5) years' commercial brokerage or appraisal experience in the Trade Area with particular experience with the type of property represented by the Premises and, in the case of the Third Broker only, shall not have acted in any capacity for either Landlord or Tenant or any Tenant Affiliate (as defined herein) within ten (10) years prior to the broker's selection. The Third Broker shall determine the Market Rent for the applicable Optional Extension Term in accordance with the requirements and criteria set forth herein employing the method commonly known as Baseball Arbitration, whereby Landlord's Broker and Tenant's Broker each sets forth its determination of Market Rent, and the Third Broker must select one or the other (it being understood that the Third Broker shall be expressly prohibited from selecting any alternative figure). Landlord's Broker and Tenant's Broker shall deliver their respective determinations of the Market Rent to the Third

Broker within twenty (20) days of the appointment of the Third Broker and the Third Broker shall render his or her decision within fifteen (15) days after receipt

of both of the other two determinations of Market Rent. The Third Broker's decision shall be binding on both Landlord and Tenant and shall be conclusively determined to be the Market Rent hereunder for the applicable Optional Extension Term. If either Landlord's Broker or Tenant's Broker shall have failed to submit their respective determinations of Market Rent as and when required hereunder, then any determination of Market Rent that shall have been submitted by one of them as and when required hereunder shall be conclusively determined to be the Market Rent hereunder for the applicable Optional Extension Term. Each party shall bear the cost of its own broker or appraiser and shall share equally in the cost of the Third Broker. In the event that the Market Rent has not been conclusively determined before the commencement of the applicable Optional Extension Term, then Tenant shall pay Base Rent based upon a ten percent (10%) premium over the annual Base Rent in effect immediately prior to the commencement of the applicable Optional Extension Term until Market Rent for such Optional Extension Term has been conclusively determined hereunder, at which time either Tenant shall promptly pay any unpaid Base Rent to Landlord or Landlord shall promptly refund or credit to Tenant any overpaid Base Rent, in either case with interest at the rate provided for under Section 16.

4. Taxes.

(a) Throughout the term of this Lease and any extension, Tenant shall pay before delinquency, as additional rent, all Taxes upon or allocable to the Premises as set forth herein. As used herein, "Taxes" shall mean all taxes, charges and assessments, general and special, ordinary and extraordinary, of every nature and kind whatsoever, and all water rates and sewage or sewer use charges levied, assessed or imposed upon any property that includes the Premises or any portion thereof (the "Taxed Property"), as hereinafter provided, whether such tax, rate, charge or assessment shall be for village, town, county, state, federal or any other purpose whatsoever. Taxes shall include, without limitation, all general real property taxes and general, special and area-wide assessments, charges, fees, assessments for transit, police, fire or other governmental services or purported benefits to the Taxed Property, so-called business improvement district charges and service payments in lieu of or in addition to real estate taxes, that may be now or may hereafter be levied or assessed against the Taxed Property or Landlord by the United States of America, the County of Middlesex, Commonwealth of Massachusetts, City of Lowell, or any political subdivision, public corporation, district or other political or public entity. Taxes shall also include any and all general and special assessments, fees and charges assessed or imposed upon the Taxed Property by virtue of any private restrictive covenant. Should any governmental agency or political subdivision impose any taxes and/or assessments, whether or not now customary or within the contemplation of the parties hereto, either by way of substitution for taxes and assessments presently levied and assessed against the real estate as well as the Improvements thereon, or in addition thereto, including, without limitation, any taxes based upon the rentals received by Landlord hereunder (other than an income or franchise tax) or any other tax, fee or excise on the act of entering into this Lease or on the use or occupancy of the Premises or any part thereof or in connection with the business of renting the Premises, such taxes and/or assessments shall be deemed to constitute Taxes for the purpose of this Section 4 and shall be paid by Tenant. Taxes shall not include income, intangible, franchise, capital stock, estate or inheritance taxes or taxes substituted for or in lieu of the foregoing exclusions, all of which shall be paid by Landlord. Taxes payable by Tenant hereunder shall also include reasonable costs, disbursements and legal fees of Landlord incurred

in connection with proceedings to abate, contest, determine or reduce any such Taxes (a "Tax Contest"), but not in excess of the savings to Tenant realized by the Tax Contest unless Landlord undertook such Tax Contest on account of a Tenant Request (as defined herein). Upon written request Tenant shall furnish to Landlord a receipted tax bill, or other satisfactory evidence of the payment of such taxes, assessments and charges within 10 days after the same are due and payable. Tenant's obligations under this Section 4 shall survive the expiration or earlier termination of this Lease.

(b) With regard to Taxes, if at any time during the term of this Lease, the Premises are assessed for Tax purposes as a part of any other real property owned by Landlord (the "Landlord's Tax Parcel"), then Tenant shall be responsible for and shall pay to Landlord (A) one hundred (100%) percent of the Taxes assessed against or allocated to all buildings and related improvements on the Premises (and any fixtures or personal property located therein); and (B) Tenant's Pro Rata Share of the Taxes assessed against or allocated to the land comprising, and so-called site improvements (specifically excluding any buildings) located on, the Landlord's Tax Parcel, such payment to be made within thirty (30) days following Landlord's invoicing Tenant therefor (which invoice shall include copies of the applicable Tax bills). Tenant's "Pro Rata Share" shall be a fraction the numerator of which is the square foot land area of the Leased Parcel and the denominator of which is the square foot land area of the Landlord's Tax Parcel, as either thereof may change as a result of a lot line adjustment as contemplated under clause (l) of Section 35(a) below. As of the Effective Date, the Tenant's Pro Rata Share is (%) percent. If, however, the Premises are assessed for Taxes separate and apart from any other real property of Landlord, then Tenant shall pay, prior to delinquency, and directly to the taxing authority, one hundred (100%) percent of all Taxes assessed against or allocated to the Premises and if Tenant is delinquent in paying any thereof then Tenant shall be fully responsible for paying upon the imposition thereof any interest, penalty or other late fee or charge arising due to such delinquency. If the Premises are separately assessed for Taxes, Landlord shall attempt to arrange to have all notices concerning tax assessments, changes in assessments, tax rates and changes, and tax bills (collectively, "Tax Bills") sent directly from the applicable governmental authorities to Tenant. If Landlord is not able to arrange to have Tax Bills sent directly to Tenant, then based upon timely receipt thereof by Landlord, Landlord shall timely supply Tenant with copies of all Tax Bills after receipt by Landlord, so that Tenant may timely pay such Tax Bills so as to avoid any interest or penalty charges for late payment. If Landlord fails to provide such invoices in a timely fashion Landlord shall pay any late charge, interest or fee based on such delay and payment. Notwithstanding anything to the contrary contained herein, Tenant shall be responsible for paying, directly to the taxing authority and without delinquency, all governmental imposed taxes, charges or assessments against any fixtures or personal property of Tenant.

(c) If there are at least two (2) years remaining under the term of this Lease and Tenant is not in default under this Lease beyond any applicable notice or cure period, and if:

A. the Premises are separately assessed for Taxes and Tenant notifies Landlord, on or prior to the twenty-fifth (25th) day prior to the deadline under applicable law for timely filing for a Tax Contest (the "Filing Deadline"), that Tenant will file a Tax Contest, or

B. the Premises are not separately assessed for Taxes and Tenant notifies Landlord, on or prior to the twenty-fifth (25th) day prior to the Filing Deadline, of Tenant's request that Landlord pursue a particular Tax Contest (a "Tenant Request") but Landlord, within fifteen (15) days prior to the Filing Deadline, notifies Tenant that Landlord is declining such request,

then, in either such case, Tenant may pursue a Tax Contest in good faith by appropriate proceedings at its own expense, provided that Tenant shall first have paid such Taxes or, if the payment of such Taxes is to be postponed or deferred during the contest with respect to and such Tax Contest is occurring during any period in which Tenant does not satisfy the Financial Prerequisite (as defined herein), Tenant shall have furnished Landlord a bond of a surety company reasonably satisfactory to Landlord in an amount equal to, or shall have deposited with any bank or trust company of Landlord's selection in the State wherein the Premises are located to hold such deposit and apply the same as hereinafter provided, the amount of the Taxes so contested, together with such additional sums as may reasonably be required to pay interest or penalties accrued or to accrue on any such Taxes. Nothing contained herein, however, shall release Tenant of the obligation to pay and discharge contested Taxes as finally adjudicated, with interest and penalties, and all other charges directed to be paid in or by any such adjudication. Any such contest or legal proceeding shall be begun by Tenant as permitted by applicable law; provided, however, that Tenant may in its discretion consolidate any proceeding to obtain a reduction in the assessed valuation of the Premises for tax purposes relating to any tax year with any similar proceeding or proceedings relating to one or more other tax years. Notwithstanding anything contained herein to the contrary, Tenant shall pay all such contested items before the time when the Premises or any part thereof might be forfeited as a result of nonpayment.

(d) Landlord shall join in any Tax Contest brought by Tenant under Section 4(c) and hereby agrees that the same may be brought in its name, if the provisions of any law, rule or regulation at the time in effect shall so require. Tenant shall indemnify and save Landlord harmless from any liabilities, losses, or expenses (including reasonable attorney's fees) in connection with any such Tax Contest in which Landlord shall join or permit to be brought in its name pursuant to this Section 4(d).

(e) So long as Tenant is not in default under any term or condition of this Lease beyond any applicable notice and cure period, Tenant shall be entitled to share in any refund of any Taxes on account of any Tax Contest (including any refunded penalties or interest thereon) in an amount in proportion to the percentage that the amount so refunded was originally paid for by Tenant (and Landlord shall be entitled to that portion of the refund that is in proportion to the percentage that the amount so refunded was originally paid by Landlord, any predecessor owner or any third party); provided, however, that there shall first be deducted from the amount of any such refund such amounts as are necessary to reimburse Tenant (or Landlord, if Landlord was the contesting party pursuant to Section 4(f) below), for the reasonable costs of the particular Tax Contest actually paid by Tenant (or Landlord, if so applicable) in pursuit of the Tax Contest (provided that if any of such costs were paid to an affiliate of Tenant (or Landlord, if so applicable) then those costs shall only be deducted to the extent that they do not exceed what such costs would have been had they been paid to an unaffiliated party on an arm's-length basis).

(t) If Tenant is not entitled to pursue a Tax Contest as set forth in Section 4(c), then Landlord may on its own initiative elect to pursue a Tax Contest without restriction; provided, however that if (i) there are at least two (2) years remaining under the term of this Lease and (ii) Tenant is not in default under this Lease beyond any applicable notice or cure period, then Landlord shall not so commence any such Tax Contest, or agree to any settlement, compromise or other disposition of any such Tax Contest proceedings, or discontinue or withdraw from any such Tax Contest, or accept any refund of any Taxes as a result of any Tax Contest, in each case without the consent of Tenant, which consent (x) Tenant may withhold in Tenant's sole discretion if the Premises are separately assessed for Taxes or (y) Tenant shall not unreasonably withhold or condition if the Premises are not separately assessed for Taxes, provided that, in any event, if Tenant does not notify Landlord in writing within fifteen (15) days of Tenant's receipt of a notice from Landlord requesting Tenant's consent to a Tax Contest (provided that Landlord's request therefor shall include a statement in a conspicuous place and in capital letters to the effect that "FAILURE TO RESPOND TO THIS REQUEST IN FIFTEEN (15) DAYS WILL BE DEEMED CONSENT") then Tenant shall be deemed to have given such consent. Tenant agrees, at no out-of-pocket cost to Tenant, to reasonably cooperate with Landlord, in any such Tax Contest brought by Landlord under this Section 4(t).

5. Use of Premises. Tenant shall have the right to use the Premises for any lawful commercial use. Tenant shall not cause or maintain or authorize any nuisance or commit or suffer the commission of any waste in, on or about the Premises. Tenant acknowledges that Landlord has made no warranty or representation regarding the suitability of the Premises for Tenant's intended use and that, except to the extent expressly set forth in **APPENDIX I** or to the extent caused by negligence or willful misconduct of Landlord and/or Landlord employees, agents, contractors and/or invitees, Tenant is responsible during the term of this Lease for all activities occurring on the Premises. Subject to the provisions of Section 6 and **APPENDIX I**, Tenant, at its sole cost and expense, shall comply with and conform to all present and future laws, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations and requirements, even if unforeseen or extraordinary, of every governmental authority or agency and all covenants, restrictions and conditions now of record which may be applicable to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Premises, even if compliance therewith (i) necessitates structural changes or improvements (including changes required to comply with the "American With Disabilities Act") or (ii) requires Tenant to carry insurance other than as required by the provisions of this Lease.

6. Repairs. Except as otherwise expressly set forth in **APPENDIX I**, throughout the term hereof, Tenant shall keep and maintain the Premises (including, without limitation, all Improvements located therein, all Alterations made thereto, and all fixtures installed therein) in good condition and repair and be responsible for all maintenance, repairs and replacements to the Premises, structural and nonstructural, ordinary or extraordinary, foreseen or unforeseen, including, but not limited to, all structural repairs and replacements to the foundation, exterior and/or load bearing walls, interior and exterior windows, roof, and, mechanical, electrical, plumbing, heating, ventilation and air conditioning and life safety systems (the "Systems") of the Premises, and including without limitation all landscaping, sidewalks, driveways, parking areas and other outdoor facilities or amenities contained in or about the Premises. Tenant shall make all such repairs and replacements as may be necessary to keep and maintain the Premises in a

condition consistent with other buildings of similar use, age and construction located in the Lowell, Massachusetts trade area, and shall not defer any repairs, maintenance or replacements in anticipation of the expiration of the term. Tenant shall keep and maintain the Premises in a clean, safe, sanitary and tenantable condition in a manner compatible with its intended use, shall not permit any garbage, waste, refuse or dirt of any kind to accumulate in or about the Premises, shall keep all Systems in good working order and operating condition, shall keep all driveways, parking areas, entrances and pedestrian walkways in a reasonably safe condition (including reasonably free from snow and ice) and shall make any repairs, replacements or improvements which may be required by any laws, rules, regulations, ordinances or orders of any federal, state, local or other governmental authority having jurisdiction over the Premises. Tenant shall not cause deterioration (other than ordinary wear and tear), waste, damage or injury to the Premises. Except as expressly provided in APPENDIX 1 of this Lease, Landlord shall not be required to make any repairs, alterations, maintenance or replacements in or to the Premises.

7. Utilities. Throughout the term hereof, Tenant shall be responsible for and shall promptly pay as and when due all charges for heat, water, gas, electricity, telephone, sanitary sewer and other utilities used or consumed in, on or upon the Premises. Tenant shall at all times keep the Premises sufficiently heated so as to prevent freezing and deterioration thereof and/or of the equipment and facilities contained therein. Except as otherwise expressly set forth in APPENDIX 1, Tenant shall be responsible for all utility connections.

8. Alterations.

(a) Except for the Tenant Work and except for New Improvements (as defined in EXHIBIT F), which Tenant may complete without the need for Landlord's prior written approval under this Section 8 (but, in any event, subject to all of the other terms of this Lease applicable thereto), Tenant shall not make any alterations, additions or improvements on, to or about the Premises ("Alterations") except in accordance with this Section 8. Except as otherwise expressly set forth in Section 8(b) below, any Alterations shall at once be deemed a part of the realty and belong to Landlord. Subject to the conditions set forth in clauses (A) through (F) of this Section 8(a) below, as applicable, during the term of this Lease, except for any Tenant Work as aforesaid: (i) Tenant shall be permitted to make any interior, non-structural Alterations to the Building ("Permitted Non-Structural Alterations") without the prior written consent of Landlord; (ii) Tenant shall be permitted to make any Alterations to or affecting the interior structural elements or Systems of the Premises or any part thereof and to the extent such interior structural alterations necessitate structural Alterations to the exterior of the Building such changes shall be permitted ("Permitted Structural Alterations") and, together with any Permitted Non-Structural Alterations, ("Permitted Alterations") without the prior written consent of Landlord provided that Tenant delivers to Landlord notice thereof at least thirty (30) days in advance of its making such Permitted Structural Alterations which notice shall include copies of Tenant's plans and specifications therefor; and (iii) Tenant shall not make any exterior Alterations that are not Permitted Alterations or any other Alterations that are not Permitted Alterations (as the case may be, "Other Alterations") without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. During the term of this Lease, Tenant may install on the Premises such trade fixtures and equipment as Tenant deems necessary for its business activities; provided that the installation and use of all such trade fixtures and equipment shall be in compliance with any and all applicable

governmental laws, rules, regulations and ordinances and if the installation of any such trade fixtures or equipment would require modification to the structural elements or Systems of the Premises or any part thereof then the same shall be deemed Permitted Structural Alterations. All such Alterations shall be completed in a good and workmanlike manner incorporating materials comparable to that which exist in the affected portions of the Premises and, in any event, in "good condition," and upon completion thereof Tenant shall deliver to Landlord copies of (x) any certificate of occupancy required by any governmental authorities to have been issued therefor and (y) plans and specifications prepared by a certified architect depicting such Alterations as installed. Minor decorations to the Premises, such as moveable partitions, carpeting, painting and wallpapering, shall not constitute Alterations. Notwithstanding anything to the contrary contained herein, all Alterations shall be subject to the following conditions:

- A. Tenant shall pay, or cause to be paid, the entire cost of the Alterations.
- B. With respect to any Permitted Structural Alteration or any Other Alteration that, in Landlord's reasonable judgment, would materially adversely affect the value or the utility of the Premises, Tenant shall, at Landlord's election (a "Restoration Election"), either (as Landlord shall elect in its Restoration Election) (x) restore the affected area to the condition in which it existed prior to such Alteration or (y) otherwise remove the Alteration in a manner that leaves the Premises in a safe and secure, structurally sound, weather-tight and architecturally whole condition and in compliance with applicable law. A Restoration Election may be made at any time up until the later to occur of (i) one (1) year prior to the natural expiration of the term of this Lease or (ii) in the event of any early termination of this Lease within ten (10) days following the later to occur of (A) the date of such early termination or (B) not more than ten (10) days after Tenant shall have afforded Landlord all plans, specifications and other information and access reasonably requested by Landlord. Notwithstanding the foregoing sentence, Tenant may at any time request in writing that Landlord either make or decline to make a Restoration Election with respect to any particular proposed Alterations (prior to Tenant's making the same) and if Tenant makes such request and provides to Landlord all plans, specifications and other information and access reasonably requested by Landlord in order for Landlord to make a reasonably informed decision as to whether to make a Restoration Election then Landlord will, within 30 days after receiving all such information, inform Tenant in writing as to whether Landlord is making or declining to make such Restoration Election, with Landlord's failure to make such Restoration Election being deemed Landlord's having declined to make the same. If Landlord makes a Restoration Election, Tenant may then elect not to make the proposed Alterations, provided that if Tenant shall thereafter

perform the Alterations then Tenant shall perform the restoration or removal work required therefor at its sole cost, which work shall be deemed Alterations to the extent applicable under the terms of this Section 8. Notwithstanding the foregoing, the provisions of this clause B shall not apply to any New Improvements except to the extent of any Business Installations therein.

- C. Tenant shall keep the Premises free from and promptly remove any mechanic's liens and indemnify, defend, and hold Landlord harmless from any and all liability or expense of any kind and description (including reasonable attorneys' fees) which may arise out of or be connected in any way with Tenant's Alterations. Any mechanic's lien filed against the Premises or for Alterations or materials furnished to Tenant shall be discharged by Tenant within thirty (30) days of Tenant becoming aware of its filing, at Tenant's sole expense, by payment or filing of a bond satisfactory to Landlord.
- D. Tenant shall hold Landlord harmless from all claims, losses, liabilities, damages, and expenses (including reasonable attorney's fees) resulting from any Alterations.
- E. Tenant shall obtain and pay for all necessary permits and approvals and shall comply with all applicable governmental requirements and insurance rating bureau recommendations, including complying with any rules and regulations related to the handling or removal of asbestos containing materials; and
- F. Tenant or Tenant's contractor's shall carry builder's risk insurance covering all Alterations, in form and amounts and with companies satisfactory to Landlord, naming Landlord and Mortgagee (as defined herein), if any, as an additional insured.

(b) Tenant shall remain the owner of all trade fixtures and equipment installed in the Premises, as well as those Alterations and fixtures (such fixtures, as distinguished from "trade fixtures" and "equipment," being herein referred to as "Permanent Fixtures") which are part of Tenant's business operations and functions conducted at the Premises (any such Alterations and Permanent Fixtures being, individually or collectively, "Business Installations"). Tenant shall be entitled to remove Business Installations at any time but at the expiration of the term of this Lease shall be obligated to remove any such Business Installations for which Landlord shall have made a Restoration Election in accordance with clause (B) of Section 8(a), subject to the requirements of Section 18 below. In any event, in connection with any removal of Business Installations Tenant shall (x) restore the affected area to the condition in which it existed prior to the initial installation thereof or (y) otherwise remove the same in a manner that leaves the Premises in a safe and secure, structurally sound, weather-tight and architecturally whole condition and in compliance with applicable law. Landlord hereby waives any and all rights it may have to any statutory, pre-judgment landlord's lien and/or rights of distraint on the

Business Installations, as well as on any of Tenant's trade fixtures, equipment, goods, inventory and other personal property located within the Premises (collectively, "Tenant's Property"). If requested by Tenant's lender holding a lien on Tenant's Property ("Tenant's Lender"), Landlord shall promptly execute and deliver an instrument in form reasonably satisfactory to Tenant's Lender and Landlord, which form shall (i) provide for Landlord's consent to the Lender's lien on any of Tenant's Property ("Collateral"), (ii) provide for Landlord's subordination to the Lender's lien of any right to levy or distraint the Collateral (and confirming Landlord's subordination to the Lender's lien of any statutory lien on the Collateral) and (iii) afford Tenant's Lender the opportunity to enter the Premises in order to remove the Collateral on reasonable terms and conditions (including without limitation, the condition that Tenant's Lender pay Landlord any per diem amounts due under Section 20 hereof with respect to any period of time in which the Collateral remains on the Premises after the termination of this Lease, restore any damage caused by such removal and otherwise remove such collateral in accordance with any requirements of clause (B) of Section 8(a) above or Section 18 below as are applicable to the particular Collateral, and indemnify Landlord from any damage or liability caused to Landlord by such entry and removal activities including reasonable attorneys' fees incurred by Landlord in connection therewith.

(c) Without limitation, the installation by Tenant on the roof of any Building, and/or any other portion(s) of the Leased Parcel upon which buildings or structures may be erected under the terms of this Lease, of solar panels ("Solar Panels"), equipment providing an uninterrupted power supply to the Premises (including, without limitation, generators and chargers), and/or equipment providing for electric service generation and/or storage (any such solar panels and/or other equipment being, collectively, "Tenant's Exterior Equipment") shall constitute Permitted Alterations hereunder. Tenant's Exterior Equipment, once installed, shall constitute Business Installations hereunder for which Landlord shall be deemed to have made a Restoration Obligation. All proceeds and other consideration which Tenant receives relative to the exercise of Tenant's right to install and/or operate the Solar Panels and/or any other items of Tenant's Exterior Equipment shall be the sole property of the Tenant and Landlord shall have no right, title or interest in and to the same or any part thereof. Notwithstanding the foregoing, in no event shall Tenant enter into any contract providing for the use, output or other benefit of the Solar Panels and/or any other items of Tenant's Exterior Equipment by any third party that will survive the expiration of earlier termination of this Lease or otherwise be binding on Landlord.

9. Insurance and Indemnity.

(a) Liability Insurance. Tenant shall, at Tenant's sole expense, during the entire term hereof, keep in full force and effect a policy of commercial general liability insurance with respect to the Premises, and the business operated by Tenant in the Premises, in which the primary coverage per accident or occurrence is not less than \$1,000,000.00 of primary combined single limit and the umbrella coverage per accident or occurrence is not less than \$15,000,000.00 in the aggregate. Each such policy shall name Landlord and any Mortgagee as an additional insured.

(b) Property Insurance. Tenant shall, at Tenant's sole expense, during the entire term hereof, keep in full force and effect a policy of special form property insurance against fire, vandalism, malicious mischief, and such other hazards as are from time to time

included in a ISO Special Form Causes of Loss form or its equivalent, insuring the Premises in an amount equal to the full replacement value of the Improvements (with an agreed amount endorsement, or no coinsurance form), and all Tenant's Property, in an amount equal to the full replacement value thereof.

(c) Contractors' Insurance. At all times when any work is in process in connection with the performance of any Alterations, Tenant shall require all contractors and subcontractors to maintain the following insurance:

- (i) Commercial general liability insurance in the amount of One Million (\$1,000,000.00) Dollars insuring Landlord and Mortgagee, if any, as additional insureds;
- (ii) the insurance required under clause (F) of Section 8(a) above;
- (iii) Worker's Compensation, as required by law; and
- (iv) Automobile liability insurance, including but not limited to, passenger liability, on all owned, non-owned and hired vehicles in connection with the Premises, with a combined single limit per occurrence of not less than One Million Dollars (\$1,000,000.00) for bodily injury and property damage.

(d) Requirements. The policies required under this Article 9 may be furnished by Tenant under any blanket policy carried by it (provided the minimum limits set forth above are applicable to the Premises) or under a separate policy therefor. The insurance shall be with carriers with a Best Insurance rating of "A-" or better and a financial size rating of "VIII" or better and qualified to do business in the Commonwealth of Massachusetts. Certificates of the insurers, on the ACORD standard or equivalent forms, evidencing the maintenance of such insurance policies shall be delivered to Landlord prior to commencement of the term of this Lease and, upon renewals, not less than ten (10) days prior to the expiration of a coverage period. At any time during which Tenant satisfies the Financial Prerequisite, Tenant may self-retain any losses up to a maximum amount determined appropriate by Tenant. At any time after the third (3rd) anniversary of the Effective Date, any minimum dollar coverage requirements set forth herein shall be subject to increase to levels customarily required by landlords of similar properties in eastern Massachusetts, upon Landlord's election by notice to Tenant therefor given from time to time (but not more than once in any given period of three (3) years). Prior to the last two (2) years of the term of this Lease, Tenant alone will be entitled to adjust any losses and to receive insurance proceeds (provided that Tenant shall keep Landlord reasonably apprised of, and afford Landlord the reasonable opportunity to advise and consult in, but with no approval authority over the adjustment process) but in any event, to the extent necessary, Tenant shall use such proceeds for purposes of complying with any Tenant's repair, restoration and rebuilding obligations hereunder. Notwithstanding the foregoing, if at any time Tenant does not satisfy the Financial Prerequisite then such proceeds shall not be received by Tenant but, rather, shall be paid to the first priority Mortgagee or, if there is no Mortgagee, a bank, trust company or institutional escrow agent reasonably satisfactory to the parties, to be disbursed for the foregoing purposes on terms and conditions reasonably required by Landlord or the first priority Mortgagee

(which may include, without limitation, those that an institutional construction lender would customarily and reasonably require for disbursement of construction loan proceeds). During the last two (2) years of the term of this Lease, Landlord alone will be entitled to adjust any losses and to receive insurance proceeds (provided that Landlord shall keep Tenant reasonably apprised of, and afford Tenant the reasonable opportunity to advise and consult in, but with no approval authority over the adjustment process) but in any event Landlord shall make such proceeds timely available to Tenant for purposes of Tenant's complying with its repair, restoration and rebuilding obligations hereunder on terms and conditions reasonably imposed by Landlord or Landlord's senior mortgagee (which may include, without limitation, those that an institutional construction lender would customarily and reasonably require for disbursement of construction loan proceeds).

(e) Tenant's Indemnity. Tenant shall defend, indemnify and save Landlord harmless against and from any and all claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees), arising out of (a) Tenant's use or occupancy of the Premises or the occurrence of any nuisance on the Property, (b) the conduct or management of the business conducted by Tenant or any subtenant or other occupant in the Premises, (c) any breach or default on the part of the Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to the terms of this Lease, and (d) any act or negligence of Tenant, its agents, contractors, servants, guests, employees, subtenants, concessionaires or licensees on or in the Premises or its appurtenances. In case any action or proceeding is brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, shall defend such action or proceeding which is brought against Landlord by reason of any such claim. Tenant, upon notice from Landlord, covenants to defend such action or proceeding by counsel reasonably satisfactory to Landlord, provided that Landlord hereby approves any such counsel reasonably appointed by Tenant's insurance company.

(f) Subrogation. Tenant and Landlord hereby release each other and its or their respective officers, directors, employees and agents from any and all liability or responsibility (or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage to property covered by insurance required maintained by the said party and shall maintain insurance policies requiring such release.

(g) Landlord's Indemnity. Landlord shall defend, indemnify and save Tenant harmless from and against any and all claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of (a) any breach or default on the part of the Landlord in the performance of any covenant or agreement on the part of the Landlord to be performed pursuant to the terms of this Lease, and (b) any negligence of Landlord, its agents, contractors, servants, guests, employees, tenants (other than Tenant), concessionaires or licensees on or about the Premises. In case any action or proceeding is brought against Tenant by reason of any such claim, Landlord, upon notice from Tenant, shall defend such action or proceeding which is brought against Tenant by reason of any such claim. Landlord, upon notice from Tenant, covenants to defend such action or proceeding by counsel reasonably satisfactory to Tenant, provided that Tenant hereby approves any such counsel reasonably appointed by Landlord's insurance company.

10. Damage or Destruction.

(a) If during the term of this Lease the Premises, or any portion thereof, are destroyed or damaged by fire, explosion, or any other event whatsoever (a "casualty"), then Tenant shall, as soon as practicable (after receipt of insurance proceeds, but only if and to the extent that (i) Tenant shall have been required hereunder to insure the same, (ii) Tenant shall have in fact maintained such insurance as required hereunder and (iii) Tenant shall have proceeded to adjust the insured loss diligently and in good faith), repair, restore, and rebuild the Premises to a condition substantially equivalent to that existing prior to such casualty, and shall do so each time and as often as any portion of the Premises shall be destroyed or damaged, regardless of whether such casualty is covered by any insurance policy maintained by Tenant. Except as expressly provided in Section 10(b), below, no damage or destruction of any building or any of the fixtures or other property therein shall be grounds for the termination of this Lease or relieve the Tenant from any obligation created or imposed by virtue of this Lease; any laws of the state in which the Premises is located to the contrary notwithstanding, including, but without limiting the generality of the foregoing, Tenant's obligation to make payment of the rent and all other charges on the part of the Tenant to be paid, and the Tenant's obligation to perform all other covenants and agreements on the part of the Tenant to be performed.

(b) (i) Notwithstanding anything contained in this Lease to the contrary, if Improvements, the replacement value of which shall exceed 50% or more of the replacement value of all Improvements at the Premises are damaged or destroyed by fire or other casualty during the last two (2) years of the term hereof, then Tenant shall have the right to elect not to repair, restore and rebuild the Premises as otherwise required under Section 10(a) above by written notice to Landlord given within sixty (60) days of the fire or other casualty (the "Non-Restoration Notice"). If Tenant gives a Non-Restoration Notice as aforesaid, Tenant shall pay or cause to be paid to Landlord, by insurance proceeds or a direct payment from Tenant or any combination of the two, an aggregate amount equal to (i) the proceeds of all insurance maintained by Tenant hereunder covering such loss ("Insurance Proceeds"), plus (ii) any deductible or other self-retained amount covering such loss, plus (iii) any remaining amount necessary so that Landlord shall have received in full the reasonably estimated cost to repair, restore and rebuild the Improvements to the same extent to which Tenant would have been required to repair, restore or rebuild the same under Section 10(a) above had Tenant not given the Non-Restoration Notice. Such payment under the preceding sentence (the "Restoration Payment") shall be made within thirty (30) days after Tenant shall have given the Non-Restoration Election or, with respect to any portion of such payment to be paid by Insurance Proceeds, after the receipt of such Insurance Proceeds (but only if and to the extent that (i) Tenant shall have been required hereunder to insure the same, (ii) Tenant shall have in fact maintained such insurance as required hereunder and (iii) Tenant shall have proceeded to adjust the insured loss promptly, diligently and in good faith). Upon its receipt thereof, the Restoration Payment shall be the sole and exclusive property of Landlord and Landlord shall have no obligation whatsoever to rebuild, repair or restore any Improvements.

(ii) Notwithstanding anything to the contrary contained in clause (i) immediately above, if Tenant gives a Non-Restoration Notice, Tenant shall be required to demolish any damaged Improvements that Tenant has elected not to repair, restore or repair at Tenant's sole cost and expense, such demolition to commence within sixty (60) days following the date of the Non-Restoration Notice. Upon commencing any such demolition, Tenant shall diligently and continuously pursue the same (a) to completion, which completion shall, in any

event, require that any demolished Improvements are completely razed to the ground (or, at Tenant's election, to a slab foundation), any and all debris from such demolition is removed from the Premises, the Premises are filled and graded, to the extent applicable, in a safe, secure and sightly manner, and any and all utilities servicing such demolished Improvements have been capped as required by law and by the applicable utility provider, and (b) otherwise in accordance with all obligations hereunder applicable to Permitted Alterations. Tenant's obligations under the preceding sentence are referred to herein as the "Demolition Obligations."

(iii) Commencing at such time as Tenant shall have paid the Restoration Payment to Landlord in full and continuing thereafter until the conclusion of the term of this Lease, Tenant's obligation to pay Base Rent shall be limited to 50% of the Base Rent that would have otherwise accrued during such period. Tenant's giving of a Non-Restoration Notice shall in no event result in any termination of this Lease or, except as expressly set forth in the preceding sentence, result in any abatement or reduction of Rent or otherwise relieve Tenant of any obligation to pay Rent. Upon the giving of a Non-Restoration Notice, Tenant shall have no further right to exercise an Optional Extension Term (and any Optional Extension Terms then exercised and for which the applicable Optional Extension Term has not yet commenced shall be deemed rescinded and of no further force and effect).

11. Public Taking.

(a) If during or prior to the term of this Lease all or substantially all of the Premises shall be sold to or taken by any public authority under its power of condemnation or the threat thereof, this Lease shall terminate as of the date possession shall be transferred to the acquiring authority, and the rental payable hereunder shall be apportioned accordingly. Upon any taking of less than substantially all of the Premises, this Lease shall continue in force as to the part of the Premises not taken. In the event of any such partial taking, Tenant, at Tenant's sole cost except as otherwise provided herein, shall, upon the availability of the funds therefor to Tenant as hereinafter provided (and subject to the effect of such taking), diligently rebuild or restore the remainder of the Premises to the condition in which they existed at the time of such taking. Except as herein specifically provided otherwise, all damages awarded by or amounts paid by the acquiring authority for any such taking, whether for the whole or a part of the Premises, shall belong to and be the property of Landlord; provided that Tenant shall have the right to make its separate claim for compensation for any loss or damage it suffers to its trade fixtures and for statutory relocation expenses. In the event of a partial taking any proceeds received by Landlord shall first be applied to reimburse Tenant for the costs of rebuilding or restoring the Premises to its condition at the time of taking (subject to the effect of such taking) on reasonable terms and conditions (which may include, without limitation, those that an institutional construction lender would customarily and reasonably require for disbursement of construction loan proceeds). Notwithstanding the foregoing, Tenant shall not be required to complete any restoration under this Section 11 the cost of which exceeds the funds made available to Tenant therefor as provided hereunder.

(b) Notwithstanding anything contained in this Lease to the contrary, (i) if more than fifty percent (50%) of the gross building floor area of the Premises are taken during the last year of the term of this Lease, or (ii) such lesser amount that would prevent the Tenant from operating the Tenant's business as operated in the ordinary course prior to such taking, or

(iii) if access is taken such that the Premises no longer have reasonable vehicular and/or pedestrian access, or (iv) if the parking areas of the Premises are taken such that the remaining available parking does not meet the legal requirements therefor, then in any such event or events, Landlord and Tenant each shall have the right to terminate this Lease by giving to the other written notice of such termination within thirty (30) days after the date of such taking, specifying a termination date of at least sixty (60) days and not more than ninety (90) days after the date of notice of termination. Failure to give notice of termination within such thirty (30) day period shall be deemed to be a waiver of such right of termination. Notwithstanding the foregoing, a termination right made under clause (iv) hereof shall only be effective after Landlord has been given a reasonable opportunity (not to exceed sixty (60) days after the date of such taking) to replicate the parking at an offsite location reasonably acceptable to Tenant in Tenant's business judgment.

(c) In the event of a condemnation which does not result in a termination of this Lease then in that event the Base Rent payable hereunder and any other item in this Lease which is based upon the relative size of the Premises (including but not limited to the size of the Leased Parcel and the Improvements) shall be adjusted and decreased on a pro rata basis from and after the date of taking.

12. Assignment and Subletting.

(a) Except as otherwise expressly provided herein, Tenant shall have no right to assign or transfer this Lease, sublet all or any part of the Premises, grant a mortgage on Tenant's leasehold interest under this Lease or otherwise hypothecate any interest of Tenant hereunder, or grant a license or other use or occupancy right to any other person or entity to use all or any part of the Premises, whether voluntarily, involuntarily or by operation of law or whether directly or indirectly (any of the foregoing being a "Transfer"), in each case without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Tenant may engage in any of the following transactions (each, a "Permitted Transfer") without the consent of the Landlord: (i) the sublease or assignment of Tenant's interest under this Lease (the "Tenant Interest") to any Tenant Affiliate; (ii) a sublease or assignment to any entity in connection with a public offering of stock by Tenant; or (iii) a transaction pursuant to which Tenant is merged or consolidated with any other entity or pursuant to which all or substantially all of Tenant's assets (including, without limitation, the Tenant Interest) are sold or transferred as a "going concern" and in a single transaction; provided, however, that in any such case (A) the Transfer shall be made in good faith and for a legitimate business purpose other than circumventing the restrictions on Transfer otherwise applicable under this Section 12, (B) except in the case of a Transfer under clause (i) immediately above, either (x) at the time of the proposed Transfer, each of Tenant and any applicable proposed transferee satisfy the Financial Prerequisite or (y) immediately following the Transfer the entity comprising Tenant shall have a Tangible Net Worth at least equal to that of Tenant as of the Effective Date (the "Original Net Worth") provided that commencing on the first day after the conclusion of the first twelve (12) full calendar months of the term, and then continuing annually thereafter on the one (1) year anniversary of such date, the Original Net Worth shall be deemed increased by 1.75% above the Original Net Worth in effect for the previous year, (C) Tenant shall have given Landlord at least fifteen (15) days' prior written notice of any intended Permitted Transfer (which notice shall contain information reasonably

necessary for Landlord to conclude that Tenant's intended transaction qualifies as a Permitted Transfer), and (D) the Permitted Transfer shall be subject to all of the other terms and conditions of this Lease. For the purposes of this Lease, the entering into of any management agreement or any agreement in the nature thereof transferring control of the business operations of Tenant in the Premises as well as any substantial percentage of the profits and losses thereof to a person or entity other than Tenant, or otherwise having substantially the same effect, shall be treated for all purposes as a Transfer of this Lease and shall be governed by the provisions of this Section 12. As used herein:

"Financial Prerequisite" shall mean and be deemed to be satisfied with respect to any applicable Tenant Entity (as defined herein) if, at the applicable time (as the context shall provide for hereunder), the Tenant Entity is a US domiciled corporation for which either

(i) the corporation's common stock is traded on a US public securities exchange or (ii) the corporation's Tangible Net Worth is at least two billion dollars (\$2,000,000,000.00) (the "Minimum Net Worth"), provided that commencing on the first day after the conclusion of the first twelve (12) full calendar months of the term, and then continuing annually thereafter on the one (1) year anniversary of such date, the Minimum Net Worth shall be increased by 1.75% above the previous year's Minimum Net Worth;

"Tangible Net Worth" shall mean, with respect to any Tenant Entity, the excess of the Tenant Entity's total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied ("GAAP"), but excluding, however, from the determination of total assets all assets that would be classified as intangible assets under GAAP (including without limitation goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises);

"Tenant Affiliate" shall mean any entity which controls, is controlled by, or is under common control with Tenant; and

"Tenant Entity" shall mean the holder of the Tenant's interest under this Lease at any given time (or, in the context specifically provided for in Section 12(a), its transferee).

(b) In the event Tenant desires to enter into a Transfer which requires Landlord's consent, Tenant shall notify Landlord in writing at least thirty (30) days in advance of the proposed effective date of Transfer (the "First Request") of Tenant's intent to so Transfer, the proposed effective date of such Transfer and the terms and conditions of the Transfer including all rent and other consideration to be paid by the proposed transferee ("Transfer Information"), and shall request in such notification that Landlord consent thereto. Landlord shall respond to the First Request within ten (10) business days of its receipt thereof (including its receipt of all Transfer Information required to be included therein). If Landlord denies the First Request the response shall set forth the reasons therefor, which may include, in Landlord's sole discretion, a request for additional reasonable Transfer Information. If Landlord responds to the First Request by denying its consent or if Landlord fails to timely respond to the First Request, Tenant may send Landlord an additional request (the "Second Request"), which Second Request shall contain any and all additional reasonable Transfer Information requested by Landlord pursuant to its response to the First Request. Failure of Landlord to respond to the Second Request within ten

(10) business days of Landlord's receipt thereof shall constitute approval of the Second Request.

In any event, upon request, Tenant shall promptly provide Landlord with all additional information relating to any proposed Transfer as may be reasonably requested by Landlord. If Landlord consents in writing to a Transfer, such consent shall be deemed conditioned upon Tenant's compliance with the provisions of Section 12(c) below within ninety (90) days of Landlord's consent (or any shorter period as may be applicable as set forth in Section 12(c)) and the failure to so comply in a timely manner shall be deemed to give Landlord reasonable cause for withholding or withdrawing its consent.

(c) (i) Except for a Permitted Transfer, the Transfer must be, in the case of a sublease, a commercially leasable space and, in the case of an assignment, a transfer to the transferee of all of Tenant's rights in and interests under this Lease.

(ii) At the time of such Transfer, this Lease must be in full force and effect without any Event of Default existing.

(iii) The transferee shall unconditionally assume in the case of an assignment, by written recordable instrument, the due performance of all of the obligations of the Tenant under this Lease, including any accrued obligations at the time of the assignment.

(iv) A copy of the Transfer instrument and the original assumption agreement under clause (iii) above fully executed and acknowledged by the transferee, shall be delivered to Landlord within ten (10) days from the effective date of such Transfer.

(v) Such Transfer shall be upon and subject to all the provisions, terms, covenants and conditions of this Lease including but without limitation all use restrictions and restrictions on Transfer hereunder and Tenant (and any transferees of this Lease or guarantors of Tenant's obligations hereunder) shall continue to be and remain primarily and unconditionally liable hereunder.

(vi) Except for a Permitted Transfer, Tenant shall, within ten (10) days of Landlord's billing Tenant therefor, reimburse Landlord for Landlord's reasonable attorneys' fees for examination of and/or preparation of any documents in connection with such assignment or subletting not in excess of \$3,000.00 (the "Transfer Fee") in connection with any single assignment or subletting request, provided that commencing on the first day after the conclusion of the first twelve (12) full calendar months of the term, and then continuing annually thereafter on the one (1) year anniversary of such date, the Transfer Fee shall be increased by 1.75% above the previous year's Transfer Fee.

(d) In the case of any assignment or sublet requiring Landlord's consent as set forth above, Tenant will pay to Landlord, within thirty (30) days following Tenant's receipt thereof, 50% of:

(i) in the case of an assignment, (A) all consideration paid to and received by Tenant by the assignee with respect to the value of the leasehold and leasehold improvements in excess of the unamortized cost thereof (but not including any value attributable to Tenant's furniture, trade fixtures, equipment, inventory, other personal property, or for good will or other intangible assets), less (B) all costs actually paid by Tenant in order to consummate

such assignment, including but not limited to free rent, brokerage fees, improvement costs, moving costs and attorneys' fees (provided that if any of such costs were paid to an affiliate of Tenant then those costs shall only be deducted to the extent that they do not exceed what such costs would have been had they been paid to an unaffiliated party on an arm's-length basis); and

(ii) in the case of a sublease, (A) all rents, additional charges or other consideration received by Tenant during the term of the sublease, plus (B) any consideration received by Tenant for leasehold improvements in excess of their unamortized cost (but not including any value attributable to Tenant's furniture, trade fixtures, equipment, inventory, other personal property, or for good will or other intangible assets), less (C) the sum of all Base Rent and additional rent thereafter incurred by Tenant under this Lease (or a pro rata portion thereof in connection with a partial sublet, to the extent allowed by Landlord), and less (D) all costs actually paid by Tenant in order to consummate such sublet, including but not limited to brokerage fees, free rent, improvement costs, moving costs and attorneys' fees (provided that if any of such costs were paid to a Tenant Affiliate then those costs shall only be deducted to the extent that they do not exceed what such costs would have been had they been paid to an unaffiliated party on an arm's-length basis).

(e) Any purported Transfer made without full compliance with the provisions of this Section 12 shall, at Landlord's election, be void and shall confer no rights upon any third person. If without conformance to the above process this Lease or the Premises or any part thereof shall be transferred or the Premises occupied by anybody other than Tenant, Landlord may collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the Base Rent and additional rent herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of the foregoing covenant, or an acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from full performance hereunder. Except as otherwise expressly provided in Section 12(g), Tenant shall remain primarily liable for all of the obligations of the Tenant hereunder notwithstanding any assignment by Tenant of any of its rights or interests hereunder. Each assignee shall be subject to all of the terms and conditions of this Lease, including all restrictions on Transfer. Each sublease shall be subordinate to the terms and conditions of this Lease, and any Transfer or attempted Transfer by any subtenant with respect to its right, title or interest under the sublease shall be deemed a Transfer or attempted Transfer under this Lease. No act or conduct by the Landlord other than its express written consent shall constitute its consent or waiver of its consent rights with respect to a particular Transfer. No Transfer or consent to Transfer will operate to waive Landlord's rights with respect to any future Transfer.

(f) Notwithstanding anything in this Lease to the contrary, Tenant may from time to time, subject to all of the provisions of the Lease, permit portions of the Premises to be used under so-called "desk sharing" arrangements by Tenant Related Parties (each such desk or office space user, a "Desk Space User"); provided, that (A) each Desk Space User shall use the Premises in accordance with all of the provisions of this Lease, and only for the use expressly permitted pursuant to this Lease, (B) in no event shall the use of any portion of the Premises by a Desk Space User create or be deemed to create any right, title or interest of such Desk Space User in any portion of the Premises or under this Lease or any other tenancy or occupancy rights whatsoever, (C) such "desk sharing" arrangement shall terminate automatically upon the termination of the Lease, and (D) Tenant shall receive no rent or other payment or consideration

for the use of any space in the Premises by any Desk Space User in excess of an allocable share of the rent payable by Tenant under the Lease. As used herein, "Tenant Related Party" shall mean any persons or entities with whom Tenant has an ongoing business relationship other than as tenants or occupants of the Premises (such as, by way of example, Tenant's auditors, Tenant's clients and Tenant's joint venturers).

(g) Any assignment of this Lease made by Tenant with the consent of Landlord and otherwise in compliance with the requirements of this Section 12 shall act to automatically relieve Tenant of any further responsibility to Landlord pursuant to this Lease from and after the effective date of such assignment; provided, however, that (i) at least ten (10) full years of term have occurred and (ii) Tenant provides Landlord with reasonable evidence demonstrating that the assignee Tenant Entity meets the Financial Prerequisite at the time of the proposed assignment.

13. Subordination, Non-Disturbance and Attornment. Tenant agrees that this Lease is and shall be and remain subordinate to the interests of any holder (a "Mortgagee") of any present or future mortgage, deed of trust, ground lease or master lease upon all or any part of the Premises (each, a "Superior Instrument"), irrespective of the time of execution or time of recording of any such Superior Instrument, and to all renewals, extensions thereof, modifications or amendments thereto or advances thereunder, as applicable. Upon the request of Landlord or any Mortgagee, Tenant shall enter into an attornment agreement with such Mortgagee in the customary form reasonably required by such Mortgagee. Notwithstanding the foregoing, Tenant's subordination to any Superior Instrument shall not be effective until such time as Tenant and the Mortgagee shall have entered in a Subordination, Non-Disturbance and Attornment Agreement in the form of **EXHIBIT C** annexed hereto and made a part hereof or in another reasonable and customary form (an "SNDA"). Notwithstanding the foregoing or anything to the contrary contained herein, at the request in writing of any Mortgagee, this Lease shall be deemed superior to its Superior Instrument, whether this Lease was executed before or after such Superior Instrument, and Tenant shall execute such documents in recordable form as the Mortgagee shall request. Notwithstanding the foregoing, on the Commencement Date, Landlord shall deliver to Tenant an SNDA executed by any Mortgagee at the time thereof.

14. Default.

(a) Default/Remedies. If (a) default be made in the payment of Base Rent or any additional rent payable hereunder by Tenant, and such default shall continue for ten (10) days after written notice of default is delivered to Tenant in accordance with Section 17, or (b) default be made in any of the other covenants or conditions herein contained on the part of Tenant and such default shall continue for thirty (30) days after written notice thereof shall have been given to Tenant in accordance with Section 17 (except that such thirty (30) day period shall be automatically extended for such additional period of time as is reasonably necessary to cure such default if such default cannot be cured within such first 30 day period and provided Tenant commences the process of curing such default within said first 30 day period and continuously and diligently pursues such cure to completion), or (c) except as otherwise permitted by this Lease, a Transfer is made without the prior written consent of Landlord, or (d) Tenant shall become insolvent or bankrupt or make an assignment for the benefit of creditors, or (e) a receiver or trustee of Tenant's or guarantor's property shall be appointed and such receiver or trustee, as

the case may be, shall not be discharged within 90 days after such appointment, or (f) Tenant shall be dissolved or liquidated or proceedings shall have been commenced to dissolve or liquidate, or (g) Tenant shall abandon the Premises and cease to pay rent, or (h) any of the insurance required to be maintained under Section 9 shall not be in force and effect, the occurrence of any such event in the forgoing clauses (a) through (h) being an " , " then, in any such case, Landlord may, upon ten (10) days prior notice to Tenant, terminate Tenant's tenancy and recover possession of and reenter the Premises without accepting a surrender of the Premises or affecting Tenant's liability for past rent and other charges due or future rent and other charges to accrue hereunder. In the event of any such default, Landlord shall be entitled to recover from Tenant, in addition to rent and additional rent, all other damages sustained by Landlord proximately caused by the breach of this Lease, including, but not limited to, the costs, expenses and reasonable attorney fees incurred by Landlord in enforcing the terms and provisions hereof and in reentering and recovering possession of the Premises and for the cost of repairs, alterations and brokerage and reasonable attorney fees connected with the reletting of the Premises. As an alternative, at the election of Landlord, Landlord shall have the right to accept a surrender of the Premises (without the need for any affirmative act or acquiescence by Tenant), without any further rights or obligations on the part of Landlord or Tenant (other than Tenant's obligation for rent and other charges due and owing through the date of acceptance of surrender), so that Landlord may relet the Premises without any right on the part of Tenant to any credit or payment resulting from any reletting of the Premises. Alternatively, at the option of the Landlord, in the event Tenant's tenancy is so terminated, Landlord may recover forthwith against Tenant as damages for loss of the bargain and not as a penalty an aggregate sum, which at the time of such termination of Tenant's tenancy, represents the amount of the excess, if any, of the value of the whole balance of Base Rent, charges and all other sums payable hereunder for the entire balance of the term of this Lease herein reserved or agreed to be paid by Tenant, over the then current fair market rental value of the Premises, such difference to be discounted to present value at a rate equal to two (2) points above the Federal Reserve Bank's discount rate then in effect. In case of a default under this Lease, Landlord may, in addition to terminating Tenant's tenancy and/or accepting a surrender, or in lieu thereof, pursue such other legal or equitable remedy or combination of remedies and recover such other damages for breach of tenancy and/or contract as available at law or otherwise. All of the remedies available to Landlord under this Lease shall be cumulative and may be exercised by Landlord in any order or combination that Landlord shall require.

(b) Landlord's Right to Cure. All covenants and agreements to be performed by the Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent. If the Tenant shall fail to pay any sum of money required to be paid by it hereunder, other than rent, or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for 30 days after notice thereof by the Landlord, the Landlord may, but shall not be obligated to, cure such default, without waiving or releasing the Tenant from any other default by Tenant under this Lease. All sums so paid by the Landlord and all necessary incidental costs (including reasonable attorney's fees) incurred by Landlord in enforcing any of the terms, covenants or conditions of this Lease, or curing any default or in suing for or obtaining relief by reason of a breach thereof, together with interest on all of the foregoing at the rate set forth below from the date of payment or incurring by the Landlord, shall be payable as additional rent to the Landlord on demand. Landlord shall have, in addition to any other right or remedy of the Landlord, the same rights and

remedies in the event of the nonpayment thereof by the Tenant as in the case of default by the Tenant in the payment of rent.

(c) Waivers. A waiver by Landlord or by Tenant of a breach or default by the other party under the terms and conditions of this Lease shall not be construed to be a waiver of any subsequent breach or default nor of any other term or condition of this Lease, and the failure of the non-defaulting party to assert any breach or to declare a default by the defaulting party shall not be construed to constitute a waiver thereof so long as such breach or default continues unremedied. No breach of a covenant or condition of this Lease shall be deemed to have been waived by Landlord and/or Tenant, unless such waiver be in writing signed by the waiving party.

(d) Landlord's Default. Landlord shall not be deemed to be in default hereunder unless such default shall remain uncured for more than thirty (30) days following written notice from Tenant specifying the nature of such default, or such longer period as may be reasonably required to correct such default. In no event whatsoever shall Landlord be liable hereunder for any consequential, special punitive or any indirect damages notwithstanding anything to the contrary set forth in this Lease. In the event Landlord defaults under the terms of this Lease Tenant may, subject to the express terms of this Lease, exercise any right or remedy available to Tenant at law or in equity on account thereof.

(e) Limit on Tenant Liability. In no event shall Tenant be liable for any indirect or consequential damages of Landlord or any other party as a result of any event of default hereunder or for any other action or inaction of the Tenant in connection with this Lease. In no event shall the members, managers, officers, directors, agents, partners, principals, employees and/or shareholders of Tenant have any liability whatsoever for any damages and/or liability under this Lease and the Landlord will look solely to the Tenant for the recovery of any damages or otherwise under any terms, covenants or conditions contained in this Lease. Landlord hereby waives any statutory or common law lien or right of distraint against any and all of Tenant's customer files and business records.

15. Costs and Attorney Fees. Should either party hereto commence any legal action (excepting any Arbitration, as defined herein) against the other to enforce any obligation under this Lease, the prevailing party (as determined in such action) shall be entitled to recover from the non-prevailing party reasonable attorneys' fees, costs and expenses incurred in contesting such dispute.

16. Interest. Any amount due from Landlord or Tenant to the other hereunder which is not paid when due, or with respect to any other amount for which this Lease specifically calls for the payment of interest, shall bear interest at an annual rate equal to 4% per annum in excess of the prime rate of interest published from time to time in the Wall Street Journal-Eastern Edition (but in no event shall such rate of interest exceed the maximum rate of interest permitted to be charged by law) from the date due until paid, compounded monthly, but the payment of such interest shall not excuse or cure any default by Landlord or Tenant under this Lease.

17.

18 Notices. All notices and demands by any party to any other shall be given in writing and either personally served or sent by a nationally recognized overnight courier, requiring proof of delivery, or by United States certified mail, postage prepaid, return receipt requested, and addressed as follows:

To Landlord: _____
c/o Calare Properties, Inc.
43 Broad Street
Hudson, MA 01749
Attn: _____
E-mail: _____

with a copy to: Brown Rudnick LLP
One Financial Center
Boston, MA 02111
Attention: Nathaniel H. Amendola, Esq. &
Thomas J. Phillips, Esq.
Telephone: (617) 856-8574 (Amendola); (617)
856-8383 (Phillips)
Email: namendola@brownrudnick.com;
tphillips@brownrudnick.com

To Tenant: _____
MACOM Technology Solutions Holdings Inc.
100 Chelmsford Street
Lowell, MA 01851
Attention: Wayne Goddard, Director of Facilities
Telephone: (978) 656-2993
Email: Wayne.Goddard@macom.com

with a copy to: MACOM Technology Solutions Holdings Inc.
100 Chelmsford Street
Lowell, MA 01851
Attention: J. Rame, Sr. Corporate Attorney
Telephone: (978) 656-2656
Email: james.rame@macom.com

ScarinciHollenbeck
1100 Valley Brook Avenue
Lyndhurst, NJ 07071

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ention: Victor E. Kinon, Esq.
Telephone: (201) 896-4100
Email: vkinon@sh-law.com

Any party may, upon prior notice to the others, specify a different address for the giving of notice. Notices shall be effective on the date of personal service or one day after sending if sent by overnight courier or two (2) Business Days after sending if sent by certified mail, return receipt requested. As used herein, "Business Day" shall mean any day other than a Saturday, Sunday or holiday recognized by banks in Massachusetts. Either party (a "receiving party") may herein, or by notice to the other party (a "sending party"), request that "courtesy copies" of any

notice given by the sending party to the receiving party ("courtesy copies") also be sent to the receiving party by email at the email addresses provided for herein (or at a future email address as shall be designated by notice given in accordance with this Section 17). In the event of such a request, the sending party shall endeavor to send courtesy copies as so requested; provided, however, that under no circumstances hereunder shall any notice be deemed ineffective, nor shall the sending party have any liability to the receiving party, on account of the sending party's failure to send (for whatever reason) or the receiving party's failure to receive (for whatever reason), any courtesy copies, notwithstanding anything to the contrary contained herein. Notice by telephone shall not suffice as a means for giving notice hereunder, the provision of any telephone numbers hereinabove being for the parties' convenience only.

19. Termination. Upon the termination of this Lease, by expiration or otherwise, Tenant shall surrender the Premises, including without limitation (i) all Improvements located therein (except as otherwise expressly provided in clause (ii) below) and (ii) all Alterations made thereto and Permanent Fixtures installed therein (except for any Business Installations removed in accordance with Section 8(b)), to Landlord in vacant condition, free from all tenants and occupants, broom clean, free of all trash and debris and otherwise in the same good order, condition and repair in which Tenant is obligated to keep, repair, and maintain the Premises throughout the term, excepting only ordinary wear and tear and damage from casualty or condemnation that Tenant is not responsible for the repair or restoration of to the extent (if any) expressly provided hereunder. All moveable furnishings, trade fixtures and other equipment and personal property owned by Tenant, whether or not attached to the Improvements, shall be removed from the Premises by Tenant, at Tenant's sole expense, by no later than the date of termination, and Tenant shall repair any and all damage caused by such removal. In the event Tenant fails so to remove any thereof or fails to repair any such damage to the Premises or the Property, or in the event that Tenant fails to perform any restoration or removal as may be required under clause (B) of Section 8(a) above, Landlord may do so and Tenant shall reimburse Landlord for the cost of such restoration, removal and repair upon demand. In any event, any trade fixtures, equipment, furniture and other personal property of Tenant which remain in the Premises following the expiration or earlier termination of the term, at the Landlord's option, shall be deemed abandoned by Tenant and may thereafter be removed and stored at the cost of the Tenant or retained as the property of the Landlord or sold or otherwise disposed of by the Landlord, in any such case without any liability to or recourse by the Tenant or anyone claiming by, through or under the Tenant.

20. Quiet Enjoyment. So long as Tenant shall duly and punctually perform and observe all of its obligations under this Lease, Tenant shall peaceably and quietly enjoy the Premises free from hindrance by Landlord or any party claiming by, through or under Landlord, subject, however, to zoning laws and ordinances, all matters set forth in EXHIBIT D attached hereto (the "Permitted Encumbrances"), the REA (as defined herein) and any Project Documents (as defined herein).

21. Holding Over. If Tenant remains in the Premises beyond the expiration of the term of this Lease or the earlier termination thereof (as the case may be, "Lease Termination"), such holding over shall not be deemed to create any tenancy at will, but Tenant shall be a tenant at sufferance only, subject to all of Tenant's obligations set forth herein except that Base Rent shall be payable for Tenant's use and occupancy at a daily rate as follows: (i) for first 60 days

following Lease Termination, one hundred fifty percent (150%) of the Base Rent otherwise provided for herein; (ii) for the 61st day through the 120th day following Lease Termination, one hundred seventy five percent (175%) of the Base Rent otherwise provided for herein; and (iii) from and after the 121st day following Lease Termination, two hundred percent (200%) of the Base Rent otherwise provided for herein. The acceptance of a purported rent check following termination shall not constitute the creation of a tenancy at will, it being agreed that Tenant's status shall remain that of a tenant at sufferance, at the aforesaid daily rate. Any reference in this Lease to Tenant's obligations continuing during the period of any holdover shall not be deemed to grant Tenant the right to a holdover or imply Landlord's consent to any such holdover. In addition, should Tenant remain in the Premises as a holdover Tenant in excess of sixty (60) days beyond Lease Termination, Tenant shall indemnify Landlord for, from, and against all costs, claims, liabilities and damages arising from or in any manner related to any such holdover including, without limitation, damages payable to the subsequent tenant or related to the loss of a tenant, notwithstanding anything to the contrary set forth elsewhere in this Lease.

22. Right of Entry. Landlord shall at all times, upon not less than 24 hours advance notice (except in the case of emergencies) and with due regard for Tenant's reasonable security concerns, have the right during Tenant's regular business hours to re-enter the Premises to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, investors, Mortgagees or (during the last two (2) years of the term) tenants and to post notices of non-responsibility provided that (i) such entry does not interfere with Tenant's business operations in the Premises, (ii) no repair, alterations or improvements shall reduce the size of the Premises other than in a de minimis fashion, and (iii) Landlord shall be responsible for any injury or damage occasioned to the Premises during such entry due to Landlord's and/or Landlord's employees, agents and/or contractors negligence or willful misconduct.

23. Estoppel Certificates. Landlord and Tenant each agree that at any time and from time to time upon not less than fifteen (15) days prior request of the other party, the party of whom the request is made shall execute, acknowledge and deliver to the requesting party a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, specifying the same), (b) the dates to which the rent and other charges have been paid, (c) that to the knowledge of the party supplying the certificate the other party is not in default under any provisions to this Lease (or if such party knows of any such default, specifying the same) and (d) such other matters as the requesting party or such party's mortgagee shall reasonably request; it being intended that any such statement may conclusively be relied upon by Landlord (if requested by Landlord), Tenant (if requested by Tenant), any person proposing to acquire Tenant's or Landlord's interest in this Lease or any prospective mortgagee of or assignee of any mortgage upon Landlord's interest, as applicable. Any such certification shall be deemed to have been given for good and valuable consideration whether so stated or not.

24. Non-Liability of Landlord. Except to the extent occasioned by the negligence or willful misconduct of Landlord and/or Landlord's employees, agents, owners, contractors, managers, directors and/or licensees (each, a "Landlord Party"), but in all such cases subject to the provisions of Section 9(f), Landlord shall not be liable to Tenant, and Tenant hereby waives all claims against Landlord, for any injury or damage to any person or property in or about the

Premises resulting from the Premises, or any part thereof or any equipment thereof, becoming out of repair; flooding of basements or other areas; damages caused by sprinkling devices, air conditioning apparatus, snow, frost, water leakage, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise or the bursting or leaking of pipes or plumbing fixtures; any act or neglect of other tenants or occupants or employees in the Premises; or any other thing or circumstance whatsoever concerning the Premises, whether of a like nature or of a wholly different nature, to the fullest extent permitted by applicable law. All property in or about the Premises belonging to Tenant, its agents, employees or invitees shall be there at the risk of Tenant or other person only, and Landlord shall not be liable for damage thereto or theft, misappropriation or loss thereof unless caused by the negligence or willful misconduct of Landlord (but in all cases subject to the provisions of Section 9(f)). If Landlord shall fail to perform any covenant or condition of this Lease upon Landlord's part to be performed and, as a consequence of such default, Tenant shall recover a money judgment against Landlord, then such judgment shall be satisfied only out of the right, title and interest of Landlord in the Premises and out of rents or other income, insurance proceeds, condemnation proceeds, financing or refinancing and/or sale proceeds from the Premises receivable by Landlord and Landlord shall not be personally liable for any deficiency. In no event shall the members, managers, officers, directors, agents, partners, principals, employees and/or shareholders of Landlord have any liability whatsoever for any damages and/or liability under this Lease and, subject to all limitations on Landlord's liability contained herein, Tenant will look solely to Landlord for the recovery of any damages or otherwise under any terms, covenants or conditions contained in this Lease.

~~25~~ Transfer by Landlord. In the event of a sale or conveyance by Landlord of the Premises, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions herein contained which accrue after the date of transfer, and in such event Tenant agrees to look solely to the successor in interest of Landlord in and to this Lease, provided, further, that the transferee expressly agrees in writing to assume the Landlord's obligations under this Lease. This Lease shall not be affected by any such sale or conveyance, and Tenant agrees to attorn to the successor in interest of Landlord in and to this Lease, which successor in interest shall be obligated on this Lease only so long as it is the owner of Landlord's interest in and to this Lease. The provisions of the first sentence of this Section 24 shall be of no force and effect, however, with respect to any sale or conveyance by Landlord in violation of Section IX of **APPENDIX 1**.

~~26~~ No Liens. Except as expressly permitted elsewhere in this Lease without in each instance the prior written consent of Landlord, Tenant shall not directly or indirectly create or permit to be created or to remain, and will immediately discharge, any lien, encumbrance, or charge on, or pledge of, the Premises, or any part thereof, the interest of Tenant hereunder or therein, or the rent or other payments hereunder, other than: (a) this Lease; (b) any assignment, pledge, lien, encumbrance, charge, conditional sale, or title retention agreement affecting the Premises, resulting solely from (i) any action by Landlord or (ii) any liability or obligation of Landlord which Tenant is not obligated by this Lease to assume; (c) liens for Taxes not yet payable; or (d) liens of mechanics, materialmen, suppliers, or vendors, or rights thereto, incurred in the ordinary course of business for sums which under the terms of the related contracts are not yet due, provided that such reserve or other appropriate provision, if any, as may be required by generally accepted accounting principles shall have been made therefor and/or (d) a Leasehold

Mortgage (as defined in, and to the extent permitted under, **EXHIBIT F**). In amplification and not in limitation of the foregoing, Tenant shall not knowingly permit any portion of the Premises to be used by any person or persons or by the public, as such, at any time or times during the term of this Lease, in such manner as might tend to impair the title or interest of Landlord in the Premises, or any portion thereof, or in such manner as might make possible a claim or claims of adverse use, adverse possession, prescription, dedication, or other similar claims of, in, to, or with respect to the Premises, or any part thereof.

27. **Net Lease.** This Lease is intended to be and shall be an absolute "net, net, net" lease, and the rent and all other sums payable hereunder by Tenant (all of which shall be deemed to be additional rent) shall be paid without notice or demand and without set-off, counterclaim, abatement, suspension, deduction, or defense except to the extent (if any) otherwise expressly set forth in this Lease. As more particularly set forth herein, Tenant shall pay all Taxes, insurance premiums, maintenance, repair and replacement costs and expenses, utility charges and expenses, and all other costs and expenses, of whatever nature, relating in any way to the Premises and/or the operation thereof during the term of this Lease except as otherwise expressly provided in this Lease. In addition, this Lease shall continue in full force and effect and the obligations of Tenant hereunder shall not be released, discharged, diminished, or otherwise affected by reason of any damage to or destruction of the Premises, or any part or parts thereof; any partial taking; any restriction on or prevention of or interference with any use of the Premises, or any part or parts thereof, except to the extent otherwise expressly set forth in this Lease.

28. **Environmental Covenants.** Tenant shall not produce, use, store, or dispose of any toxic or hazardous chemicals, wastes, materials or substances, or any pollutants or contaminants, as those terms are defined in any applicable federal, state, local or other governmental law, statute, ordinance, code, rule or regulation ("**Hazardous Substances**") at, in, on, under or from the Premises, except to the extent that such Hazardous Substances are used in or generated in the ordinary course of operating and maintaining Tenant's business on the Premises and are produced, stored, used, or disposed of in accordance with all such laws, statutes, ordinances, codes, permits, rules and regulations which are applicable to the Premises or the Tenant ("**Environmental Regulations**") and except that certain non-friable asbestos in good condition or asbestos which has been encapsulated in accordance with applicable Environmental Regulations may remain on the Premises. Tenant shall not allow any Hazardous Substance to be emitted, discharged, released, spilled or deposited from, in or on the Premises during the term of this Lease as a result of the act or omission of Tenant or any Tenant Responsible Party. In addition, Tenant shall use commercially reasonable efforts to not allow any Hazardous Substance to be emitted, discharged, released, spilled or deposited from, in or on the Premises during the term of this Lease as a result of the act or omission of any parties other than Tenant or a Tenant Responsible Party. In the event of a release of Hazardous Substances during the term of this Lease (other than as allowed by Environmental Regulations), Tenant shall upon becoming aware of the same (a) report such release to the applicable governmental authority in accordance with applicable Environmental Regulations, and to Landlord within five (5) business days, (b) remove and remediate such release as required by Environmental Regulations and (c) promptly provide Landlord with any reports or other documentation related to its response to any such release, except that to the extent that any such release is caused by the negligence or willful act of a Landlord Party then Tenant's only obligation under this sentence is to notify Landlord thereof

under clause (a). If at any time Tenant receives a notice of violation, order, information request or demand from an agency with jurisdiction over the Premises (as the case may be, an "NOV"), Tenant shall notify Landlord within thirty (30) days of receipt that such NOV has been received and Tenant shall respond to the NOV within the time period required by Environmental Regulations. During the term of this Lease, Tenant shall obtain and maintain, or register under, as applicable, all licenses and permits required by any Environmental Regulation. Tenant shall, in accordance with Environmental Regulations, maintain all safety data sheets with respect to Hazardous Substances stored or used by Tenant, and upon request by Landlord, Tenant shall promptly provide a copy of such safety data sheets to Landlord. Landlord upon at least twenty-four (24) hours prior written notice to Tenant shall have the right to enter the Premises to inspect the same for compliance with the provisions of this Section 27. Tenant agrees to indemnify Landlord against, and to hold Landlord harmless from, any and all claims, demands, judgments, fines, penalties, costs, damages and expenses, including court costs and reasonable attorneys' fees in any suit, action administrative proceeding or negotiations resulting therefrom, and including costs of investigation, remediation, clean-up and/or monitoring of the Premises and the environment ("Environmental Claims"), resulting from (i) the presence or release of any Hazardous Substances at the Premises that first occurs prior to the term of this Lease and resulted from the acts or omissions of Tenant or any Tenant Responsible Party (as the case may be, "Tenant Entities"), except for the cost of performing any Landlord's Remedial Work (as defined in APPENDIX 1), which cost is governed by APPENDIX 1, or (ii) the presence or release of any Hazardous Substances at the Premises that first occurs during the term of this Lease (including any holdover period) except to the extent caused by the negligence or willful act of a Landlord Party, in either case (i) or (ii) regardless of whether or not the release or presence of such Hazardous Substances is a result of a violation by Tenant or any Tenant Entities of this Section 27 or of any Environmental Regulation, to the fullest extent permitted by applicable law. Notwithstanding the foregoing, Landlord shall defend, indemnify and hold harmless the Tenant and any Tenant Entities from any Environmental Claims to the extent resulting from the negligence or willful act of Landlord and/or its agents, employees, contractors, vendors, and invitees including but not limited to any exacerbation of any existing conditions caused by the negligence or willful act of Landlord and/or its employees, contractors, vendors and invitees (as the case may be, "Landlord Entities"). The parties acknowledge that Tenant or one or more Tenant Responsible Parties have been in possession or control of the Leased Parcel prior to Effective Date and that under no circumstances whatsoever shall Landlord have any liability to Tenant on account of any condition existing on or about the Leased Parcel on the Effective Date or otherwise existing due to the act or omission of Tenant or any Tenant Responsible Parties. As used herein, "Tenant Responsible Party" shall mean, with respect to Tenant, any present or former officer, director, stockholder, member, manager, partner, affiliate, parent or subsidiary (whether direct or indirect), agent, employee, contractor, vendor, invitee, subtenant, licensee or other party for whose conduct Tenant may be legally responsible. Tenant's and Landlord's obligations and liabilities under this Section 27 shall survive the termination of this Lease.

29. Representations.

(a) Landlord represents and warrants to Tenant as of the Effective Date that (i) Landlord has the power and authority to execute and deliver this Lease and to comply with all the provisions of this Lease, (ii) the performance by Landlord of Landlord's duties and obligations under this Lease and of all other acts necessary and appropriate for the full

consummation of the lease of the Leased Parcel under this Lease are consistent with and not in violation of, and will not create any adverse condition under, any contract, agreement or other instrument to which Landlord is a party, or any judicial order or judgment of any nature by which Landlord is bound, (iii) there is no action, suit or proceeding pending or, to Landlord's actual knowledge, threatened by or against or affecting Landlord which does or will involve or affect the Leased Parcel or Landlord's title thereto, or Landlord's ability to perform its obligations under this Lease or any documents entered into pursuant to this Lease and (iv) Landlord has the power and authority to comply with all of its obligations under this Lease insofar as the same expressly pertain to the 100 Chelmsford Parcel.

(b) Tenant represents and warrants to Tenant as of the Effective Date that (i) Tenant has the power and authority to execute and deliver this Lease and to comply with all the provisions of this Lease, (ii) the performance by Tenant of Tenant's duties and obligations under this Lease and of all other acts necessary and appropriate for the full consummation of the lease of the Leased Parcel under this Lease are consistent with and not in violation of, and will not create any adverse condition under, any contract, agreement or other instrument to which Tenant is a party, or any judicial order or judgement of any nature by which Tenant is bound, (iii) there is no action, suit or proceeding pending or, to Tenant's actual knowledge, threatened by or against or affecting Tenant which does or will involve or affect the Leased Parcel or Tenant's interests under this Lease, or Tenant's ability to perform its obligation under this Lease or any documents entered into pursuant to this Lease and (iv) Tenant has the power and authority to comply with all of its obligations under this Lease insofar as the same expressly pertain to the 100 Chelmsford Parcel.

30. Execution. The submission of this document for examination does not constitute an offer to lease, or a reservation of, or option for, the Premises and this document becomes effective and binding only upon the execution and delivery hereof by both Landlord and Tenant. Tenant confirms that Landlord has made no representations or promises with respect to the Premises or the making or entry into of this Lease except as are expressly set forth herein, and agrees that no claim or liability shall be asserted by Tenant against Landlord for, and Landlord shall not be liable by reason of breach of any representations or promises not expressly stated in this Lease. This Lease can be modified or altered only by agreement in writing between Landlord and Tenant.

31. Binding Effect. The covenants, agreements and obligations herein contained, except as herein otherwise specifically provided, shall extend to, bind and inure to the benefit of the parties here to and their respective personal representatives, heirs, successors and assigns of Tenant (but in the case of assigns only to the extent that assignment is permitted hereunder). No third party, other than such successors and assigns, shall be entitled to enforce any or all of the terms of this Lease or shall have rights hereunder whatsoever.

32. Signs. Tenant may, at its sole cost and expense and without the necessity of obtaining the consent of Landlord, prepare, install, affix or use any signs or other advertising or identifying media on or about the exterior of the Premises identifying any occupants of the Premises or their respective businesses, provided that in no event shall such signage adversely affect the structural integrity of the Improvements, and provided further, that Tenant shall comply with any and all governmental laws, regulations, ordinances and rules and all recorded

restrictions and covenants. Tenant shall indemnify and hold Landlord harmless from all claims, losses, liabilities, damages and expenses (including reasonable attorney's fees) resulting from the installation of any signs or other advertising or identifying media pursuant to this Section 31. Upon the termination of this Lease, by expiration or otherwise, Tenant shall remove any and all signs or other advertising or identifying media installed by Tenant and Tenant shall repair any damage as a result of such removal.

33. Interpretation. The laws of the Commonwealth of Massachusetts shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision. Whenever the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders. The captions appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections or paragraphs of this Lease nor in any way affect this Lease.

34. Force Majeure. In the event that Landlord or Tenant shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws, regulations, orders or decrees, riots, insurrection, war, acts of God, inclement weather, or other reason beyond such party's reasonable control, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided that nothing contained in this Section 33 shall excuse, delay or otherwise apply to the Tenant's obligation to pay rent or perform any other monetary obligation hereunder or to any deadline set forth herein for a party to give the other party any notice expressly provided for herein.

35. Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the board of directors of said corporation, and that this Lease is binding upon said corporation in accordance with its terms.

36. Landlord's Work/Other Documents.

(a) Landlord's Work.

(i) In connection with Landlord's Work (including without limitation the planning and permitting thereof), Tenant acknowledges that it may become necessary for Landlord to (I) adjust the exact location of the lot line separating the 100 Chelmsford Parcel and the Leased Parcel and/or the relative size of the 100 Chelmsford Parcel and the Leased Parcel, which adjustments, if any, must be made prior to Final Approval (as defined in APPENDIX 1), (II) increase, decrease or change certain site improvements or common facilities presently located on the Landlord's Parcel, (III) agree to certain conditions imposed by governmental authorities that will affect the Landlord's Parcel, (IV) grant or secure easements and/or other agreements with one or more third parties that will affect the Landlord's Parcel or (V) modify the REA or other Permitted Encumbrances in a manner that will affect the Landlord's Parcel (all of the foregoing being "Project Requirements"), such Project Requirements to be governed by one

or more documents effecting the same ("Project Documents"). Landlord reserves the right to implement any Project Requirements and to enter into any Project Documents and deem the same to be Permitted Encumbrances, subject to Tenant's approval not to be unreasonably withheld conditioned or delayed, and Tenant agrees to execute any reasonable modifications of this Lease which may be required from time to time in order to effect any of the same; provided, however, that (x) no such Project Requirements or Project Documents shall alter the term of this Lease provided herein, increase the rent provided herein, reduce the economic value to Tenant hereof, change in any manner any of the relative rights or obligations of Tenant or Landlord hereunder, or require Tenant to incur any out-of-pocket cost or adversely affect or increase the cost of Tenant's business operations at the Building and/or the Premises and (y) all such Project Requirements or Project Documents shall be authorized or required to be implemented pursuant to the terms of this Lease. Any dispute under the provisions of this subsection 35(a)(i) shall be resolved exclusively by Arbitration.

(ii) For the avoidance of doubt, the parties acknowledge that under no circumstances (x) shall Landlord have any liability to Tenant under this Lease on account of Landlord's acts or omissions in violation of any of its obligations under the 100 Chelmsford Lease or (y) shall Tenant have any liability to Landlord under this Lease on account of Tenant's acts or omissions in violation of any of its obligations under the 100 Chelmsford Lease.

(b) Other Documents.

(i) Reference is made to a certain Reciprocal Easement Agreement of even date herewith being entered into and recorded with the Middlesex North Registry of Deeds and filed with the Middlesex Registry District of the Land Court concurrently with the execution and delivery of this Lease (the "REA"). Capitalized terms used in this Section 35(b) and not specifically defined in this Lease shall have the respective meanings assigned to them under the REA. Tenant is hereby designated as the Major Tenant of the 144 Property. Subject to all of the terms and conditions set forth in this Lease and in the REA, Tenant shall have the following rights during the Term of this Lease (which rights shall be deemed included in the Ancillary Rights):

- A. all easements granted to the 144 Owner under the REA, in common with the 144 Owner and others now or hereafter entitled thereto in accordance with the terms of the REA;
- B. all rights reserved by the 144 Owner on the 144 Property in connection with the 144 Owner's granting to others of easements in the 144 Property pursuant to the REA, in common with the 144 Owner; and
- C. all rights and easements of the 144 Tenant under the REA, including the right to seek a Response Request from the 100 Owner and the Major Tenant of the 100 Property under Section I.D.(ii) with respect to the 144 Tenant's pursuit of any Alternative Site Improvements.

(ii) During the term of this Lease, Tenant shall, on Landlord's behalf, pay, perform and observe in a timely manner all of the obligations of Landlord under the REA, any Permitted Encumbrances or any Project Documents (each, an "Other Document") insofar as they pertain to Tenant's (a) use or occupancy of the Premises, (b) exercise or enjoyment of any of Tenant's rights under this Lease, or (c) compliance with any of Tenant's obligations under this Lease (collectively, "Lease Matters"); provided that such Lease Matters shall in no event be deemed to include (x) any obligation of Landlord under any Other Document that is an obligation of Landlord to Tenant as expressly set forth in this Lease or (y) any liability to the extent caused by the negligence or willful act of Landlord. Tenant shall, from time to time upon the reasonable request by Landlord, provide reasonable evidence of Tenant's compliance with the terms of the preceding sentence (with respect to any specific obligations of Tenant thereunder). In any event, Tenant shall not cause, suffer or permit any act or omission on or about the Premises or otherwise in connection with any Lease Matters that would cause Landlord to be in violation (a "Violation") of any of the Other Documents.

(iii) Landlord shall (A) perform and observe all of the terms, covenants, provisions and conditions of any Other Documents on Landlord's part to be performed and observed pursuant to the terms thereof, except for such obligations as are Tenant's responsibility as set forth above, and (B) enforce the obligations of the other parties to any of the Other Documents (an "Other Party"), in each case to the extent necessary for Landlord to comply with Landlord's obligations to Tenant under this Lease. In no event whatsoever shall either party hereto have any liability to the other on account of (x) any Other Party's failure to keep, observe or perform its obligations pursuant to the Other Document or (y) the acts or omissions of any Other Party, its agents, employees, invitees, guests, licenses or contractors.

(iv) In any case where Tenant shall request Landlord's consent, permission or approval for any matter requiring Landlord's consent, permission or approval as set forth in this Lease (a "Consent Request") then, to the extent that such matter shall also require the consent, permission or approval of an Other Owner, other than a Landlord Affiliate, under an Other Document (an "Other Owner Consent"), Landlord shall have no obligation to act upon the Consent Request unless and until such time as the Other Owner Consent shall have been given. Upon Landlord's reasonable determination that the Consent Request is complete and in proper form for consideration under both this Lease and the Other Document, Landlord shall request the Other Owner Consent in accordance with the Other Document and thereafter use commercially reasonable efforts in accordance with the Other Document to obtain the Other Owner Consent. Notwithstanding the foregoing or anything to the contrary contained herein, any Consent Request to Landlord shall also be deemed to have been made to any Landlord Affiliate that is an Other Owner. As used herein, "Landlord Affiliate" shall mean Landlord and/or a party that controls, is controlled by, or is under common control with Landlord.

(v) Notwithstanding anything to the contrary set forth above in this Section 35(b), Landlord may by notice to Tenant require, in lieu of Landlord's taking any direct action with respect to any Other Party or Other Document as set forth above in this Section 35(b), that Tenant, at Tenant's sole cost and expense (except to the extent that the action is required as a result of Landlord's failure to have performed an obligation of Landlord under this Lease), take such action on Landlord's behalf and in its name and, for purposes thereof, Tenant shall be deemed subrogated to Landlord's rights under the Other Document to take such action.

In taking any such action, Tenant shall have the right, but not the obligation, to exercise any or all rights and remedies as would be available to Landlord, at law or in equity, were Landlord to take the action directly. Landlord agrees to sign, to the extent Landlord's signature is legally required or required under the provisions of the Other Document, such demands, pleadings, and/or other documents that may be reasonably required, and otherwise to enable Tenant to proceed as set forth above in this subsection (v). In the event Landlord exercises its rights under this subsection (v), Tenant shall provide Landlord with copies of all written notices, demands, communications and correspondence of a material nature sent or received by Tenant in connection therewith, simultaneously with their sending by Tenant or promptly upon their receipt by Tenant.

36. Miscellaneous.

(a) Consent not a Waiver. The consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant.

(b) Entire Agreement. This Lease and the exhibits and rider, if any, attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. No alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by each party. The invalidity of one or more phrases, clauses, sentences, Sections contained in this Lease shall not affect the remaining portions of this Lease or any part thereof, and if any one or more of the phrases, clauses, sentences, Sections contained in this Lease should be declared invalid by the final order, decree or judgment of a court of competent jurisdiction, including all appeals therefrom, this Lease shall be construed as if such invalid phrases, clauses, sentences, Sections or had not been inserted in this Lease.

(c) Independent Covenants. Tenant waives all rights to (i) any abatement, suspension, deferment, reduction or deduction of or from rent, and/or (ii) quit, terminate or surrender this Lease or the Premises or any part thereof, except, in either case, as expressly provided herein. Tenant hereby acknowledges and agrees that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that rent shall continue to be payable in all events and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. Tenant agrees that Tenant shall not take any action to terminate, to rescind or to avoid this Lease notwithstanding any default by Landlord hereunder except as a consequence of Landlord's breach of its obligations under the first sentence of Section 19 or except to the extent (if any) expressly set forth herein. Landlord and Tenant each acknowledges and agrees that the independent nature of the obligations of Tenant and Landlord hereunder represents fair, reasonable and accepted commercial practice with respect to the type of property subject to this Lease, and that this agreement is the product of free and informed negotiation during which both Landlord and Tenant were represented by counsel skilled in negotiating and drafting commercial leases in Massachusetts and that the acknowledgements and agreements contained herein are made with full knowledge of the holding in Wesson v. Leone Enterprises.

Inc., 437 Mass. 708 (2002). Such acknowledgements, agreements and waivers by Tenant are a material inducement to Landlord entering into this Lease.

(d) Arbitration. As set forth only in Sections 35(a), Section 36(r) and **APPENDIX 1** hereof, the parties have agreed to resolve certain disputes by arbitration in accordance with the Expedited Arbitration Procedures provisions of the Commercial Arbitration Rules of the American Arbitration Association (or another arbitration company mutually acceptable to Landlord and Tenant) and otherwise under the terms of this subsection 36(d) ("Arbitration"). Any such Arbitration shall occur in a location mutually convenient to Landlord and Tenant (or, if Landlord and Tenant cannot agree on a mutually convenient location, in the City of Boston, Massachusetts). The decision of the arbitrator shall be final, conclusive and binding on the parties, but the arbitrator shall have no power to reform, supplement or modify this Lease. The arbitrator shall make required findings incident to an arbitrable dispute, which findings shall be set forth in reasonable detail in a written decision by the arbitrator. Unless otherwise expressly provided hereunder, the parties shall share equally in all costs charged by the arbitrator or the arbitration company and each party shall otherwise bear its own costs (including attorneys' fees) of any Arbitration. Notwithstanding the foregoing, except as otherwise expressly provided in this Lease (but outside of this subsection 36(d)), the arbitrator may (but shall not be obligated to), in its sole discretion, determine the prevailing party in any such Arbitration and award such prevailing party all of the prevailing party's costs and expenses incurred in connection with the Arbitration (including without limitation attorneys' fees and costs).

(e) Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly or any other rent or charge herein stipulated shall be deemed to be other than on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment of any rent or charge be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or charge or pursue any other remedy in this Lease provided.

(f) No Agency. Nothing contained in this Lease shall be taken or construed to create any agency between Landlord and Tenant or to authorize the Tenant to do any act or thing or to make any contract so as to encumber in any manner the title of the Landlord to the Premises or to create any claim or lien upon the interest of the Landlord in the Premises.

(g) Memorandum of Lease. Landlord and Tenant shall, upon request of either party, execute and record a notice of this lease in the form attached hereto as **EXHIBIT E**; provided that the party requesting the memorandum shall pay all recording and state, county and local transfer fees and/or taxes imposed as a result of such notice.

(h) Financial Statements. Except with respect to any such time as Tenant is a corporation whose shares are traded on a US public securities exchange, Tenant shall within 30 days after receipt of written request from Landlord but, so long as no Event of Default exists, not more frequently than once within any twelve-month period, provide to Landlord, for the benefit of Landlord, Mortgagee and any prospective investors, Mortgagee or purchaser of the Premises (i) a balance sheet and profit and loss statement of Tenant for Tenant's most recent fiscal year,

and (ii) a detailed operating statement of the Premises for the most recent calendar year (collectively, "Financial Statements").

(i) Confidentiality. The parties acknowledge that the specific terms and conditions of this Lease and any documents made available to Landlord by Tenant hereunder are of a confidential nature and shall not be disclosed except to Tenant's or Landlord's respective affiliates, officers, directors, principals, members, employees, agents, attorneys, partners, accountants, lenders (existing or prospective), investors (existing or prospective) or prospective purchasers (collectively, for purposes of this Section 36, the "Permitted Outside Parties") or as required by law. No party, including Permitted Outside Parties, shall make any public disclosure of the specific terms of this Lease or of any of such documents, except as required by law (including SEC regulations and NYSE or NASDAQ requirements). In connection with the negotiation, execution, delivery, performance and administration of this Lease, each party acknowledges that it may have access to confidential information relating to the other party. Each party shall treat such information as confidential, preserve the confidentiality thereof, and not duplicate or use such information, except to Permitted Outside Parties or otherwise in connection with the negotiation, execution, delivery, performance and administration of this Lease (or in connection with a party's disposition of an interest in this Lease or in the Premises). Except as required by applicable law, neither party shall issue any press release or make any statement to the media regarding the execution and delivery of this Lease without the other party's consent, which consent shall not be unreasonably withheld or delayed. The provisions of this Section shall survive any termination of this Agreement. The terms of this Section 36(i) shall not apply to any information that is or becomes publicly known other than through a party's breach of its obligations under this Section 36(i).

(i) Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one in the same instrument.

(k) Time of the Essence. Time is of the essence with respect to every provision of this Lease (including but not limited to **APPENDIX 1**) providing for performance, action or inaction by a specified date or within a specified period of time.

(l) Survival of Obligations. Any obligations of Tenant occurring prior to the expiration or earlier termination of this Lease shall survive such expiration or earlier termination.

(m) Broker. Landlord and Tenant each covenant that they have not dealt with any real estate broker, finder or other such party entitled to be paid a fee or a commission with respect to this Lease, except for Mark Mulvey of Cushman & Wakefield ("Broker"), whose fees shall be payable by Landlord pursuant to a separate written agreement between Landlord and Broker. Except for the Broker, each party shall indemnify and hold the other party harmless from all damages, claims, liabilities or expenses, including reasonable attorneys' fees, resulting from any claims that may be asserted against the other party by any real estate broker or finder with whom the indemnifying party either has or is purported to have dealt.

(n) Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LANDLORD AND TENANT EACH WAIVE THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR WITH RESPECT TO THIS LEASE.

(o) OFAC. Tenant and Landlord hereby represents and warrants to each other that for itself it is not, nor will it become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action.

(p) REIT/UBTI. The Landlord and the Tenant hereby agree that it is their intent that all Base Rent, and all other additional rent and any other rent and charges payable to the Landlord under this Lease shall qualify as "rents from real property" within the meaning of Sections 512(b)(3) and 856(d) of the Internal Revenue Code of 1986, as amended, (the "Code") and the U.S. Department of the Treasury Regulations promulgated thereunder (the "Regulations"). In the event that (i) the Code or the Regulations, or interpretations thereof by the Internal Revenue Service contained in revenue rulings or other similar public pronouncements, shall be changed so that any rent no longer so qualifies as "rent from real property" for purposes of either said Section 512(b)(3) or Section 856(d) or (ii) the Landlord, in its sole discretion, determines that there is any risk that all or part of any rent shall not qualify as "rents from real property" for the purposes of either said Sections 512(b)(3) or 856(d), such rent shall be adjusted in such manner as the Landlord may reasonably require so that it will so qualify; provided, however, that any adjustments required pursuant to this Section 36(p) shall be made so as to produce the equivalent (in economic terms) rent as payable prior to such adjustment. The parties agree to execute such further commercially reasonable instrument as may reasonably be required by the Landlord in order to give effect to the foregoing provisions of this Section 36(p).

(q) Activity and Use Limitation. Notwithstanding anything to the contrary contained herein, Tenant and Landlord acknowledge that the Landlord's Parcel (including without limitation the Premises) is subject to an Activity and Use Limitation (the "Existing AUL") pursuant to the terms of Massachusetts General Laws Chapter 21E, recorded with the Middlesex North Registry of Deeds at Book 21997, Page 35, a copy of which has been provided to Tenant. Notwithstanding anything to the contrary contained herein, Tenant and Landlord acknowledge that all of Tenant's and Landlord's rights and interests under this Lease are subject to the Existing AUL and under no circumstances shall Tenant and/or Landlord make any use of the Premises or conduct any activity thereon that is prohibited by the Existing AUL.

(r) Limited Sale Profit Participation Right.

(1) Upon a Sale for which (a) the closing (the "Closing," with the date of Closing being the "Closing Date") occurs prior to the earlier to occur of the third (3rd) anniversary of the Commencement Date or an Exempt Sale and (b) the applicable Net Sale Proceeds are at least equal to the applicable IRR Amount as of the Closing Date, if this Lease is then in full force and effect Landlord shall pay to Tenant the applicable Profit Share Amount simultaneously with the Closing Date. As used herein:

"Acquisition" means the acquisition by Landlord and/or any Landlord Affiliate of the 100 Chelmsford Parcel and/or the Leased Parcel in connection with the execution and delivery of this Lease.

"Acquisition Costs" means, as applicable:

- A. *if* the Subdivision shall not have occurred, the Purchase Price plus the Transaction Costs for the Acquisition; or
- B. *if* the Subdivision shall have occurred, the Purchase Price plus the Transaction Costs for the Acquisition, multiplied by 33.33%.

"Development Costs" means,

- A. *if* the Subdivision shall not have occurred, (i) all Project Costs (as defined in **APPENDIX 1**) plus (ii) any or all hard and soft costs or expenses of subdividing, developing and improving the 100 Chelmsford Parcel and its appurtenances, including without limitation all development, architectural, engineering, project management, permitting and legal costs, costs of environmental remediation and costs of construction and site work and all other costs and expenses of the type including within the definition of Project Costs, mutatis mutandis; or
- B. *if* the Subdivision shall have occurred, all Project Costs.

"Investment" means, as applicable:

- A. *if* the Subdivision shall not have occurred, the aggregate of the Acquisition Costs and Development Costs for the 100 Chelmsford Parcel and the Leased Parcel; or
- B. *if* the Subdivision shall have occurred, the aggregate of the Acquisition Costs and Development Costs for the Leased Parcel.

"IRR Amount" means an internal rate of return of 10% per annum, compounded annually, on the sum of the aggregate applicable Investment of the Landlord and/or its affiliates, commencing on the date that any applicable Investment is made (with such internal rate of return to be calculated using the XIRR Function of Microsoft Excel).

"Net Sale Proceeds" means the proceeds of the Sale received by Landlord at the Closing net of the aggregate of the applicable Transaction Costs for the Sale.

"Profit Share Amount" means twenty percent (20%) of the difference between (i) the applicable Net Sale Proceeds and (ii) the applicable IRR Amount.

"Purchase Price" means four million two hundred fifty thousand dollars (\$4,250,000).

"Sale" means a sale or transfer of Landlord's fee simple interest in the Leased Parcel and, *if* the Subdivision shall not have occurred, the 100 Chelmsford Parcel. Without limitation, a "Sale" shall not include (i) the granting of a mortgage or a sale or transfer in connection with a foreclosure of a mortgage or by deed in lieu of foreclosure (together with any sale or transfer

under clause (iii) immediately below, an "Exempt Sale"; (ii) a sale or transfer of Landlord's interest to any Landlord Affiliate, or by descent or devise following the death of any person comprising Landlord, or in connection with a merger or sale of all or substantially all of Landlord's assets, or otherwise by operation of law; or (iii) a sale or transfer of Landlord's interest as part of a transaction by Landlord and/or any Landlord Affiliates that also includes at least two (2) properties outside of the 100 Chelmsford Parcel, the Leased Parcel or the Hale Property (as defined in the REA); provided that in the event of the occurrence of any of the foregoing events other than an Exempt Sale, the provision of this Section 36(r) shall continue in full force and effect with respect to any subsequent Sale.

"Subdivision" means the division of the Landlord's Parcel into separate legal lots comprised of the 100 Chelmsford Parcel and the Leased Parcel.

"Transaction Costs" means, with respect to the Acquisition or Sale, as applicable, any or all actual and reasonable or necessary costs or expenses of consummating the particular transaction incurred by or equitably allocable to Landlord and/or any Landlord Affiliates therefor, including, without limitation legal fees, closing costs, escrow fees, recording fees, title examination and insurance costs, survey costs, due diligence investigation or monitoring costs and/or brokerage fees.

(2) The parties acknowledge that the 100 Chelmsford Lease contains provisions that are corollary to this Section 36(r) (the "100 Chelmsford Profit Share Provisions") and agree that all accounting relevant to this this Section 36(r) shall occur in a manner consistent with all accounting relevant to the 100 Chelmsford Profit Share Provisions (in order that, among other things, there shall be no so-called "double counting" of any Landlord transaction Costs or amounts owed, collectively, to Tenant pursuant to this Section 36(r) and/or to the tenant under the 100 Chelmsford Lease pursuant to the 100 Chelmsford Profit Share Provisions).

(3) Any dispute under the foregoing provisions of this Section 36(r) shall be settled exclusively by Arbitration under Section 36(d) above.

(4) Notwithstanding anything to the contrary set forth herein, Tenant's rights under this Section 36(r) are personal to the Tenant originally named herein and any successor thereto pursuant to a Permitted Transfer, but shall not otherwise be transferable or assignable (and shall not, in any event, be assignable or transferable to any Leasehold Mortgagee [as defined in **EXHIBIT F**]). Further notwithstanding anything to the contrary contained herein, Landlord shall have no obligation to pay Tenant any Profit Share Amount at any time in which Tenant shall be in default of any of its obligations under this Lease beyond any applicable notice or cure period.

(s) No Merger. There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Leased Parcel by reason of the fact that the same person or entity may own or hold (i) the leasehold estate created by this Lease or any interest in such leasehold estate and (ii) the fee estate in the Leased Parcel or any interest in such fee estate; and no such merger shall occur unless and until all persons and other entities having (a) any interest in this Lease or the leasehold estate created by this Lease (excluding subtenants but including any Leasehold Mortgagee) and (b) any fee simple interest in the Leased Parcel or any part thereof shall join in a written instrument effecting such merger and shall duly record the same.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have executed this Lease as of the date first above written.

LANDLORD:

----- a _____

By: _____

Name:

Title:

TENANT:

MACOM TECHNOLOGY SOLUTIONS HOLDINGS
INC., a Delaware corporation

By: _____

Name:

Title:

EXHIBIT A

DESCRIPTION OF LANDLORD'S PARCEL

**100 & 144 Chelmsford Street
Lowell, Massachusetts**

The land situated on Chelmsford Street, in Lowell, Middlesex County, Massachusetts, shown as Lots I-IB-4 and I-IB-5 on a plan entitled "Compiled Disposition Map of Lots I-IB-3, I-IB-4 & I-IB-5 in Lowell, Mass., Hale Howard Urban Renewal Area, Project No. Mass. R-130" dated March 30, 1977, by Dana P. Perkins & Sons, Inc. Civil Engineers & Surveyors", recorded with Middlesex North District Deeds in Plan Book 124, Plan 46, bounded and described as follows:

NORTHEASTERLY: by land now or formerly of the Boston & Maine Railroad Corp., as shown on said plan, by three bounds totaling 649.97 feet;

SOUTHEASTERLY by said land of Boston & Maine Railroad Corp., as shown on said plan, 27.97 feet;

NORTHEASTERLY again, by said land of Boston & Maine Railroad Corp., as shown on said plan, 265.16 feet;

SOUTHEASTERLY again, by Lot **1-1 B-3**, as shown on said plan, 412.45 feet;

SOUTHEASTERLY again, by said Lot 1-1 B-3, as shown on said plan, 277.71 feet;

SOUTHWESTERLY by Lot I-IA, as shown on said plan, 300 feet;

NORTHWESTERLY by Chelmsford Street, 270 feet; and

NORTHWESTERLY again, by said Chelmsford Street by three courses totaling 1,042.23 feet;

Comprised in part by two parcels of registered land; namely,

Registered Parcel 1:

A certain parcel of land situated in said Lowell, bounded and described as follows:

NORTHEASTERLY by Howard Street, fifty-two (52) feet;

SOUTHEASTERLY by land now or formerly of David Ziskind, one hundred twelve (112) feet;

SOUTHWESTERLY by land now or formerly of Charles E. Jameson, fifty-two and 1/100 (52.01) feet; and

NORTHWESTERLY by land now or formerly of Israel Levin, one hundred thirteen and 28/100 (113.28) feet.

All of said boundaries of said Registered Parcel 1 are determined by the Land court to be located as shown on Plan 5672-A entitled "Plan of Land in Lowell" drawn by Smith and Brooks, Civil Engineers, dated October 15, 1915, as approved by the Court, filed in the Land Registration Office, a copy of a portion of which is filed with Certificate of Title No. 951 issued by Middlesex North Registry District of the Land Court.

Registered Parcel 2:

A certain parcel of land situated in said Lowell, bounded and described as follows:

NORTHWESTERLY by land now or formerly of Minnie Bernstein and Mary F. Hardy, forty-six and 68/100 (46.68) feet;

SOUTHEASTERLY by Lot 5, twenty-five and 07/100 (25.07) feet;

SOUTHWESTERLY by Lot 6, thirty-three and 94/100 (33.94) feet.

All of said boundaries of said Registered Parcel 2 are determined by the Land Court to be located and shown on Subdivision Plan 6039-B entitled "Subdivision Plan of Land in Lowell" drawn by Dana F. Perkins & Sons, Inc., Surveyors, dated December 22, 1976, as approved by the Court, filed in the Land Registration Office, a copy of a portion of which is filed with Certificate of Title No. 21963 issued by said Registry District, and said Registered Parcel 3 is shown as Lot 7 on said plan.

Excepting and excluding from the foregoing the following:

So much of the premises as lies within former Railroad Street as the same is now or formerly owned by Boston and Maine Corporation as set forth in Deed from the Trustees of Boston and Maine Railroad Corporation to City Development Authority dated January 5, 1977, recorded in Book 2242, Page 527.

So much of the land taken by the City of Lowell by right of eminent domain by Order of Taking dated September 8, 1998, recorded in Book 9590, Page 157 and filed as Document No. 178630, and shown thereon as Parcel 1 and Parcel 2 on a "Plan of Land in Lowell, Mass. Prepared for Lowell Regional Transit Authority" dated September 25, 1998 by Vaidya Consultants, Inc., recorded in Plan Book 198, Plan 71, and filed as Document No. 178630. See also Land Court Order filed as Document No. 184737.

Said land is also shown as Lot 1-IB-5 on plan entitled "Plan of Land in Lowell, Mass." dated September 25, 1998, prepared by Vaidya Consultants, Inc. recorded with the Middlesex North District Registry of Deeds in Plan Book 198, Plan 71.

EXHIBIT A-1

PLAN SHOWING LANDLORD'S PARCEL,

THE LEASED PARCEL AND THE 100 CHELMSFORD PARCEL

(appended hereto)

EXHIBIT A-2

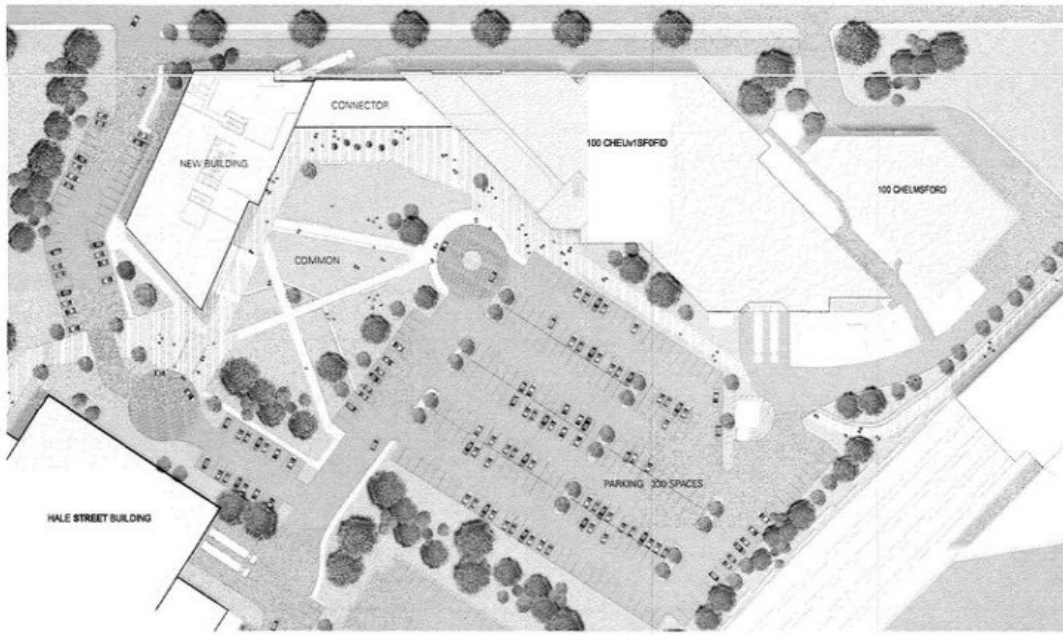
PLAN SHOWING THE PROPOSED BUILDINGS

(appended hereto)

SITE PLAN

EXHIBIT A-2

Exhibit A-2, Page 2



SGA COMMUNICATING COLLABORATING CREATING

MACOM - CONCEPT DESIGN Q. 9'6

EXHIBIT B

Tenant Work

- * Kitchen equipment design and installation
- * Furniture design and installation
- * Wireless support for 600 devices
- * Data rooms setup
- * Networking gear installation
- * Inter-building connectivity
- * Paging system installation
- * Conference room equipment; i.e. phone, AV, etc.
- * Phone system installation
- * Display boards installation
- * Copy/office/MFP machine installation
- * Card access system installation
- * Security Cameras installation
- * Fitness center and media room utility requirements

EXHIBIT C

**SUBORDINATION, NON-DISTURBANCE AND
ATTORNMENT AGREEMENT**

[144 Chelmsford Street, Lowell MA]

This Subordination, Non-Disturbance and Attornment Agreement (this "Agreement") is dated this ___ day of _____, 2016 between _____ ("Lender") and **MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation** ("Tenant").

RECITALS

A. Tenant has entered into a certain lease (the "Lease") dated _____, 2016 with _____ (the "Landlord") of the land and buildings, including certain buildings to be constructed thereon by Landlord to the extent set forth in the Lease, located at 144 Chelmsford Street, Lowell, Massachusetts. The leased premises described in the Lease are hereinafter referred to as the "Premises."

B. Lender has made a loan to Landlord, which loan is secured by a mortgage and security agreement dated _____, 20___, recorded with the Essex North Registry of Deeds in Book_____, Page _____ and filed with the Essex North Registry District of the Land Court as Document _____ (the "Mortgage"), and an assignment of leases and rents dated _____, 20_, recorded with said Registry in Book_, Page _____ and filed with said land Court as Document _____ (the "Assignment"), both with respect to the Premises.

D. Capitalized terms used and not defined herein shall have the respective meanings set forth in the Lease.

For mutual consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

I. Tenant agrees that the leasehold of the Lease is and shall be subject and subordinate to the lien of the Mortgage and to the lien of the Assignment and to all renewals, amendments, modifications, consolidations, replacements and extensions thereof, now or hereafter executed, to the full extent of all amounts secured thereby, said subordination to have the same force and effect as if the Mortgage and the Assignment, and such renewals, modifications, consolidations, replacements and extensions thereof, had been executed, acknowledged, delivered and recorded prior to the execution and delivery of the Lease and any recorded notice or memorandum thereof, and amendments or modifications thereto. However, the foregoing subordination provision shall not be deemed or construed as limiting Tenant's rights under the Lease and/or Landlord's obligations thereunder, including without limitation with respect to the use of insurance proceeds and condemnation awards and, notwithstanding any inconsistent provisions of the Mortgage with respect thereto, such proceeds and awards shall be applied as set forth in the Lease.

2. Lender agrees that Tenant shall not be named or joined as a party defendant in any action, suit or proceeding which may be instituted by Lender to foreclose or seek other remedies under the Mortgage or the Assignment by reason of a default or event of default under the Mortgage or the Assignment, unless applicable law requires Tenant to be made a party thereto as a condition to Lender's proceeding against Landlord or prosecuting such rights and remedies. Lender further agrees that, in the event of any entry by Lender pursuant to the Mortgage, a foreclosure of the Mortgage, or the exercise by Lender of any of its rights under the Mortgage or Assignment, Lender shall not disturb Tenant's right of possession of the Premises under the terms of the Lease so long as Tenant is not in default beyond applicable notice and cure periods in the Lease.

3. Tenant agrees that, in the event of a foreclosure of the Mortgage by Lender, the acceptance of a deed in lieu of foreclosure by Lender, or Lender's exercise of any of its rights under the Mortgage or Assignment, Tenant will attorn to and recognize Lender as its landlord under the Lease for the remainder of the term of the Lease (including all optional extension terms which have been or are hereafter exercised) upon the same terms and conditions as are set forth in the Lease, and Tenant hereby agrees to perform all of the obligations of Tenant pursuant to the Lease.

4. Tenant agrees that, in the event Lender succeeds to the interest of Landlord under the Lease:

(a) Lender shall not be liable in damages for any act or omission of any prior landlord (including Landlord), provided nothing herein shall derogate from the obligation of Lender to perform all of the obligations of Landlord pursuant to the Lease arising, accruing or continuing from and after such time as Lender succeeds to the interest of Landlord under the Lease;

(b) Lender shall not be liable for the return of any security deposit unless such security deposit is actually received by Lender;

(c) Lender shall not be bound by any Base Rent or additional rent which Tenant might have prepaid for more than one (1) month in advance under the Lease (unless so required to have been prepaid under the Lease);

(d) Lender shall not be bound by any amendments or modifications of the Lease made after the date hereof without consent of Lender which have the effect of materially increasing Landlord's obligations under the Lease, reducing rent or otherwise materially reducing any of Tenant's obligations under the Lease, decreasing the Term or canceling the Lease prior to its expiration except as a result of the exercise of a right to terminate as set forth in the Lease;

(e) Lender shall not be subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord) except in cases where Tenant has given Lender notice of the event or circumstances giving rise to such

damages, offsets or defenses and afforded Lender the same period of time in which to cure as is provided to Landlord under the Lease; and

(f) Lender shall not be bound by any provisions in the Lease which obligate Landlord to erect or complete any building and/or to make any improvements to the Premises (and/or the 100 Chelmsford Property and Hale Property) other than such obligations of Landlord as are expressly set forth in the Lease (including without limitation Appendix 1 of the Lease).

5. Lender hereby approves of, and consents to, the Lease. Notwithstanding anything to the contrary contained in the Mortgage or the Assignment, Tenant shall be entitled to use and occupy the Premises and exercise all its rights under the Lease, and the Lease and Landlord's and Tenant's performance thereunder shall not constitute a default under the Mortgage or Assignment. Tenant agrees to give Lender a copy of any notice of default under the Lease served upon Landlord at the same time as such notice is given to Landlord.

6. Lender acknowledges that, in the event of an Approvals Contingency Failure, Tenant will have certain rights as set forth in Exhibit F of the Lease to grant a Leasehold Mortgage on Tenant's leasehold estate under the Lease, which Leasehold Mortgage shall constitute a first position mortgage lien on any New Building Work, and Lender hereby consents to any such Leasehold Mortgage granted in accordance with Exhibit F of the Lease.

7. The terms and provisions of this Agreement shall be automatic and self-operative without execution of any further instruments on the part of any of the parties hereto. Without limiting the foregoing, however, Lender and Tenant agree, within thirty (30) days after request therefor by the other party, to execute an instrument in confirmation of the foregoing provisions, in form and substance reasonably satisfactory to Lender and Tenant, pursuant to which the parties shall acknowledge the continued effectiveness of the Lease in the event of such foreclosure or other exercise of rights.

8. Any notice to be delivered hereunder shall be in writing and shall be sent registered or certified mail, return receipt requested, postage prepaid, or overnight delivery by Federal Express or similar overnight courier which delivers upon signed receipt of the addressee, or its agent. The time of the giving of any notice shall be the time of receipt thereof by the addressee or any agent of the addressee, except that in the event that the addressee shall refuse to receive any notice, or there shall be no person available (during normal business hours) to receive such notice, the time of giving notice shall be deemed to be the time of such refusal or attempted delivery as the case may be. All notices addressed to Lender or Tenant, as the case may be, shall be delivered to the respective addresses set forth opposite their names below, or such other addresses as they may hereafter specify by written notice delivered in accordance herewith:

If to Tenant:

with a copy

simultaneously to:

If to Lender:

9. The term "Lender" as used herein includes any direct or more remote successor or assign of the named Lender herein, including without limitation, any purchaser at a foreclosure sale, and any successor or assign thereof, and the term "Tenant" as used herein includes any direct or more remote successor and assign of the named Tenant herein. All terms used herein but not defined herein which are defined in the Lease shall have the same meaning for purposes hereof as they do for purposes of the Lease.

TENANT:

**MACOM TECHNOLOGY SOLUTIONS
HOLDINGS INC.**

By: _____
Name: _____
Title: _____

LENDER:

By: _____
Name: _____
Title: _____

COMMONWEALTH OF MASSACHUSETTS)
) ss.

COUNTY OF _____

On this _____ day of _____, 20____, before me,

_____ the undersigned officer, personally appeared _____, who acknowledged himself/herself to be the _____ of MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation, and that he/she, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as _____

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

NOTARIAL
SEAL

Notary Public
My commission expires:

STATE OF _____)
COUNTY OF _____) ss.
)

On this _____ day of _____, 20____, before me,

_____ the undersigned officer, personally appeared _____, who acknowledged himself/herself to be the _____ of _____ a _____, and that he/she, as such _____ *being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the _____ by himself/herself as _____

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

NOTARIAL
SEAL

Notary Public
My commission expires:

EXHIBIT D

Permitted Encumbrances

1. Easement from The City Development Authority to Massachusetts Electric Company dated March 24, 1977, recorded in Book 2241, Page 309, as affected by Easement Agreement dated July 19, 1982, recorded in Book 2547, Page 94.
2. Covenants set forth in Deed from City Development Authority to City of Lowell dated October 2, 1978, recorded in Book 2332, Page 534, at Page 549 and filed as Document No. 76121 to the extent in force and applicable.
3. Taking by the City of Lowell for layout of Chelmsford Street dated January 17, 1979, recorded in Book 2349, Page 216.
4. Covenants and easements contained in Deed from City of Lowell to Wang Laboratories dated December 31, 1980, recorded in Book 2459, Page 212 and filed as Document No. 81413.
5. Access and License Agreement by and between AMP Incorporated, M/A-Com, Division and L'Energia Limited Partnership, dated November 17, 1997, recorded in Book 8910, Page 285, and re-recorded in Book 9034, Page 184, as amended by Amendment Agreement dated February 25, 1999, recorded in Book 10461, Page 68.
6. Notice of Activity and Use Limitation dated March 6, 2008, recorded in Book 21997, Page 35.

A portion of the parcel currently known as 100 Chelmsford Street, Lowell, Middlesex County, Massachusetts

EXHIBIT E

NOTICE OF LEASE

Notice is hereby given pursuant to Massachusetts General Laws, Chapter 183, Section 4, of an instrument of lease (the "Lease") containing, inter alia, the following terms and conditions:

LANDLORD: _____, a _____

TENANT: MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation

DATE OF LEASE INSTRUMENT: _____, 2016

PREMISES: That certain portion of the Landlord's Parcel shown as "Leased Parcel" on the plan attached hereto as **Exhibit_**, together with the Improvements (as defined in the Lease) and Intangible Rights (as defined in the Lease). The "Landlord's Parcel is that certain improved real property currently known as and numbered 100 Chelmsford Street, in the City of Lowell, Massachusetts, more particularly described on **Exhibit_** and shown on the plan attached hereto as **Exhibit**

TERM OF LEASE: The initial term of the Lease commences on the occurrence of the Commencement Date of the Lease and expires on the last day of the month in which the twentieth (20th) anniversary of such Commencement Date occurs.

EXTENSION OPTIONS: Tenant has an option to extend the term of the Lease for two (2) consecutive periods of ten (10) years each, as more specifically provided in the Lease.

MAJOR TENANT: Tenant has been designated as the Major Tenant (as defined in that certain Reciprocal Easement Agreement of even date herewith and recorded/filed concurrently herewith) for the Landlord's Parcel.

ACTIVITY AND USE LIMITATION: Tenant and Landlord acknowledge that the Landlord's Parcel (including without limitation the Premises) is subject to an Activity and Use Limitation pursuant to the terms of Massachusetts General Laws Chapter 21E, recorded with the Middlesex North Registry of Deeds at Book 21997, Page 35, a copy of which has been provided to Tenant.

OTHER PROVISIONS: The Lease contains additional rights, restrictions, terms and conditions not enumerated in this Notice of Lease. Reference should be made to the Lease directly with respect to these and other material terms and conditions.

This Notice of Lease is executed pursuant to the provisions contained in the Lease, and is not intended to vary the terms, conditions or other provisions of the Lease. In the event of any inconsistency between the provisions of the Lease and the provisions of this Notice of Lease, the provisions of the Lease shall govern and control. This instrument is not intended to, and does not and shall not, amend, modify, diminish or affect in any way the Lease or the construction or interpretation thereof or any rights or obligations of any of the parties thereto.

This Notice of Lease may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

EXECUTED under seal this ___ day of ___, 2016.

LANDLORD:

_____, a _____

By: _____

Name:

Title:

TENANT:

MACOM TECHNOLOGY SOLUTIONS

HOLDINGS INC., a Delaware corporation

By: _____

Name:

Title:

[Acknowledgements Follow]

COMMONWEALTH OF MASSACHUSETTS

_____, ss.

On this date, _____, 2016, before me, the undersigned notary public, personally appeared _____, as _____ of _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that s/he signed it voluntarily for its stated purpose on behalf of the foregoing entity.

Notary Public
Printed Name: _____

My commission expires: _____

STATE OF _____

_____, ss.

On this date, _____, 2016, before me, the undersigned notary public, personally appeared _____, as _____ of MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that s/he signed it voluntarily for its stated purpose on behalf of the foregoing entity.

Notary Public
Printed Name: _____

My commission expires: _____

EXHIBIT F

Approval Contingency Failure Terms

Notwithstanding anything to the contrary contained in this Lease (apart from this **EXHIBIT F**), in the event of an Approval Contingency Failure (and only in such event), the following terms and conditions shall apply (and shall govern and control over any contrary provisions of this Lease outside of this **EXHIBIT F**):

1. **Base Rent.** Notwithstanding anything to the contrary contained in Section 3 of this Lease, in the event of an Approval Contingency Failure, Base Rent shall be payable at an annual rate of \$1.00 for the entire term of this Lease (including any Optional Extension Terms), which amount shall not be subject to increase over time.

2. **New Improvements.** Notwithstanding anything to the contrary contained in Sections 6, 8, 10, 11 and 18 of this Lease:

(a) Tenant shall have the ongoing right to make Alterations (including additions) on the Leased Parcel and site improvements on the 100 Chelmsford Parcel including without limitation the construction of a new building or buildings (a "**New Building**") with related site improvements (collectively, "**New Building Construction**"), and to make subsequent Alterations on the Leased Parcel ("**New Building Alterations**") and/or, together with any New Building Construction, "**New Building Work**") in each case without the requirement of Landlord's prior written consent, provided, however, that any such New Building Work shall not (i) have a material adverse effect on the quality, useful life, value, functionality or costs of operating or maintaining any of the other then existing buildings and improvements at the Project Site (as defined in **APPENDIX 1**) as determined by Landlord in its reasonable discretion ("Landlord's Determination"), (ii) violate the terms and conditions of the REA and any applicable Other Documents, (iii) violate or interfere with the leasehold rights and interests of any tenant or occupant of the 100 Chelmsford Parcel (except to the extent that such tenant or occupant shall have consented thereto in writing in accordance with the terms and conditions of its applicable lease or occupancy agreement as shall then be in effect), (iv) violate any applicable laws, regulations, ordinances and rules, including then applicable zoning laws (without the need for an amendment to the applicable zoning ordinance or map, except to the extent that Landlord shall consent in writing to any such amendment in writing, such consent not to be unreasonably withheld, conditioned, or delayed) or (v) violate any of the other terms and conditions of this Lease to the fullest extent applicable thereto. Any New Building Work permitted as set forth in this Section 2 shall be deemed a Permitted Alteration and, except as expressly set forth in this Section 2(a), shall be subject to all of the other provisions of this Lease governing Permitted Alterations to the fullest extent applicable. Upon the making of any New Building Alterations, the same shall be deemed part of the New Building. Within thirty (30) days of Tenant's written request for Landlord's Determination with respect to any Particular New Building Work and Tenant's submission to Landlord of all information reasonably required in connection therewith, Landlord shall notify Tenant as to whether Landlord is or is not making Landlord's Determination (and, if Landlord is not making Landlord's Determination, the reasons therefor in reasonable detail); provided that in the event that Landlord fails to so notify Tenant within such

thirty (30) days and Tenant makes a second written request therefor from Landlord (which second request shall include a statement in all capital letters that Landlord's failure to respond within fifteen (15) days shall be deemed to constitute Landlord's making Landlord's Determination then, if Landlord fails to so notify Tenant within such fifteen (15) days, Landlord shall be deemed to have made Landlord's Determination.

(b) (i) All New Buildings shall be deemed Tenant's sole and exclusive property during the term of this Lease. If at the expiration or early termination of this Lease any New Buildings shall remain thereon, however, then (i) the same shall be surrendered to Landlord in accordance with Section 18 of this Lease and (ii) upon any such expiration or early termination of this Lease, Tenant shall upon request of Landlord execute, acknowledge and deliver to Landlord a deed confirming that all of Tenant's right, title and interest in any remaining New Building has vested in Landlord free and clear of any leasehold, leasehold financing and any liens or encumbrances permitted or suffered by Tenant.

(ii) Tenant may elect to demolish a New Building upon not less than thirty (30) days' prior written notice to Landlord, such notice (a "**Demolition Notice**") to include an estimate by a qualified licensed contractor of the reasonably estimated cost of demolition (the "**Demolition Cost**"). Any such demolition shall be subject to all of the Demolition Obligations, to the fullest extent applicable thereto. Tenant may make such election at any time; provided that in the event of any destruction or damage as contemplated under Section 10(a) of this Lease, if Tenant does not make such election within thirty (30) days of the event of damage or destruction, then Tenant shall be obligated to repair, rebuild or restore the same in accordance with said Section 10(a). If Tenant undertakes any such demolition, Tenant shall be obligated to likewise destroy or remove all Business Alterations on or about the New Building.

(iii) All insurance proceeds on account of any damage or destruction of a New Building shall be paid, and shall be the exclusive property of, Tenant or the Leasehold Mortgagee (as defined herein). Notwithstanding the foregoing, if Tenant gives a Demolition Notice then, unless Tenant shall then satisfy the Financial Prerequisite, Tenant shall pay or cause to be paid to Landlord, by insurance proceeds or a direct payment from Tenant (or any combination of the two), an aggregate amount equal to 125% of the Demolition Cost (the "**Demolition Security**"). Such payment under the preceding sentence shall be made within thirty (30) days prior to the commencement of demolition or, with respect to any portion of such payment to be paid by insurance proceeds, after the receipt of such insurance proceeds (but only if and to the extent that (i) Tenant shall have been required hereunder to insure the same, (ii) Tenant shall have in fact maintained such insurance as required hereunder and (iii) Tenant shall have proceeded to adjust the insured loss promptly, diligently and in good faith) and in any event prior to the commencement of demolition. Upon the completion of such demolition, the Demolition Security, less any amounts expended by Landlord in the exercise of its rights under Section 14(b) of this Lease on account of Tenant's failure to have performed any and of its obligations in connection with the demolition) shall be paid over to Tenant or the Leasehold Mortgagee (and any amount so retained by Landlord shall be the sole and exclusive property of Landlord).

(c) In the event of a taking as contemplated under Section 11 of the Lease, Tenant shall have no obligation to rebuild or restore any New Building or New Building Alteration except that, in the event of a partial taking of the New Building or New Building Alteration and Tenant does not deliver a Demolition Notice, Tenant shall take such steps as are reasonably necessary and appropriate to separate, secure and otherwise place into proper functioning condition (and in compliance with Law) any portion(s) of the New Building or New Building Alteration that are not so taken. Tenant will be entitled to an award of takings damages based on any loss of any New Building or New Building Alterations; provided, however, that to the extent that the taking authority or applicable court will not award the foregoing to Tenant separate and apart from any greater award pertaining to the Premises, then Tenant shall be entitled to participate in any greater award on an equitable basis in order to compensate Tenant for such loss.

3. Leasehold Financing

(a) Notwithstanding anything to the contrary contained in Section 12 of this Lease, in the event that Tenant constructs a New Building, Tenant shall have the right, without Landlord's consent, to finance New Building Work (and thereafter refinance the same with so-called "permanent financing") by granting a mortgage on Tenant's leasehold estate under this Lease (a "**Leasehold Mortgage**"); provided that any holder of a Leasehold Mortgage (a "**Leasehold Mortgagee**") shall be an Institutional Lender and that there shall not be more than one Leasehold Mortgage in effect at any given time. Notwithstanding the foregoing, no Leasehold Mortgage now or hereafter a lien upon this Lease shall extend to or affect the reversionary interest and estate of Landlord in and to its real property interests in the Leased Parcel or in any manner attach to or affect Landlord's real property interests in the Leased Parcel from and after any expiration or termination of this Lease except as otherwise expressly set forth in this Section 3.

(b) Landlord agrees to simultaneously send copies of all notices given to Tenant hereunder to each Leasehold Mortgagee notice of whose name and address has been given in writing to Landlord. No Leasehold Mortgagee shall be bound by any notice given from Landlord to Tenant hereunder unless and until such notice or a copy thereof has been given to the Leasehold Mortgagee. No amendment, modification, extension, renewal, cancellation, termination or surrender of this Lease shall be binding upon the Leasehold Mortgagee without its written consent.

(c) In the case of a default by Tenant continuing after the giving of any requisite notice and/or passage of any requisite cure period (a "**Default**"), prior to Landlord's taking any further steps to terminate this Lease or regain possession of the Premises ("**Landlord's Remedies**"), Landlord shall give Leasehold Mortgagee (i) a notice of Landlord's intent to exercise Landlord's Remedies (the "**Remedies Notice**") containing a statement of all existing Defaults under this Lease and (ii) the opportunity to cure such Default(s), as follows:
(x) Leasehold Mortgagee shall be entitled to cure any Default curable by the payment of monies for a period of fifteen (15) days after receipt of such Remedies Notice and (y) Leasehold Mortgagee shall be entitled to cure any other Default (a "**Non-Monetary Default**") for a period of thirty (30) days after receipt of such Remedies Notice; provided however, that if Leasehold

Mortgagee reasonably requires additional time to complete the curing of any such Non-Monetary Default, then, provided Leasehold Mortgagee has commenced to cure such Non-Monetary Default within such 30-day period and thereafter prosecutes the same to completion with reasonable diligence, Leasehold Mortgagee shall be entitled to such additional time as is reasonably necessary to cure such Default. Notwithstanding anything to the contrary contained herein Leasehold Mortgagee shall have no obligation to cure any Default that is of such a nature that it is not susceptible to cure by Leasehold Mortgagee despite the exercise of reasonable diligence by the Leasehold Mortgagee so long as Leasehold Mortgagee notifies Landlord thereof within such 30-day period (any such Default not susceptible to cure and for which Leasehold Mortgagee shall have given such notice being an "**Incurable Default**"). Landlord agrees to accept performance of Tenant's obligations hereunder by Leasehold Mortgagee with the same force and effect as though observed or performed directly by Tenant.

(d) Notwithstanding the foregoing subsection (c), if possession of the Premises and/or title to the leasehold estate under this Lease is required in order for Leasehold Mortgagee to cure any Default (a "**Delayed Cure Default**"), then Landlord shall suspend the exercise any of Landlord's Remedies on account of the Delayed Cure Default, provided that: (i) Leasehold Mortgagee notifies Landlord within the applicable cure period afforded Leasehold Mortgagee under subsection (c) above that it intends to acquire possession of the Premises and/or title to the leasehold estate under this Lease; (ii) within the applicable cure period afforded Leasehold Mortgagee under subsection (c) above, Leasehold Mortgagee cures any Defaults (other than Incurable Defaults and the Delayed Cure Default); (iii) all Rent is timely paid and Leasehold Mortgagee performs or causes to be performed all other obligations of Tenant under this Lease that are susceptible of being cured or performed by Leasehold Mortgagee with the exercise of reasonable diligence prior to its having gained possession of the Premises and/or title to the leasehold estate under this Lease; and (iv) Leasehold Mortgagee takes steps promptly to acquire the leasehold estate under this Lease by foreclosure or otherwise and prosecutes the same to completion with reasonable diligence. Upon completion of the conveyance of Tenant's leasehold interest hereunder by foreclosure or otherwise, this Lease shall continue in full force and effect as a lease between Landlord and Leasehold Mortgagee, its designee or the purchaser of the leasehold estate in any foreclosure proceedings, and Leasehold Mortgagee, its designee or such purchaser shall promptly and with reasonable diligence cure the Delayed Cure Default.

(e) Leasehold Mortgagee shall not be liable for the performance of Tenant's obligations hereunder unless and until Leasehold Mortgagee acquires Tenant's rights and interest by foreclosure or other assignment or transfer in lieu thereof. In the event that Leasehold Mortgagee so acquires Tenant's rights and interest, the liability of Leasehold Mortgagee, its successors and assigns shall be limited to its leasehold interest in this Lease. Neither Leasehold Mortgagee, its successors or assigns, nor any agent, partner, officer, trustee, director, shareholder or principal (disclosed or undisclosed) of Leasehold Mortgagee, its successors or assigns, shall have any personal liability hereunder.

(f) All notices from Landlord to Leasehold Mortgagee and from Leasehold Mortgagee to Landlord hereunder shall be in writing and given in the manner specified in Section 17 of this Lease. The address for notices to Leasehold Mortgagee shall be the address furnished to Landlord by Tenant or the Leasehold Mortgagee (subject to change by notice given in accordance with Section 17 of this Lease).

APPENDIX I

LANDLORD WORK

I. Construction of Improvements.

(a) Subject to the approval of the Work Plans and the occurrence of the Final Approval, in each case as set forth herein, Landlord covenants and agrees to: (i) construct the buildings and related structures (collectively, the "**Building**") on the Landlord's Parcel (such work being hereinafter referred to collectively as the "**Building Work**") in accordance with and as more specifically described in the final approved building plans and specifications (the "**Final Building Plans**") to be prepared by Landlord (subject in each case to Tenant's approval as provided in Section I(b) of this Appendix I below) from the preliminary building and site work plans and specifications (collectively, the "**Preliminary Plans**") previously prepared and approved by Tenant and as listed on the attached Appendix 2, and (ii) construct related site improvements located in, on, under or about the Project Site (such work being hereinafter referred to collectively as the "**Site Work**") in accordance with and as more specifically described in the approved final sitework plans and specifications (the "**Final Sitework Plans**") to be prepared by Landlord subject in each case to Tenant's approval as provided in Section I(b) of this Appendix I below from the Preliminary Plans; in each case subject to all of the terms of this Appendix I. The Building Work and the Site Work are sometimes hereinafter referred to collectively as the "**Landlord Work**," and the Final Building Plans and the Final Sitework Plans are sometimes hereinafter referred to collectively as the "**Work Plans**"). Landlord shall perform the Landlord Work on a "turn-key" basis, which means that the Landlord Work will be Substantially Completed (as hereinafter defined) in every respect on the Possession Date (as hereinafter defined), except for Punchlist Items (as hereinafter defined) and subject only to those Change Orders (as hereinafter defined) as are specifically permitted by this Lease. As used herein, the "**Project Site**" shall mean the Landlord's Parcel together with the Hale Property.

(b) The Work Plans will be prepared and approved as follows:

(j) Within fifteen (15) days following the Effective Date, Landlord shall enter into an agreement for architectural services (the "**Architect Agreement**"), on terms reasonably acceptable to Landlord, with Spagnolo Gisness & Associates, Inc. or another qualified and licensed architect selected by Landlord and subject to Tenant's approval not to be unreasonably withheld, conditioned or delayed (as the case may be, the "**Architect**"), providing for the Architect's prompt preparation of the Final Building Plans, subject to the Landlord and Tenant review and approval procedures set forth below. Further promptly following the Effective Date, Landlord shall enter into an agreement for civil engineering services (the "**Engineer Agreement**"), on terms reasonably acceptable to Landlord, with RJO'Connell & Associates or another qualified and licensed civil engineer selected by Landlord and subject to Tenant's approval not to be unreasonably withheld, conditioned or delayed (as the case may be, the "**Civil Engineer**") providing for the Civil Engineer's prompt preparation of the Final Sitework Plans, subject to the Landlord and Tenant review and approval procedures set forth below.

(ii) Landlord and Tenant shall reasonably cooperate with each other, in a reasonably prompt fashion, in the review and approval of each version and revision of the Work Plans. The Work Plans shall generally be consistent with the Preliminary Plans. Landlord acknowledges and understands that Tenant may, at its sole cost and expense, retain an architectural consultant ("Tenant's Architect") to review the proposed Final Building Plans and proposed Final Sitework Plans on behalf of Tenant. When Landlord requests Tenant to specify details or layouts or approve any portion of the Work Plans, Tenant shall specify or approve or disapprove same within ten (10) days after its receipt thereof so as not to delay completion of the Work Plans. If, prior to Plan Approval (as defined herein), Tenant requests any refinement, substitution, modification or addition to the proposed Final Building Plans and/or the proposed Final Sitework Plans, Landlord shall cause Landlord's Architect or Civil Engineer to revise and resubmit the proposed Final Building Plans and/or the proposed Final Sitework Plans to Tenant incorporating Tenant's requests within ten (10) days after Landlord's receipt of such request from Tenant (or such longer period as shall be reasonable under the circumstances given the nature or extent of the request). To the extent that any refinement, substitution, modification or addition to the Preliminary Plans and/or any plans subsequently approved by the parties are requested or proposed by Landlord, Tenant shall not be obligated to agree to any thereof if in the reasonable business judgment of Tenant the requested refinement, modification, substitution or addition would have, other than to a de minimis extent, an adverse effect on the quality, useful life, value, functionality or cost of and for Tenant's Intended Operations (as defined herein) or costs of operating or maintaining the Building and other Improvements.

(iii) Landlord may submit the proposed Work Plans to Tenant in stages and separately for the Building and the Site Work, in which case the approval procedure set forth herein shall apply to each stage or portion of the Work Plans submitted to Tenant for review and approval. Tenant's review and/or approval of any of the Work Plans shall not create responsibility or liability on the part of Tenant (or Tenant's Architect) for the completeness, design, efficiency or compliance with any and all applicable Laws, as it is Landlord's responsibility to ensure the Work Plans are at all times compliant with all applicable governmental laws, ordinances and regulations ("Laws"). Landlord shall not be obligated or authorized to Commence Construction of the Landlord Work unless and until Landlord and Tenant have both approved the Work Plans. In the event of any dispute(s) between Landlord and Tenant with respect to the proposed Final Building Plans and the proposed Final Sitework Plans, the same shall be resolved exclusively by Arbitration (subject to the provisions of the second sentence of Section X of this Appendix I below). Final approval of the Work Plans by Landlord and Tenant is referred to herein as "Plan Approval."

(iv) Except as otherwise provided in this Lease, after the Work Plans have been approved by Tenant, no improvements or alterations which, other than to a de minimis extent, vary from the approved Work Plans may be made by Landlord without the prior written consent of Tenant. Tenant's consent with respect to any alterations to any Final Building Plans may be granted or withheld in Tenant's sole and absolute discretion. Tenant's consent with respect to any alterations to any Final Site Plans, however, shall only be withheld or conditioned to the extent that Tenant determines, in its reasonable discretion, that such proposed alterations to the Site Work would have, other than to a de minimis extent, an adverse effect on the quality, useful life, value, functionality or cost of and for Tenant's Intended Operations or costs of operating or maintaining the Building and other Improvements.

(c) If and to the extent permitted by applicable Laws (including, without limitation, applicable building codes), Landlord shall commence to perform the Landlord Work within thirty (30) days following the later to occur of Plan Approval or Final Approval (as defined herein), or as soon thereafter as is reasonably practicable given seasonal factors and generally accepted construction practices; provided that, notwithstanding the foregoing, Landlord shall commence to perform the Landlord Work in accordance with the Construction Schedule (as defined herein) and, once commenced, Landlord shall proceed with the Landlord Work diligently and continuously until the Landlord Work is completed. Landlord acknowledges that time is of the essence in Substantial Completion of the Landlord Work in accordance with the Construction Schedule, subject to Force Majeure Events (as defined herein), Change Orders and Tenant Delays (as defined herein).

(d) Landlord agrees that, in connection with Landlord's securing financing for the construction of Landlord's Work from a construction lender (the "**Construction Lender**"), Landlord's principal or affiliate (as the case may be, the "**Landlord Guarantor**") shall execute and deliver to the Construction Lender a guaranty of Landlord's obligation to complete the Landlord Work (a "**Lender Completion Guaranty**"). The Lender Completion Guaranty shall be in such form as shall be required by the Construction Lender. At the time of issuance of the Lender Completion Guaranty, Landlord shall deliver to Tenant a separate guaranty from the Landlord Guarantor in form and substance substantially similar to the Lender Completion Guaranty, mutatis mutandis (the "**Tenant Completion Guaranty**"); provided, however, that any such Tenant Completion Guaranty shall at all times be subject to and unconditionally subordinate in all respects, in lien and payment, to the rights, privileges, and powers of the Construction Lender (and its successors and assigns) under the Lender Completion Guaranty. The Tenant Completion Guaranty shall provide that Tenant may proceed to enforce the Tenant Completion Guaranty at such time as the Landlord is in default, after the giving of notice and expiration of any grace period as may be applicable thereto, of its obligations under this Lease to construct the Landlord Work, except that Tenant shall not commence any such action to enforce provided that the Construction Lender is timely enforcing the Lender Completion Guaranty (and, in any event, subject to such other reasonable and customary "intercreditor" requirements of the Construction Lender, which terms shall be set forth in an Intercreditor Agreement to be entered into between Tenant and the Construction Lender).

(e) (i) Following the Effective Date, Landlord will enter into an agreement (the "**Construction Management Agreement**"), on terms reasonably acceptable to Landlord, with PM Realty Group or another qualified construction manager selected by Landlord and subject to Tenant's approval not to be unreasonably withheld, conditioned or delayed (as the case may be, the "**Construction Manager**") to provide construction management services for the Landlord Work, including without limitation assisting Landlord in the review and development of the Work Plans, Project Budget and Construction Schedule, the negotiation and administration of the Construction Agreement (as defined herein) and the oversight of the Landlord Work. Landlord's delegation of any responsibilities to Construction Manager under the Construction Management Agreement shall not relieve Landlord of any of its responsibilities to Tenant hereunder).

(ii) Following the Effective Date, Landlord will enter into an agreement (the "**Construction Agreement**"), on terms reasonably acceptable to Landlord, with Integrated Builders or another qualified general contractor selected by Landlord and subject to Tenant's

approval not to be unreasonably withheld, conditioned or delayed (as the case may be, the "General Contractor") to perform the Landlord Work on a cost-plus, open-book basis. Landlord's delegation of any responsibilities to General Contractor under the Construction Agreement shall not relieve Landlord of any of its responsibilities to Tenant hereunder. The Construction Agreement shall require the General Contractor to solicit a minimum of three (3) bids for all subcontracts having a cost of \$30,000.00 or more, except for any subcontracts for which the Landlord, in reliance on and working in conjunction with Landlord's General Contractor to identify the same, has not identified three (3) or more qualified bidders or for any subcontracts for which a reduced number of bidders has been approved in advance by Tenant in its reasonable discretion. Landlord agrees to provide Tenant with a copy of the proposed form of Construction Agreement, along with a reasonable opportunity to comment prior to finalization and execution of the same. The Construction Agreement shall provide that Tenant (in addition to Landlord) shall receive the benefit of any and all warranties, guarantees, certifications, and/or other such modes of reliance or recourse ("All Warranties") made by the General Contractor and all subcontractors, subordinate subcontractors and/or material suppliers under the Construction Agreement and all other applicable contracts thereunder and/or related thereto (collectively, "All Contracts"), and that any/all certifications, testing, inspections, or certifications of completion contained in All Contracts be made to or for the benefit of both Landlord and Tenant.

(iii) The Construction Contracts shall provide for reasonable and customary inspections, observations and testing during the progress of the Landlord Work, including (without limitation) any reasonable and customary (i) field and laboratory testing of certain materials and supplies incorporated into or used in the performance of the Landlord Work and (ii) field observations and inspections of the construction components. Landlord shall promptly provide to Tenant, copies of all reports, analyses and/or certifications provided to Landlord by any Landlord Contractors (as defined herein) in connection with any such inspections, observations and testing.

(iv) The Construction Contract shall require that all Landlord Contractors comply with all Laws pertaining to individual laborers performing Landlord Work, including without limitation all Federal and State immigration Laws and all Laws regarding wages, salaries, benefits and any other compensation.

(v) All Landlord Contractors shall all be licensed contractors in the jurisdiction in which the Leased Parcel is located, and sufficiently bonded, to perform its applicable portion of the Landlord Work, and each shall be deemed a Landlord Contractor (as hereinafter defined) for all purposes under this Lease. Landlord covenants that all Landlord Work shall be performed in a good and workmanlike manner substantially in conformance with the approved Work Plans and all applicable Laws. All Work Plans may be used and reused by Tenant regardless of who prepared them and Landlord shall obtain a license from the Design Professionals (as hereinafter defined) who prepared said Work Plans granting Tenant the right to use all or portions of the Work Plans; provided that all reference to the said Design Professionals and their respective practices is removed from subsequently altered Work Plans and subject to such other customary terms and conditions as shall be applicable to the use of the Work Plans under the contract by which the Work Plans were commissioned. The Work Plans shall be the

property of Landlord, provided that during the term of this Lease, Landlord may use the Work Plans only in connection with this Lease, the REA or the Landlord's Parcel.

(vi) Throughout the Construction Period (as hereinafter defined), Landlord shall require that the General Contractor and, except as hereinafter expressly provided, each subcontractor and sub-subcontractor (collectively the "**Landlord Contractors**" and individually a "**Landlord Contractor**") shall carry insurance coverage, during all such times as the Landlord Work is being performed, including but not limited to builder's risk completed value insurance on the Landlord Work in an amount reasonably approved by Tenant. Landlord shall also require each Landlord Contractor (except subcontractors and sub-subcontractors as hereinafter expressly provided) to carry insurance for combined single limit bodily injury and property damage insurance (including contractor's liability coverage, contractual liability coverage, completed operations coverage, and broad form property damage endorsement) covering commercial general liability and automobile liability, in an amount not less than Two Million Dollars (\$2,000,000) per occurrence, Three Million Dollars (\$3,000,000) in the aggregate (with an umbrella or excess coverage insurance policy for such liability insurance policies, in an amount not less than Five Million Dollars (\$5,000,000) per occurrence and in the aggregate), with all such liability insurance policies, including such umbrella or excess coverage policy, endorsed to show Tenant as an additional insured, and for workers' compensation as required by Law, endorsed to show a waiver of subrogation by the insurer to any claim any Landlord Contractor may have against Landlord, plus employer's liability insurance with minimum limits of One Million Dollars (\$1,000,000) per occurrence, endorsed to show Tenant as an additional insured. All insurance policies obtained and maintained by the Landlord Contractors shall be carried with reputable companies licensed to do business in the state in which the Leased Parcel are located and having, according to A.M. Best, a rating of not less than A- and a Financial Size Category of not less than VIII. Prior to commencement of any work by any particular Landlord Contractor, Landlord promptly shall deliver to Tenant certificates of insurance showing compliance with such insurance requirements by the Landlord Contractor, and compliance with the additional insured and waiver of subrogation endorsement requirements set forth above. Landlord shall notify Tenant promptly following execution of any contract, subcontract or other agreement with each Landlord Contractor and upon such notice, such Landlord Contractor will be promptly notified by Landlord of Landlord Contractor's inclusion in the insurance requirements set forth in, and such Landlord Contractor's obligations under, this clause (iv). Landlord's failure to cause the procurement and maintenance by the Landlord Contractors of the insurance required by this clause (iv), which failure continues for more than five (5) business days after written notice from Tenant, shall constitute a material breach of, and default under, this Lease by Landlord, and Tenant may (but shall not be obligated to), in addition to any other rights or remedies available to Tenant, purchase such insurance at Landlord's expense. Notwithstanding the preceding provisions of this clause (iv), provision of some types or amounts of insurance by a subcontractor or sub-subcontractor, including applicable limits of liability, may be waived or modified at the option of Landlord (with prior notice of each/all such waivers or modifications to be given by Landlord to Tenant), where it is reasonably deemed by Landlord that either such insurance is not applicable, or that adequate coverage is provided by Landlord's or the General Contractor's insurance, or that waiver or modification is otherwise appropriate under the circumstances and customary in the region in which the Leased Parcel is situated; provided, however, that subcontractors and sub-subcontractors must, in all cases, procure workers' compensation insurance as required by applicable Laws and business automobile

liability insurance in the amount customarily required by prudent developers of similar projects in the region in which the Leased Parcel is situated from their subcontractors and sub-subcontractors.

(f) Inasmuch as portions of the Landlord Work will be performed in and on both the Leased Parcel and the 100 Chelmsford Parcel, Landlord acknowledges and agrees that, insofar as the same pertains to any elements of the Landlord Work being performed on both the Leased Parcel and the 100 Chelmsford Parcel, all insurance policies and coverages required to be maintained hereunder, All Warranties, all warranties of Landlord under this Appendix I and all indemnification obligations of Landlord shall apply to and cover activities on the entire Landlord's Parcel. In performing Landlord's Work, (i) Landlord shall not enter the 100 Chelmsford Building (as defined herein) without prior notice to Tenant and (ii) Landlord shall use reasonable efforts to minimize any interference with Tenant's business operations being conducted on the 100 Chelmsford Parcel. Notwithstanding the foregoing, Tenant shall

reasonably cooperate Landlord with respect to any activities on the 100 Chelmsford Parcel in order that Landlord's Work may progress in accordance with the Construction Schedule.

(g) Tenant and Landlord agree and acknowledge that, except in the event of an Approval Contingency Failure (as defined herein) in which case the Base Rent shall be \$1.00 per year (which amount shall not be subject to increase) as provided in Exhibit E to this Lease, the Base Rent to be paid by Tenant to Landlord from the Possession Date through the last day of the first twelve (12) full calendar months of the term of this Lease as provided in Section 3 of this Lease will be an amount equal to the total dollar amount of the final Project Budget (as the same shall have been approved by Tenant as set forth herein) multiplied by seven and 75/100 percent (7.75%), which Base Rent shall be subject to increase thereafter as set forth in Section 3 of this Lease. Within sixty (60) days after the Possession Date, Landlord will deliver to Tenant a final Project Budget which, if not contested by Tenant within thirty (30) days after such delivery, shall be deemed final and conclusive for purposes of establishing Base Rent hereunder (provided that in no event shall the total amount of the final Project Budget have increased from the total amount of the Preliminary Project Budget (as herein after defined) except as herein permitted). In the event of any such contest, the Preliminary Project Budget shall be used to determine the Base Rent payable under Section 3 of this Lease until such time as the parties shall have conclusively resolved any such contest, upon which resolution any effective overpayment by Tenant in Base Rent shall be credited to Tenant's next installment(s) of Base Rent or any effective underpayment by Tenant in Base Rent shall be paid for by Tenant to Landlord in full within thirty (30) days of such resolution.

(h) As used herein, the "Project Budget" shall mean the final hard and soft costs actually incurred by Landlord to design, engineer, plan, permit and develop the Landlord Work and to construct the same pursuant to the Work Plans, including without limitation on-site paving, landscaping and utility lines, all in accordance with the terms and provisions of this Lease, the Work Plans and the Construction Schedule. The types of costs to be included in the Project Budget (the "Project Costs") shall be limited to the types of costs and expenses as are contained in the Preliminary Budget and incurred or to be incurred by Landlord, or equitably allocable to the Leased Parcel (when any such costs or expenses also apply to one or more other parcels), on account of any or all geotechnical studies, surveys, infrastructure costs, building and permit fees, site preparation costs, architectural and engineering fees and design fees.

(including without limitation payments under the Architect Agreement and the Engineer Agreement), inspection fees, testing, labor and materials to construct the Landlord Work, costs and fees of obtaining and complying with the Governmental Approvals and Final Approval, costs and fees payable under the Construction Management Agreement and the Construction Agreement and related documentation, costs of complying with Laws including removal or remediation of Hazardous Substances in accordance with Environmental Regulations (including without limitation Landlord's Remedial Work), project landscaping, water, gas and electrical hookup fees and related miscellaneous costs, all Taxes and other so-called carrying costs accruing from the Effective Date through the Possession Date, brokerage fees on account of the execution of this Lease, costs of complying with the REA and Other Documents accruing from the Effective Date through the Possession Date, all federal, state and local taxes arising from or relating to the performance or completion of the Landlord Work (including, without limitation, all federal, state and local unemployment taxes and federal and state income and social security taxes to be withheld from wages), costs of Tenant Delays, construction financing interest, costs and fees, costs relating to the development, review, revision and approval of the Work Plans, the Project Budget, the Construction Schedule or any Change Orders, and attorneys' fees or costs payable to Landlord's attorneys for services rendered in connection with any of the foregoing (including without limitation costs of negotiating the Architect Agreement, Engineer Agreement, Construction Contract). The Project Budget shall exclude, however, any development fee payable to Landlord or any of its Affiliates and attorneys' fees or costs payable to Landlord's attorneys for services rendered in negotiating this Lease, the REA, or Other Documents. A preliminary Project Budget is attached hereto as **Appendix 3** (the "**Preliminary Project Budget**"). Landlord agrees that Tenant shall have full access to review the Preliminary Project Budget, any changes proposed to the Project Budget and the final Project Budget as it is developed, including any interim submissions to the Project Budget prior to completion of the Work Plans and/or prior to Substantial Completion of the Landlord Work. Any change to the Project Budget shall be subject to Tenant's approval, which may be given or withheld in Tenant's sole and absolute discretion except that:

- i. Tenant shall not unreasonably withhold, condition or delay its consent to any such change constituting a re-allocation of amounts between or among different line items of the Project Budget so long as the total amount of the Project Budget is not thereby increased;
- ii. Tenant shall not unreasonably withhold, condition or delay its consent to any such change due to any increased Project Costs required as a result of any (1) Governmental Approval or Final Approval conditions, requirements or limitations approved or consented to by Tenant in accordance with Section II of this **Appendix 1**, (2) subsequent discovery by Landlord prior to Substantial Completion of site or soil conditions, or (C) Landlord's Remedial Work; and
- iii. No approval by Tenant shall be required to the extent that such a change is caused by a Tenant Delay (subject to Tenant's right to contest the same hereunder).

Except as may be otherwise expressly allowed or authorized hereunder, any increase in costs to perform or complete Landlord's Work over and above the Project Budget as then approved hereunder, whether previously contemplated or unanticipated, shall be the sole responsibility of and shall be paid by Landlord.

(i) Landlord shall Commence Construction of the Landlord Work no later than the date (the "**Commencement Deadline**") that will allow Landlord sufficient time to complete the Landlord Work prior to the Updated Anticipated Possession Date (as defined below), and shall diligently, continuously, and in good faith proceed thereafter to Substantial Completion thereof in accordance with the Construction Schedule (subject to Force Majeure, a Change Order or a Tenant Delay). In the event Landlord fails to Commence Construction of the Landlord Work on or before the Commencement Deadline other than due to Force Majeure, a Change Order or a Tenant Delay, then Landlord at Landlord's sole cost and expense, which amount shall be excluded from the Project Budget, shall accelerate the Landlord Work by conducting construction overtime and by retaining added contractors to bring the Landlord Work in line with the Construction Schedule and allow for timely completion. The words "**Commence Construction**" (and grammatical variants thereof) mean the pouring of the footings and foundation of the Building in accordance with the Work Plans. The period of time running from the date Landlord Commences Construction until the date upon which the Punch List Items are fully completed in accordance with this Lease is referred to as the "**Construction Period**".

G) Landlord shall undertake and complete the construction of each element of the Landlord Work described in and in compliance with the Work Plans and any and all applicable Laws, including, but not limited to, all Environmental Regulations. Without limiting the foregoing, Landlord covenants and agrees that the application of any Hazardous Materials, as part of the performance of the Landlord Work must be performed and completed by a licensed applicator if required by Environmental Regulations or any other applicable Law and, when the Leased Parcel is delivered and turned over to Tenant, all unused/unapplied Hazardous Materials utilized in the performance of the Landlord Work including, without limitation, all paints, glues and solvents, must be removed from the Landlord's Parcel, and properly disposed of as required by all Environmental Regulations. Landlord shall be responsible for any and all federal, state and local taxes arising from or relating to the performance or completion of the Landlord Work, including, without limitation, all federal, state and local unemployment taxes and federal and state income and social security taxes to be withheld from wages (provided, however, that such taxes shall be included as Project Costs).

(k) Tenant shall have the right, but not the obligation, to designate (including the right to replace from time to time) a qualified reputable construction professional (the "**Tenant's Rep**") to represent Tenant's interest in performing oversight of the Landlord Work with full authority to bind Tenant with respect to any decisions or approvals regarding the Landlord Work, the Work Plans, the Construction Schedule, the Project Budget or any Change Orders. Tenant shall advise Landlord if Tenant retains a Tenant's Rep, by written notice containing the name, address and contact information of Tenant's Rep. The Tenant's Rep shall be invited to all progress meetings with the Architect, Construction Manager, General Contractor, and any representatives of Landlord overseeing the Landlord Work. The Tenant's Rep shall also be promptly provided with copies of any correspondence submitted to and received from Landlord and the Architect, Civil Engineer, Construction Manager or General

Contractor pertaining to the Work Plans, the Construction Schedule, the Project Budget or the Landlord Work.

(l) Following approval of the Work Plans by Landlord and Tenant, and during the period of performance of Landlord Work, Landlord and Tenant shall have the right to propose changes, substitutions and eliminations in said Work Plans ("**Changes**"), which Changes shall or shall not be implemented, in accordance with and subject to the following procedures:

(i) Any Changes shall be effected by the execution by Landlord and Tenant of a written change order for each such Change (a "**Change Order**"). Each Change Order shall include a statement by Landlord of (i) all costs and expenses, including but not limited to design and permitting fees, interest and other carrying costs, increased costs of construction and all other costs of the type included or includable in the Project Budget, reasonably anticipated to increase or decrease on account of the consideration and implementation of the Changes (with any net increase in such costs and expenses being referred to hereof as the "**Net Cost Increase**" or any net decrease in such costs and expenses being referred to herein as the "**Net Cost Decrease**") and (ii) the number of days (if any) by which the Construction Schedule will be extended in order to implement such Changes to the Landlord Work.

(ii) Tenant shall have the right, in its sole and absolute discretion, to make Changes pertaining to the Building Work. In addition, Tenant shall have the right to make Changes to the Site Work, subject to Landlord's consent, which shall not be withheld, conditioned, or delayed unless, in Landlord's reasonable discretion, the Changes proposed to the Site Work would have a material adverse effect on the Project Site. Tenant shall have the option to withdraw any Change Order by notice thereof to Landlord given prior to the time that Landlord Contractors actually commence the work thereon or purchase materials or supplies related to the Change Order, provided that any costs and expenses incurred by Landlord as a result of its consideration of the Changes or Change Order or Tenant's withdrawal thereof shall be deemed Project Costs.

(iii) If any Change Order results in a Net Cost Increase then, at Tenant's election, Tenant may elect to proceed with or cancel the Change and if Tenant elects proceed with the Change then, at Tenant's option and election, either (i) the full amount of the Net Cost Increase shall be added to the Project Budget or (ii) Tenant shall, from time to time until the full amount of the Net Cost Increase has been paid by Tenant, pay to Landlord any costs or expenses allocable to the Change Order within thirty (30) days of Landlord's incurring the applicable cost or expense and invoicing Tenant therefor; provided, however, that in the event of any Change Order that, together with all prior Change Orders, results in a Net Cost Increase in excess of ten percent (10%) over the total amount of the Preliminary Project Budget, then Landlord shall have the right to require that all portions of the Net Cost Increase be paid for under the foregoing clause (ii). Any Net Cost Decrease shall be credited and reflected in the Project Budget.

(iv) Notwithstanding the preceding provisions of this subsection (1), Landlord shall have no obligation and no authority to proceed with any proposed Changes unless and until Landlord and Tenant each approve and execute a Change Order for such Changes.

(v) Landlord shall have the right to make Changes to the Site Work, subject to Tenant's consent, which shall only be withheld or conditioned to the extent that Tenant determines, in its reasonable discretion, that such proposed alterations to the Site Work would, other than to a de minimis extent, have an adverse effect on Tenant's interest in the Landlord's Parcel. Notwithstanding the foregoing, any Changes constituting Landlord's Remedial Work are hereby deemed approved by Tenant.

(vi) Change Orders proposed by Landlord shall not, ipso facto, result in any increase in the Project Budget (it being acknowledged that increases in the Project Budget shall occur only as may be otherwise expressly allowed or authorized under this Appendix I).

II. Approvals.

(a) Promptly following approval of the Work Plans by Landlord and Tenant as hereinabove provided, or at such sooner time as may be determined by Landlord and Tenant in their reasonable discretion, Landlord will apply for and thereafter diligently pursue the Final Approval (as hereinbelow defined) of all necessary and appropriate municipal, county, state and federal authorities required, as well as any applicable non-governmental, third party utility or service providers, abutters, neighbors or other interested parties in the vicinity of the Leased Parcel (as the case may be, "**Third Parties**"), in order for Landlord to perform the Landlord Work including, without limitation, the issuance of the following, if and as applicable: zoning variance(s); site plan approvals; special permit approval(s); approvals related to drainage or storm water management; off-site easements and dedications; any required approval for the installation or construction of required utilities; commitments for utility capacity (including, but not limited to, "will serve" commitment letters); any necessary governmental approval for access, such as curb cuts or entrances; any wetlands or environmental approvals and permits; and any subdivision or lot division approvals, in each case in form and subject only to conditions as are reasonably acceptable to Landlord and Tenant (collectively, the "**Governmental Approvals**"). Governmental Approvals shall in no event, however, include (i) any approvals, permits, licenses or authorizations for the installation of Tenant's Work or installation (or placement or operation) of any of Tenant's furniture, fixtures, equipment or other personal property (as the case may be, "**Tenant's Installations**") or for Tenant's Intended Operations or (ii) a temporary or permanent certificate of occupancy (which Landlord shall secure as hereinafter provided in connection with Substantial Completion). Governmental Approvals shall include any subdivision or lot division approvals required for the sole purpose of having the Leased Parcel and Improvements thereon taxed as a separate tax tract or tax parcel ("**Tax Lot Division Approval**"); provided, however, that, if Landlord cannot obtain the Tax Lot Division Approval after having used diligent, good faith efforts to obtain the same, then Landlord may at any time thereafter elect to exclude the Tax Lot Division Approval from the Governmental Approvals, upon which Landlord shall have no further obligations with respect to the Tax Lot Division Approval. As "Used herein "**Final Approval**" is when all of the Governmental Approvals (x) have been issued by all appropriate governmental entities or agencies and either (1) the time allowed for an appeal has lapsed (or will have lapsed prior to the Anticipated Possession Date or Updated Anticipated Possession Date, as applicable (and each as defined herein), or (2) any appeals or litigation that may have been filed or initiated with respect to any of the Governmental Approvals have been prosecuted and resolved in a manner which is satisfactory to Landlord and Tenant and are not subject to remand to lower courts or

governmental entities or agencies; or (y) in the case of any applicable Third Parties are either finalized and in effect or have been otherwise agreed to. Additionally, the Governmental Approvals shall not prohibit, interfere with (other than in a de minimis fashion), or unreasonably delay Tenant from obtaining all necessary operating permits and approvals for Tenant's Intended Operations; impose any conditions or restrictions that would result, other than in a de minimis fashion, in Tenant's having to incur other than standard and/or normal costs for Tenant's use of the Leased Parcel for Tenant's Intended Operations; or restrict Tenant's ability to change its use of the Leased Parcel to another use permitted by Section 5 of this Lease (and which other use is reasonably consistent with or related to Tenant's Intended Operations at the time of Landlord's filing its first application for Governmental Approvals).

(b) At any time and from time to time, Tenant shall have the right (but not an obligation) to review Landlord's records pertaining to Governmental Approvals and/or to accompany or monitor Landlord in applying for, pursuing, securing and/or complying with the requirements for issuance of any or all of such Governmental Approvals; provided, however, that (i) no such actions taken by Tenant shall relieve or release Landlord from any of its obligations under this Lease with respect to such Governmental Approvals and (ii) Tenant shall not in any respect interfere with Landlord's performing such obligations. Further notwithstanding the foregoing, if Landlord requests Tenant's consent to any submission, condition, requirement, or other matter concerning the Governmental Approvals, Tenant shall not unreasonably withhold, condition or delay the same. Notwithstanding the foregoing, the granting of any such consent shall not constitute any acknowledgement or agreement by Tenant that the submission, condition, requirement or other matter is in compliance with Law, that the same is complete, or that the same places any liability, responsibility or obligation upon Tenant with respect thereto in connection with the performance of the Landlord Work (except to the extent (if any) that Tenant shall have expressly agreed hereto in writing to accept such liability, responsibility or obligation), all of which remain the responsibility of Landlord.

(c) In the event that Landlord, notwithstanding Landlord's diligent, good faith efforts to pursue the same, determines that Landlord will not be able to obtain Final Approval prior to the one-year anniversary of the Effective Date (the "**Approvals Deadline**"), then Landlord shall provide written notice thereof to Tenant no later than five (5) business days after the Approvals Deadline and Tenant may, but shall have no obligation to, thereafter attempt to obtain Final Approval at Tenant's sole cost and expense. If Tenant so elects to attempt to obtain Final Approval, Tenant shall give Landlord written notice of such election (a "**Take-Over Election**") within twenty (20) business days after Landlord's notice under the immediately preceding sentence or, if Landlord has not secured the Final Approval by the Approvals Deadline (even if Landlord has failed to provide such notice of failure), within twenty (20) business days after the Approvals Deadline. If Tenant makes a Take-Over Election then Tenant shall pursue Final Approval diligently and in good faith for 180 days following the Approvals Deadline plus, with respect to any Governmental Approvals issued but appealed during such 180-day period and/or for which all required submissions have been made by Tenant (and any applicable public hearing has closed) and only a decision by the applicable authority is pending, up to an additional 240 days (as the case may be, the "**Extended Approvals Deadline**").

(d) If, despite Tenant having made a Take-Over Election, Final Approval has not occurred by the Extended Approvals Deadline, or if Tenant shall not have made a timely Take-

Over Election, then in either such case (as applicable) an "Approvals Contingency Failure" shall be deemed to have occurred. Notwithstanding anything to the contrary contained herein, in the event of an Approvals Contingency Failure, (i) the parties shall have no further obligations hereunder to pursue any Governmental Approvals or Final Approval, (ii) Landlord shall have no obligation to perform the Landlord Work, perform any other condition precedent to the occurrence of the Possession Date or deliver any of the materials required under Section IV of this Appendix 1, (iii) the Possession Date shall be thereby deemed to have occurred and (iv) notwithstanding anything in this Appendix 1 to the contrary Tenant shall not be required to pay to Landlord any amounts payable to Landlord under this Appendix 1 or be responsible for any costs, expenses or impositions incurred by Landlord for any reason whatsoever under this Appendix 1. Notwithstanding anything to the contrary contained herein, in no event shall either Landlord or Tenant have any right to terminate this Lease on account of the failure for any reason of the Final Approval to have occurred or of the Landlord Work to have been completed. In the event of any Approvals Contingency Failure, Tenant shall, to the extent otherwise permitted by the terms and provisions of this Lease, have the right to elect to secure its approvals for and construct improvements on the Leased Parcel provided, however, that such work by Tenant shall in no event be deemed Landlord Work nor shall Landlord otherwise have any responsibilities with respect thereto under this Appendix 1.

III. Possession Date/Completion of Construction.

(a) The date upon which Landlord delivers to Tenant exclusive physical possession of the Leased Parcel with all of Landlord Work Substantially Completed shall be deemed to be the "Possession Date," subject, however, to the provisions of the last sentence of this paragraph. As indicated on the preliminary construction schedule attached as Appendix 4 to this Lease (the "Preliminary Construction Schedule"), as of the Effective Date, the Possession Date is anticipated to occur on or before 20__ (as such date may be extended by reason of the occurrence of an event covered by Section 32 of this Lease (a "Force Majeure Event"), any Tenant Delay or any Change Orders, the "Anticipated Possession Date"). At such time as final bids for all subcontractors for the Landlord Work shall have been awarded and the Final Approval shall have occurred, Landlord shall submit to Tenant, for Tenant's review and approval as set forth below, an update to the Preliminary Construction Schedule (the "Updated Construction Schedule") with a proposed, updated Anticipated Possession Date (as such date may be extended by Force Majeure Events, Tenant Delays or Change Orders, the "Updated Anticipated Possession Date"), and indicating the date that will be the Commencement Deadline. The Updated Construction Schedule shall be subject to Tenant's review and approval, which shall not be unreasonably withheld, delayed or conditioned and, in any event, shall be limited to those items thereof that have been changed by Landlord since Tenant's prior approval of the Construction Schedule and that differ from the Preliminary Construction Schedule. The Updated Construction Schedule approved by Landlord and Tenant shall supersede and replace the Preliminary Construction Schedule. As used herein, "Construction Schedule" shall mean the Preliminary Construction Schedule or, upon the approval thereof by Landlord and Tenant, the Updated Construction Schedule, as applicable. In no event shall Tenant have any obligation to accept possession of the Leased Parcel on any date prior to the Updated Anticipated Possession Date set forth in the Updated Construction Schedule approved by Tenant. In the event the Landlord Work is Substantially Completed prior to the Updated Anticipated Possession Date but Tenant elects, in its sole and absolute

discretion, not to accept early possession of the Leased Parcel, then the Possession Date for all purposes under this Lease shall be the earlier to occur of (i) the Updated Anticipated Possession Date set forth in the Updated Construction Schedule, or (ii) such earlier date on which Tenant agrees, in Tenant's sole and absolute discretion, in writing to accept possession of the Leased Parcel.

(b) (i) Landlord covenants and agrees to give Tenant: (1) periodic, written construction status reports during the progress of the Landlord Work, describing (without limitation) any delays to in the progress of the Landlord Work due to Force Majeure Events, either to date or since the date of Landlord's prior report, and the Landlord's actions or planned actions to mitigate the effect of any such Force Majeure Events, and indicating the status of construction relative to the Updated Construction Schedule approved by Tenant, such periodic status reports to be given every two (2) weeks during the first six (6) weeks of construction, and weekly thereafter until Substantial Completion of the Landlord Work; (2) copies of all construction loan requisition requests (on current AJA forms) submitted by Landlord in connection with the funding of the Landlord Work, which copies shall include copies of all invoices from applicable Landlord Contractors and material suppliers and copies of any certifications from the Architect or other Design Professionals, in each case as required by and as shall have been submitted in connection with the requisitions; (3) at the time of submission of any loan requisition (and regardless of whether the same is or is not required to be submitted to the lender as part of the requisition) a certification indicating those funds disbursed to date for each line item of the Project Budget and that the undisbursed balance for each line item is sufficient to complete each such line item; (4) at least sixty (60) days advance written notice of the date upon which Landlord then estimates Substantial Completion of the Landlord Work to occur (such notice being the "**60-Day Possession Notice**"); and (5) at least thirty (30) days advance written notice of the date upon which Landlord then estimates Substantial Completion of the Landlord Work to occur (such notice being the "**30-Day Possession Notice**"), which estimated date of Substantial Completion as set forth in the 30-Day Possession Notice shall be no later than the Updated Anticipated Possession Date (as such date may have been extended for Force Majeure Events, Tenant Delays and Change Orders as hereinabove expressly provided). Landlord covenants that the actual Possession Date shall occur by no later than the first to occur of (i) the Updated Anticipated Possession Date (as such date may have been extended for Force Majeure Events, Tenant Delays and Change Orders as herein expressly provided) or (ii) the estimated date of Substantial Completion as set forth in the 30-Day Possession Notice as such date may be extended due to Tenant Delays and Change Orders as herein expressly provided or, on not more than one occasion, due to an Event of Force Majeure (the earlier to occur of such dates (i) or (ii) being herein referred to as the "**Possession Deadline**").

(ii) If the actual Possession Date has not occurred by the Possession Deadline then Tenant, as its sole and exclusive remedy therefor, shall have the right to an abatement of rent as follows: (x) an abatement of one hundred fifty (150%) percent of the daily Base Rent for each day that the actual Possession Date has not occurred by the Possession Deadline up to the date that is thirty (30) days beyond the Possession Deadline; and (y) an abatement of two hundred (200%) percent of the daily Base Rent for each day that the actual Possession Date has not occurred by the Possession Deadline beyond such thirty (30) days. It is acknowledged by the parties that, inasmuch as time is of the essence with respect to the occurrence of the Possession

Date, the rental abatements provided for under the preceding sentence are a material inducement to Tenant's execution of this Lease.

(iii) The term "**Substantially Complete**," "**Substantial Completion**" "**Substantially Completed**" or other grammatical variants of any thereof, as used herein, shall be defined to mean Landlord's tender of delivery of exclusive physical possession of the Leased Parcel to Tenant with the following conditions substantially performed, satisfied and complied with: (i) the Landlord Work shall have been completed in accordance with the Work Plans, subject to only Change Orders and Punchlist Items; (ii) Certificates of Substantial Completion (as defined herein) shall have been delivered to Tenant; (iii) a temporary or permanent certificate of occupancy for the Building (and for the 100 Chelmsford Building, but only if and to the extent required by Law solely on account of the Landlord Work having been undertaken) shall have been issued by the applicable governmental authority, with a copy thereof delivered to Tenant; (iv) water and all other utilities shall have been connected to, and shall be available to the Leased Parcel in accordance with applicable Laws and the Work Plans; (v) Final Approval shall have occurred; and (vi) all conditions and obligations of Landlord as expressly set forth under this Lease to have been performed by Landlord on or before Substantial Completion shall have been completed and satisfied. If at the time of Substantial Completion any aspect of Landlord's Remedial Work (including without limitation continued testing or monitoring) remains outstanding as contemplated under the last sentence of Section VIII(b) below then, at the time of Substantial Completion, Landlord shall certify the same to Tenant, which certification shall describe in reasonable detail the remaining Landlord's Remedial Work. Substantial Completion shall also require, subject to completion of Punchlist Items and subject to Change Orders, the construction, paving and lighting, and availability for access to and from and parking on the Leased Parcel by Tenant and/or Tenant's employees, agents, contractors and business invitees in Tenant's Intended Operations on the Project Site, of those driveways and access points and the parking area improvements situated on the Project Site in accordance with the Work Plans, as applicable. As used herein, "**Tenant's Intended Operations**" shall mean offices, research and development, and light manufacturing and other legally permitted activities in support of Tenant's business of designing and supplying high performance semiconductor products as conducted in accordance with Tenant's customary business practices as of the Effective Date. References herein to Tenant's Intended Operations shall not derogate from, interfere with or otherwise prevent or delay Tenant's rights to change its use to another use as permitted under Section 5 of this Lease.

(c) Notwithstanding anything to the contrary contained herein, in the event that Landlord causes the issuance of a temporary certificate of occupancy (rather than a permanent certificate of occupancy) under the preceding subsection (b), Landlord shall remain obligated to cause the issuance of a permanent certificate of occupancy for the Building (and for the 100 Chelmsford Building, but only if and to the extent required by Law solely on account of the Landlord Work having been undertaken) and to deliver a copy of the same to Tenant. Notwithstanding the foregoing or anything to the contrary contained herein, however, in no event shall Landlord be required to cause the issuance (or deliver a copy) of a temporary or permanent certificate of occupancy to the Building, or to the building located on the 100 Chelmsford Parcel (the "**100 Chelmsford Building**"), to the extent that Landlord shall be prevented from doing so due to the incompleteness of any work or installation of any fixtures or equipment that is not Landlord's responsibility to perform or undertake under this Lease (such

as, for example, any Tenant's Work or Tenant's Installations, as each such term is defined in this Lease) or under the 100 Chelmsford Lease (such as, for example, any Tenant's Work or Tenant's Installations, as each such term is defined in the 100 Chelmsford Lease), until such time as such work or installations have been completed by Tenant.

(d) The obligation of Landlord to timely deliver possession of the Leased Parcel to Tenant in accordance with the terms of this Lease after Landlord has given the 30-Day Possession Notice shall not be extended for any reason (other than due to a Tenant Delay or, on not more than one occasion, due to a Force Majeure Event) unless Tenant consents to such delay in a Change Order entered into pursuant to the provisions of Section 1(l) of this **Appendix I**, or Tenant otherwise consents to such delay in writing, in Tenant's sole and absolute discretion.

(e) Following Substantial Completion of the Landlord Work, Tenant and Landlord shall work together cooperatively and promptly determine any Punchlist Items within thirty (30) days following such Substantial Completion. Landlord shall promptly and properly complete the Punchlist Items by not later than within thirty (30) days following such time as the Punchlist Items has been determined (the "**Punchlist Period**"). For purposes hereof, "**Punchlist Items**" shall be defined as those incomplete items of the Landlord Work which, in Tenant's reasonable determination, do not interfere, other than to a de minimis extent, with Tenant's ability to occupy the Leased Parcel for Tenant's Installations and, upon completion thereof, for Tenant's intended Operations on the Leased Parcel. If Landlord shall fail to complete any Punchlist Items within the applicable Punchlist Period, then Tenant may, at its option, without waiving any other rights of Tenant (except as otherwise expressly set forth below in this paragraph), elect to complete such Punchlist Items by notice to Landlord. In the event that Tenant so elects to complete such Punchlist Items, Tenant's actual, reasonable, costs of completion of the Punchlist Items paid out-of-pocket to unaffiliated third parties plus an additional ten percent (10%) of said cost for Tenant's administrative fees (collectively, "**Reimbursable Costs**") shall be reimbursed by Landlord within thirty (30) days of Tenant's demand therefor containing reasonable documentation of such Reimbursable Costs, as Tenant's sole monetary remedy on account of such Punchlist Items being uncompleted and Tenant's election to have completed the same. If within such thirty (30) day period, Landlord shall fail to reimburse Tenant as so required, Tenant may, at its option, deduct the amount of such Reimbursable Costs from Rent and/or any other sums then or thereafter due to Landlord under this Lease; provided, however, that if during such thirty (30) day period Landlord commences an Arbitration proceeding contesting Tenant's claim for any such Reimbursable Costs then Tenant may not deduct any such amounts until it has been determined in such Arbitration that Tenant is entitled to do so. Notwithstanding anything to the contrary contained herein, in the event that any particular Punchlist Items cannot be completed by Landlord within the required Punchlist Period due to seasonal restrictions, then the Punchlist Period shall, for such particular items only, be extended to allow for the work to be completed as soon thereafter as is reasonably appropriate.

(f) Notwithstanding anything to the contrary contained herein, any item of the Landlord Work as is set forth in the Tenant approved Construction Schedule to be performed after the "Project Completion Date" (each a "**Post-Possession Item**") shall be substantially completed by Landlord in accordance with the Construction Schedule subject to delays due to Force Majeure

Events, Change Orders and Tenant Delays (the "Post-Possesison Work")

Period") and in no event shall Substantial Completion of the Landlord Work require substantial completion of any Post-Possession Items. If Landlord shall fail to complete any Post-Possession Items during the Post-Possession Work Period, then Tenant may, at its option, without waiving any other rights of Tenant (except as otherwise expressly set forth below in this paragraph), elect to complete such Post-Possession Items by notice to Landlord. In the event that Tenant so elects to complete such Post-Possession Items, Tenant's actual, reasonable, costs of completion of the Post-Possession Items paid out-of-pocket to unaffiliated third parties plus an additional ten percent (10%) of said costs for Tenant's administrative fees (collectively, "**Post-Possession Reimbursable Costs**") shall be reimbursed by Landlord within thirty (30) days of Tenant's demand therefor containing reasonable documentation of such Post-Possession Reimbursable Costs, as Tenant's sole monetary remedy on account of such Post-Possession Items being uncompleted and Tenant's election to have completed the same. If within such thirty (30) day period, Landlord shall fail to reimburse Tenant as so required, Tenant may, at its option, deduct the amount of such Post-Possession Reimbursable Costs from Rent and/or any other sums then or thereafter due to Landlord under this Lease; provided, however, that if during such thirty (30) day period Landlord commences an Arbitration proceeding contesting Tenant's claim for any such Post-Possession Reimbursable Costs then Tenant may not deduct any such amounts until it has been determined in such Arbitration that Tenant is entitled to do so. Notwithstanding anything to the contrary contained here in, in the event that any particular Post-Possession Items cannot be completed by Landlord within the required Post-Possession Period due to seasonal restrictions, then the Post Possession Work Period shall, for such particular items only, be extended to allow for the work to be completed as soon thereafter as is reasonably appropriate.

(g) If and to the extent permitted by applicable Laws, Tenant may, at its option and at its risk, (i) enter the Leased Parcel on or after the date that Landlord has given the 60-Day Possession Notice (such date being the "**Wiring Date**") for the purpose of installing wiring, cabling and conduit for such wiring and cabling for Tenant's equipment, and (ii) enter the Leased Parcel on or after the date that Landlord has given the 30-Day Possession Notice (such date being the "**Entry Date**"), for the purpose of performing Tenant's Installations and otherwise preparing for Tenant's Intended Operations on the Leased Parcel; provided, however, that (i) such entries by Tenant shall not hinder Landlord in completion of the Landlord Work, and (ii) Tenant's general liability insurance (or self-insurance therefor), as described in Section 9 of this Lease, shall be in force and effect during each such entry. Such entry by Tenant shall not constitute (x) acceptance of the Landlord Work as being Substantially Completed or (y) the Possession Date. Landlord shall use commercially reasonable efforts to have permanent electrical power extended to the Building by the Wiring Date. If Landlord is unable for any reason to have permanent electrical power extended to the Building by the Wiring Date, then Landlord shall notify Tenant in writing by no later than the Wiring Date, describing the actions Landlord intends to take to assure that permanent electrical power will be extended to the Building as soon as reasonably practicable after the Wiring Date, and stating the date by which Landlord estimates such power connection will be completed, so that Tenant can schedule the installation of its communications line for the Building. Landlord covenants to have permanent electrical power extended to the Building by no later than the Entry Date.

IV. Possession Date Deliverables.

(a) On or before the Possession Date, Landlord will deliver to Tenant each and all of the following:

(i) Certification letters from the Architect, Civil Engineer, project structural engineer, fire suppression consultant, and any other applicable professional consultants involved in the preparation of the Work Plans or any portion thereof (collectively, the "**Design Professionals**"), certifying that the portions of the Landlord Work shown on the Work Plans for which each such Design Professional is responsible has been performed and completed in substantial accordance with the Work Plans (subject to any Change Orders), each such Design Professional certification letter to be prepared from and materially consistent with the form of certification letter attached as **Appendix 5** to this Lease (the "**Certificates of Substantial Completion**").

(ji) A copy of the temporary or permanent certificate of occupancy for the Building.

(iii) A copy of any new temporary or permanent certificate of occupancy for the 100 Chelmsford Building, but only if and to the extent required by Law solely on account of the Landlord Work having been undertaken.

(b) Within sixty (60) days after the Possession Date (the "**Post-Possession Materials Period**"), Landlord will deliver to Tenant each and all of the following:

(i) Copies of heating and air conditioner manufacturer's warranties of the type and for the duration as may have been required by the Work Plans, and copies of any other manufacturer's and/or installer's warranties relating to the Landlord Work of the type and for the duration as may have been required by the Work Plans (including but not limited to and at a minimum a 15-year materials roof manufacturer warranty; a 5-year roof installation warranty including all roof components (flashing, coping, scuppers, drains, curbs, awnings, etc.); and a 2-year paving warranty), together with Landlord's non-exclusive assignment of all such warranties to Tenant.

(ii) Final lien waivers ("**Lien Waivers**") for all labor, suppliers, materialmen, contractors and subcontractors performing work (each, a "**Job**") pertaining to the Landlord Work valued in excess of \$10,000, together with a true and complete list of all such laborers, suppliers, materialmen, contractors and subcontractors performing any such work.

(iu) A final and completed ALTA survey of the Landlord's Parcel certified to Tenant and, if requested by Tenant, any title insurance company issuing leasehold title insurance for the benefit of Tenant.

(iv) Any and all other instruments that are specifically required to be provided or delivered to Tenant pursuant to the final specifications included in the Work Plans.

If Landlord shall fail to deliver any of Lien Waivers for any Job (whether valued at more or less than \$10,000) then, until such time as Landlord shall deliver the same, Landlord agrees to

indemnify and hold harmless Tenant on account of any claims of non-payment for any such Job (such indemnification to be without Tenant's waiving any rights with respect to the delivery of any item required under item (ii) immediately above). If Landlord shall fail to deliver any of the items required to be delivered under items (i), (iii) or (iv) immediately above (the "Applicable Post-Possession Materials") during the Post-Possession Materials Period, then Tenant may, at its option, without waiving any other rights of Tenant (except as otherwise expressly set forth below in this paragraph), elect by notice to Landlord to take such actions as shall be reasonably necessary in order to cause any such Applicable Post-Possession Materials to be delivered to Tenant. In the event that Tenant makes such election then Tenant's actual, reasonable, costs paid out-of-pocket to unaffiliated third parties in doing so plus an additional ten percent (10%) of said costs for Tenant's administrative fees (collectively, "Materials Reimbursable Costs") shall be reimbursed by Landlord within thirty (30) days of Tenant's demand therefor containing reasonable documentation of such Materials Reimbursable Costs, as Tenant's sole monetary remedy on account of such Applicable Post-Possession Materials being undelivered by Landlord and Tenant's election to have caused the delivery thereof. If within such thirty (30) day period, Landlord shall fail to reimburse Tenant as so required, Tenant may, at its option, deduct the amount of such Materials Reimbursable Costs from Rent and/or any other sums then or thereafter due to Landlord under this Lease; provided, however, that if during such thirty (30) day period Landlord commences an Arbitration proceeding contesting Tenant's claim for any such Materials Reimbursable Costs then Tenant may not deduct any such amounts until it has been determined in such Arbitration that Tenant is entitled to do so.

V. Commencement Certificate. At the request of either party following such time as any of the following factual matters shall have been conclusively determined hereunder, Landlord and Tenant shall execute and deliver one or more written instruments, in mutually agreeable form, memorializing, to the extent then conclusively determined: (i) whether an Approvals Contingency Failure shall or shall not have occurred; (ii) the occurrence of any of the Substantial Completion of the Landlord Work, the Possession Date and/or the Commencement Date; (iii) the actual dates of the term of this Lease including any Optional Extension Terms (and the Option Exercise Deadlines applicable thereto); and/or (iv) the Base Rent.

VI. Landlord Warranty and Repair. Landlord warrants that (i) as of the Possession Date, the Building as constructed shall be structurally sound and the Landlord Work shall be Substantially Completed, in compliance with all applicable Laws, the Governmental Approvals and the REA; and (ii) as of the Possession Date, the Landlord Work on the Project Site shall be constructed in accordance with all applicable Laws and in accordance with the Work Plans. The warranties of Landlord set forth in this Section VI constitute Tenant's sole and exclusive remedy against Landlord under this Lease, at law or in equity on account of any defects in or other conditions regarding Landlord's Work, any or all other warranties being hereby expressly disclaimed by Tenant. The foregoing warranties shall terminate on the one (1) year anniversary of the Possession Date, the Landlord Work shall be free from defects in materials and workmanship. In the event of a breach of Landlord's warranty under the foregoing clause (ii), Tenant shall notify Landlord thereof prior to the conclusion of such one (1) year period, such notice to contain a reasonably detailed description of the breach and any repair and/or replacement required in order to cure said breach. Tenant's failure to give any such notice in a timely fashion shall constitute Tenant's waiver of any right to bring such a warranty

claim thereafter. Landlord, at Landlord's sole cost and expense, and within thirty (30) days following receipt of such written notice from Tenant, shall correct such deficiency (or, if the event any such work cannot reasonably be completed by Landlord within such thirty (30) days, commence the performance of such work during such thirty (30) day period and thereafter diligently prosecute the completion of such work to completion). Landlord agrees to assign or cause each of the Landlord Contractors to assign to Tenant all contractors', subcontractors', and/or material suppliers' guarantees or warranties which relate to any construction work concerning which Tenant shall have the obligation under this Lease to make repairs or perform maintenance, such assignment to be effective no later than from and after the conclusion of such one (1) year period. Notwithstanding the foregoing, to the extent that any such guarantees or warranties are not so assignable to Tenant or are not so assignable to Tenant without additional payment, then Landlord shall cause the same to be issued or re-issued in Tenant's name (at Landlord's cost and expense), failing which Landlord will, upon Tenant's written request from time to time, enforce the same for the benefit of Tenant (but at the sole cost of Tenant).

VTI. Tenant Delays. Notwithstanding anything to the contrary contained herein, in no event shall Landlord be responsible for any delays in the development, review, revision and approval of the Work Plans, the Project Budget, the Construction Schedule or any Change Orders, in the commencement, performance, Substantial Completion or completion of Landlord Work, or in the delivery of a certificate of occupancy or any items required to be delivered under this **Appendix I** to the extent due to any of the following (each a "**Tenant Delay**");

- i. Tenant's failure to respond to a request for approval or consent as and when required under the terms of this **Appendix I**;
- ii. any Change Order required (and not withdrawn) by Tenant;
- iii. any early entry by Tenant under Section III (g) of this **Appendix I** above;
- iv. the discovery of OHM (as defined herein) and/or performance of Landlord's Remedial Work; or
- v. any other act or omission of Tenant or its officers, agents, servants or contractors in violation or breach of any of Tenant's obligations under this Lease.

No Tenant Delay shall apply unless Landlord has notified Tenant of Landlord's claim as to a Tenant Delay promptly upon Landlord's becoming aware of the condition or activity which Landlord has determined may be the basis of a Tenant Delay. Further notwithstanding anything to the contrary contained herein, in the event and to the extent that the Possession Date shall have been delayed due to a Tenant Delay, then Tenant's obligation under Section 3 of this Lease to commence the payment of Rent shall be deemed to have commenced on the date that the Possession Date would have occurred as provided by Tenant but for such Tenant Delay.

VIII. Landlord's Remedial Work.

(a) The parties acknowledge that Tenant or a Tenant Predecessor owned and operated the Leased Parcel prior to Effective Date, and further acknowledge and agree that other than Landlord's obligation to report the discovery of OHM or to perform Landlord's Remedial Work, under no circumstances whatsoever shall Landlord have any liability to Tenant on account of any condition existing on or about the Leased Parcel (i) on the Effective Date or (ii) otherwise due to the act or omission of Tenant, a Tenant Predecessor or any other Tenant Entities. If, prior to Substantial Completion of the Landlord Work, Landlord discovers the presence of "oil" or a "hazardous material" (as those terms are defined in M.O.L. ch.21E §2, together referred to as "OHM") that requires reporting to the Massachusetts Department of Environmental Protection ("MassDEP") pursuant to M.G.L. ch. 21E ("21E") and/or the Massachusetts Contingency Plan ("MCP"), Landlord shall make such report to the extent required by 21E or the MCP, as the responsible party and shall remediate such OHM, all in accordance with 21E and the MCP ("Landlord's Remedial Work"). Landlord shall provide Tenant written notice of the discovery of such OHM no later than the earlier of (i) the deadline by which notice must be made to the MassDEP and (ii) ten (10) days of such discovery.

(b) In performing Landlord's Remedial Work, Landlord shall have sole and absolute discretion over the means and methods (provided they are in full compliance with all applicable Environmental Regulations), and Landlord shall have the right, but not the obligation, to utilize any and all activity and use of alternative criteria, that will facilitate Landlord's Remedial Work, provided that such AULs or other mechanisms will not materially interfere with Tenant's Intended Operations on the Leased Parcel. Landlord's Remedial Work shall include all work necessary to complete the remediation of OHM, in compliance with Environmental Regulations, including without limitation, removal of soil, monitoring of groundwater and/or soil vapor, installation of remedial equipment such as vapor mitigation measures, changes to the Improvements to prevent human contact with OHM, and all legal or technical expenses associated with preparing or recording any AUL or Notice of AUL. Landlord shall ensure that Landlord's Remedial Work is complete by the Possession Date to the extent necessary for Tenant to occupy the Leased Parcel for Tenant's Installations and, upon completion thereof, use and occupy the Leased Parcel for Tenant's Intended Operations, it being understood and agreed to by the parties, however, that certain aspects of Landlord's Remedial Work, such as groundwater monitoring or preparation of an AUL, may continue after the Possession Date. Notwithstanding anything to the contrary contained herein, to the extent that any aspect of Landlord's Remedial Work (including without limitation continued testing or monitoring) is not complete by the Possession Date, which incompleteness shall not, other than in a de minimis fashion, interfere with Tenant's Intended Operations, Landlord shall pursue completion of Landlord's Remedial Work in a commercially reasonable manner and timeframe but in all events as required by all applicable Environmental Regulations.

IX. Landlord Transfers. Notwithstanding anything to the contrary contained in this Lease, Landlord agrees that, prior to the Possession Date, without Tenant's prior written consent, which consent may be granted, or withheld, delayed or conditioned, in Lessee's sole and absolute discretion, Landlord shall not sell or transfer its fee title to the Leased Parcel nor shall any controlling interest in Landlord be sold or transferred (a)ly such sale or transfer being a

"Landlord Transfer") except in either case to a Qualified Landlord Transferee. As used herein, a **"Qualified Landlord Transferee"** shall mean any of William Manley (the **"Landlord Principal"**), a person or legal entity directly or indirectly controlling, controlled by, or in common control with the Landlord Principal, an immediate family member of the Landlord Principal, a trust for the benefit of the Landlord Principal or any such family member, or any heirs, devisees, administrators, executors or other legal representatives of the estate of the Landlord Principal. Notwithstanding the foregoing, the provisions of this Section IX shall not apply to (1) the grant of any mortgage, deed of trust or similar security agreement to or for the benefit of an Institutional Lender to secure debt of Landlord related to the Landlord's Parcel or portions thereof or (2) a foreclosure by, or deed in lieu of foreclosure to or at the direction of, such Institutional Lender (or its successors or assigns), but the provisions of this Section IX shall survive such foreclosure (or deed in lieu of foreclosure) and shall apply to any subsequent sale or transfer by the lender or other person or entity acquiring the Landlord's Parcel or such portions thereof at the foreclosure sale (or by deed in lieu of foreclosure). As used herein, **"Institutional Lender"** shall mean a state or federally chartered or regulated bank, savings bank, savings and loan association, trust company, credit union or similar institution, a life insurance company, pension plan, employee benefit plan, REIT, REMIC, or trustee under a commercial mortgage backed securities issue or similar conduit lender, or an entity directly or indirectly controlling, controlled by, or in common control with any of the foregoing so long as such entity has a combined capital and surplus of not less than \$50,000,000.00.

X. **Dispute Resolution.** Any dispute between Landlord and Tenant under this **Appendix I** shall be resolved exclusively by Arbitration. Notwithstanding anything to the contrary contained herein, to the extent that a party shall, by the express terms of this **Appendix I**, be entitled to exercise its sole and absolute discretion as to any particular matter, the other party shall have no right seek the reversal, rescission or modification thereof in any Arbitration under this **Appendix I**; provided, however that nothing contained herein shall prevent the other party from exercising any other right, outside of Arbitration, at law or in equity in connection therewith.

APPENDIX 2

PRELIMINARY PLANS

(appended hereto)



MACOM HEADQUARTERS CONCEPT DESIGN



ARCHITECTURE | PLANNING
INTERIOR DESIGN | VDC
BRANDED ENVIRONMENTS



SITE PLAN



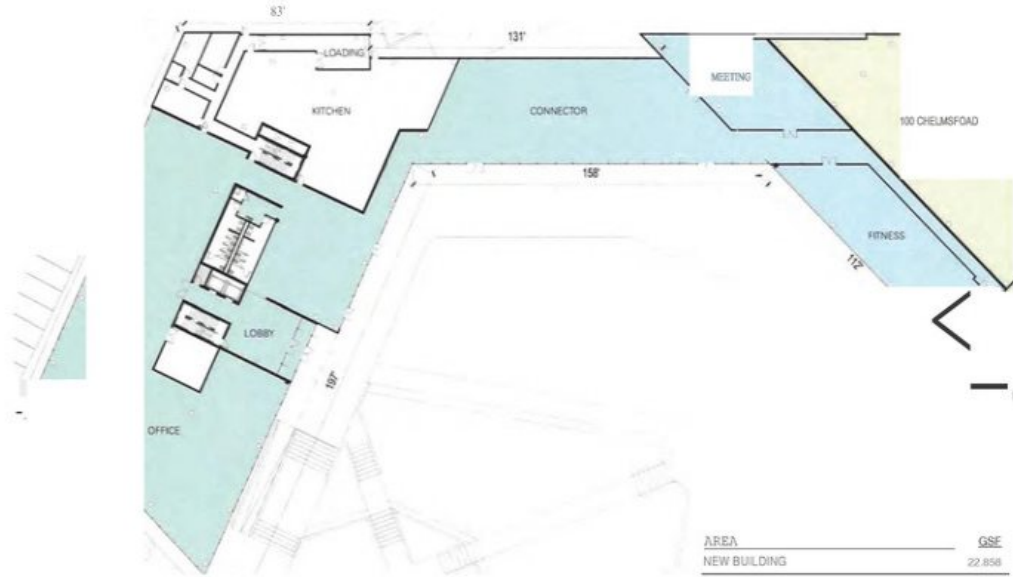
Appendix 2, Page 3

SGA COMMUNICATING COLLABORATING CREATING

MACOM - CONCEPT DESIGN 00191612

ARST FLOOR PLAN

Appendix 2, Page 4



AREA	GSF
NEW BUILDING	22,856
CONNECTOR	5,581
EXISTING BUILDING	6,363
TOTAL GSF	34,800

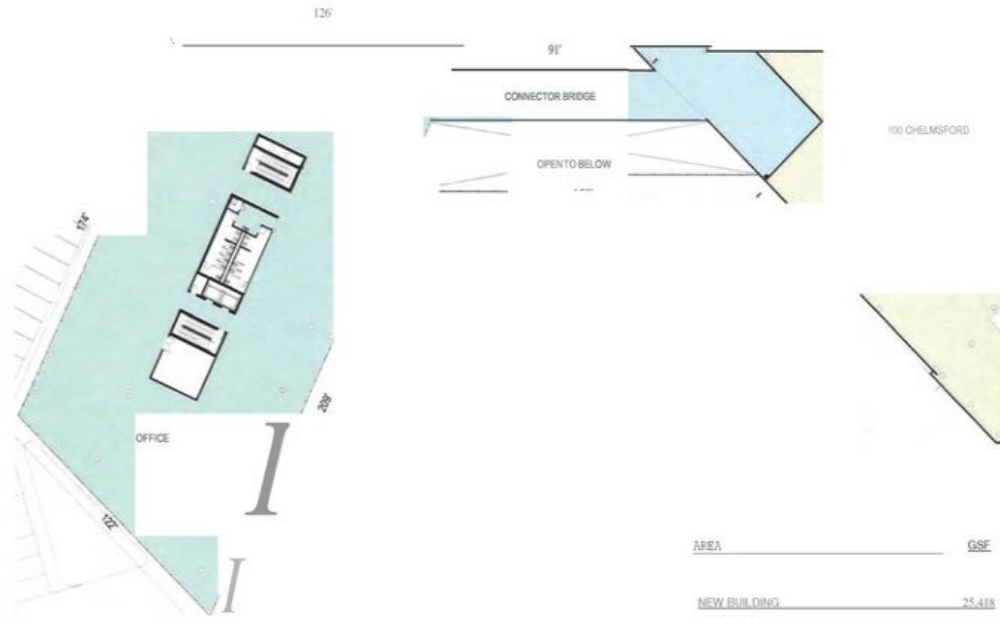
1"=30'-0"

SGA COMMUNICATING COLLABORATING CREATING

MACOM • CONCEPT DESIGN 04.19.16 | 3

SECOND FLOOR PLAN

Appendix 2, Page 5



AREA	GSF
NEW BUILDING	25,418
CONNECTOR	2,761
EXISTING BUILDING	2,268
TOTALGSF	30,087

1"=30'-0"

S&B COMMUNICATING COLLABORATING CREATING

MARCOM • CONCEPT DESIGN 04.19.16 | 4

VIEW OF ARRIVAL AT NEW BUILDING



VIEW OF ENTRY AND CAMPUS



Appendix 2, Page 7

VIEW OF ENRTV AND CAMPUS



Appendix 2, Page 8

VIEW OF NEW BUILDING - NORTH FACADE

Appendix 2, Page 9



VIEW OF CONNECTOR AND EXISTING BUILDING



Appendix 2, Page 6

EAST FACADE



Appendix 2, Page

VIEW OF ENRTV AND CAMPUS

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ALUMINUM STOREFRONT

CANTILEVER

SYSTEM

WESTFACDE

Appendix 2, Page 13



APPENDIX3

PRELIMINARY PROJECT BUDGET

(appended hereto)

ESTIMATED BUDGET AT OF SEPTEMBER 16, 2016

Project Components	Integrated Estimate	calare Estimate	SGA Estimate
Soft costs			
144 Chelmsford legal		\$ 250,000	
Architectural (ASSUMES A 10% DEDUCT FROM SGA)			\$ 990,000
Engineering/Size			
Test Pits		\$ 40,000	
Topo/Geo Tech		\$ 75,000	
Soil/Environmental		\$ 100,000	
Surveys		\$ 15,000	
Misc		\$ 80,000	
Estimated Financing Costs			
legal/Sank lega l/ Points/Appraisal		\$ 210,000	
18 Months, Cost of Funds(interest)		\$ 675,000	
		\$	
Project Management fee, payable to PM realty Group (3%)		372,650	
commission payable to Mark Mulvey		\$ 500,000	
Other/Misc		\$ 155,000	
Site Development (see VE deducts)			
	\$ 3,324,872		
100 Chelmsford Street			
Fa de (estimate based upon aluminum, no asbestos r	\$ 500,000		
Meeting rooms and Fitness Center	\$ 1,143,249		
144 Chelmsford Street			
All building shell and interior improvements listed in Integrated Builders Sheet (note exclusions)	\$ 12,421,665		
	\$ 289,948		
121 Hale Street			
	\$ 17,679,734	\$ 2,472,650	\$ 990,000

Fa delmpovomer@nosrecent@negrabd

Sub Totals

Total

INTEGRAL BUILDERS

"From a Client's Point of View"

Project: MACOM
 Address: 100144 Commonwealth Street
 Lowell MA
 Proj. #: 16-18S
 Date: 3/24/10

Description	Tot. FY	Alts	Construction Budget
Site Improvement	\$3,324,872	Base Bid	\$3,324,872
1. Erosion Control: On-site erosion control measures including silt fences, sediment traps, and other measures to prevent soil erosion during construction.	-\$166,798	Accepted	-\$166,798
2. Stormwater Management: Installation of stormwater management systems including detention basins, infiltration systems, and other measures to manage stormwater runoff.	-\$70,189	Accepted	-\$70,189
3. Site Preparation: Grading, clearing, and other site preparation work.	-\$74,880	Not Accepted	\$0
9010 Building	\$9,381,126	Base Bid	\$9,381,126
1. Additions: Construction of new building additions including office space, storage, and other areas.	\$345,238	Not Accepted	\$0
2. Renovation: Renovation of existing building interior spaces including office areas, conference rooms, and other areas.	\$57,750	Not Accepted	\$0
3. Mechanical: Installation of new mechanical systems including HVAC, plumbing, and electrical systems.	\$895,106	Not Accepted	\$0
4. Electrical: Installation of new electrical systems including lighting, power, and communication systems.	\$590,770	Accepted	\$590,770
5. Fire Protection: Installation of new fire protection systems including fire alarm, fire extinguishers, and other measures.	-\$210,118	Not Accepted	\$0
6. Security: Installation of new security systems including access control, video surveillance, and other measures.	\$84,500	Not Accepted	\$0
7. Information Technology: Installation of new information technology systems including servers, networking, and other measures.	-\$496,379	Not Accepted	\$0
8. Other: Other building systems and equipment including elevators, escalators, and other measures.	-\$180,488	Not Accepted	\$0

Integral Builders
 302 West Main Street
 Lowell, MA 02470
 www.intb.com



note: ICS0050

Item	Description	Amount	Base Bid	Amount
Item 001	Contractor's Fee	\$2,411,153	Base Bid	\$2,411,153
Item 002	Additional Site Work	\$868,853	Base Bid	\$868,853
Item 003	Excavation & Backfill	\$1,143,249		\$0
Item 004	Asphalt Paving	\$289,948		\$289,948
Item 005	Kitchen Sinks	\$500,000		\$0
Item 006	Kitchen Sinks	\$95,625		\$0
Item 007	Site Demolition	\$100,000		\$100,000
Item 008	Furniture	\$500,000		\$0
Soft Costs				
	Indemnity			
	Contingency			
	Legal			
	Carrying Costs			
Item 009	Pro F.C. & Dist. Log.	\$600,000		\$600,000
Item 010	Pro F.C. & Dist. Log.	\$300,000		\$300,000
Item 011	Pro F.C. & Dist. Log.	\$50,000		\$50,000
GRAND TOTAL				\$17,679,734

750-11200328

Integrated Builders
 302 West 11th Street
 Rockland, MA 02370
 www.integratedbuilders.com

750-1120328



* From Client's Point of View *

Project: MACOM
 Address: 100-144 Chelmsford Street
 Lowell, MA

Date: 5/31/2016
 SF Area: 63,690

Project: 16-185

Summary - Breakdown By Phase							
CSI	Description	Total Cost	SF	Est 1 - Site Development	Est 2 - Base Building Shell, ACM Exterior, Chelmsford Street	Est 3 - Base Building - Interior Improvements, Chelmsford St.	Estimate 4 - Kitchen
	Area (in SF)		63,690	63,690 sf	64,878 sf	45,842 sf	4,012 sf
01000	Project Requirements	\$425,388	6.68	\$53,670	\$253,644	\$85,872	\$32,202
02070	Demolition			\$0	\$20,000	\$0	\$0

Appendix 3

		\$20,000	0.31				
02200	Site Improvements	\$1,834,297	28.80	\$1,834,297			\$0
02950	Landscape	\$217,655	3.42	\$217,655	\$0	\$0	\$0
02951	Landscape & fencing	\$438,575	6.89	\$438,575	\$0	\$0	\$0
03100	Concrete Formwork	\$115,166	1.81	\$0	\$11,516	\$0	\$0
03200	Concrete Reinforcing	\$52,287	0.82	\$0	\$52,287	\$0	\$0
03310	Concrete Material - Foundation	\$99,184	1.56	\$0	\$99,184	\$0	\$0
03400	Concrete Work	\$198,461	3.12	\$0	\$198,461	\$0	\$0
03510	Misc Concrete - Interior	\$13,450	0.21	\$0	\$10,250	\$0	\$3,200

Integrated Builders

781.421.2035 Fx

302 Weymouth Street

781.421.2035 Fx

03510	Misc Concrete - Sill	\$272,081	4.27	\$272,081	\$0	\$0	\$0
04000	Masonry	\$0	0.00	\$0	\$0	\$0	\$0
05120	Structural Steel	\$1,026,784	16.12	\$0	\$1,020,284	\$0	\$6,500
05500	Miscellaneous Metals	\$57,533	0.90	\$0	\$57,533	\$0	\$0
06100	Rough Carpentry	\$248,071	3.89	\$10,890	\$181,949	\$47,248	\$7,985

Integrated Builders

781.421.2000 PB

302 Weymouth Street

781.421.2000 FX

**INTEGRATED
BUILDERS**

From Client Point of View



Integrated Builders

302 Weymouth Street

781.421.2003 FX

781.421.2004 FX

Code	Description	Total Cost	%	Est 1 - Site Development	Est 2 - Base Building		Est 3 - Base Building		Est 4 - Kitchen
					Shell/ACM/Exterior	Interior	Improvement	Chairs	
06200	Finish Carpentry	\$0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
06400	Architectural Millwork	\$ 115,202	1.81	\$0	\$37,752	\$69,950	\$7,500	\$7,500	\$0
07110	Waterproofing / Dampproofing	\$303,385	4.76	\$0	\$297,016	\$0	\$0	\$6,370	\$0
07210	Insulation	\$20,608	0.32	\$0	\$20,608	\$0	\$0	\$0	\$0
07270	Airstopping	\$23,581	0.37	\$0	\$20,081	\$3,500	\$0	\$0	\$0
07410	ACM Penetration Flashing	\$837,708	13.15	\$0	\$837,708	\$0	\$0	\$0	\$0
07530	Membrane Roofing	\$226,900	3.56	\$0	\$226,900	\$0	\$0	\$0	\$0
07900	Caulking & Sealants	\$15,000	0.24	\$0	\$15,000	\$0	\$0	\$0	\$0
08050	Doors, Frames and Hardware	\$147,762	2.32	\$0	\$54,662	\$83,080	\$10,020	\$0	\$0
08050	Specialty Doors	\$34,140	0.54	\$0	\$27,340	\$0	\$6,800	\$0	\$0
08410	Glass & Glazing - Exterior	\$1,814,292	28.49	\$0	\$1,814,292	\$0	\$0	\$0	\$0
08800	Glass & Glazing - Interior	\$152,852	2.40	\$0	\$131,684	\$21,168	\$0	\$0	\$0
09250	Gypsum Drywall	\$653,245	10.26	\$0	\$305,675	\$308,487	\$39,083	\$0	\$0
09300	Ceramic & Stone	\$121,670	1.91	\$0	\$64,618	\$0	\$57,053	\$0	\$0
09500	Acoustical Ceilings	\$207,625	3.26	\$0	\$25,811	\$152,727	\$29,087	\$0	\$0
09650	Resilient Flooring	\$37,535	0.59	\$0	\$17,631	\$19,904	\$0	\$0	\$0
09680	Carpeting	\$162,723	2.55	\$0	\$0	\$162,723	\$0	\$0	\$0
09900	Painting & Wall Covering	\$64,372	1.01	\$0	\$10,100	\$50,792	\$3,580	\$0	\$0
10250	Teletext Accessories & Positions	\$25,239	0.40	\$0	\$24,882	\$0	\$358	\$0	\$0
10250	Fire Extinguishers & Cabinets	\$23,480	0.37	\$0	\$22,760	\$0	\$720	\$0	\$0
10250	Misc Spec - Lockers	\$9,610	0.15	\$0	\$0	\$0	\$9,610	\$0	\$0
10440	Signage	\$30,000	0.47	\$0	\$25,000	\$5,000	\$0	\$0	\$0
11160	Equipment - Loading Dock	\$8,848	0.14	\$0	\$8,848	\$0	\$0	\$0	\$0
11400	Equipment - Food Service	\$5,940	0.09	\$0	\$0	\$5,940	\$0	\$0	\$0
12480	Floor Mats and Frames	\$7,310	0.11	\$0	\$7,310	\$0	\$0	\$0	\$0

Integrated Builders

302 Weymouth Street

781.421.2003 PA

781.421.2003 FX



Construction Cost Estimate

CSI	Description	Total Cost	SF	Est. 1 - Site	Est. 2 - Shell	Est. 3 - ACM Exterior	Est. 4 - Interior	Est. 5 - Building	Est. 6 - Intend
12480	FF & E	\$0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
12500	Window Treatment 1	\$0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
13000	Construct Baque lies	\$58,670	0.92	\$0	\$58,670	\$0	\$0	\$0	\$0
14000	Elevator	\$170,000	2.67	\$0	\$170,000	\$0	\$0	\$0	\$0
15300	Fire Protection	\$180,248	2.83	\$0	\$88,098	\$69,000	\$23,150	\$0	\$0
15400	Plumbing	\$417,186	6.55	\$0	\$266,637	\$7,000	\$143,549	\$0	\$0
15500	HVAC	\$1,314,787	20.64	\$0	\$743,304	\$383,808	\$187,675	\$0	\$0
16000	Electrical	\$1,173,040	18.42	\$0	\$595,398	\$458,732	\$118,909	\$0	\$0
16400	Low Voltage Systems (To Ii Doto. Security)	\$26,450	0.42	\$0	\$6,500	\$13,800	\$6,150	\$0	\$0
Subtotal		\$3,164,252	2.58	\$34,633	\$97,179	\$23,872	\$8,569	\$0	\$0
Permits (Building Permi II General Conditions)		\$788,726	12.28	\$123,240	\$394,368	\$197,184	\$73,944	\$0	\$0
Training Allowance		\$0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Design & Engineering		\$0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Construction Contingency		\$670,417	10.51	\$141,358	\$396,617	\$97,417	\$34,975	\$0	\$0
Builder's Risk Insurance		\$0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Insurance General Liability		\$0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Umbrella Insurance		\$0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Construction Management Fee:		\$895,106		\$0	\$0	\$0	\$0	\$0	\$0

Appendix 3

INTEGRATED BUILDERS

*From a Client's Point Of View.

CS Description Total Cost Site Development Site Improvements Est. Site Work Base Building Est. Building Base Interiors Estimated Kitchen

CS	Description	Total Cost	Site	Development	Site Improvements	Est. Site Work	Base Building	Est. Building	Base Interiors	Estimated	Kitchen
	Alternate 1B - Add loggelle on existing Hole Street Building I (35% to 45% V.E. Savings If Done Out Of Aluminum in lieu of Terroclo)	\$639,324									
	Alternate 2 - Hole Street - Focus on improvements	\$289,945									
	Total	\$929,269									

Appendix 3

Integrated Builders

781.421.2093 (H)

302 Weymouth Street

781.421.2098 (K)

APPENDIX 4

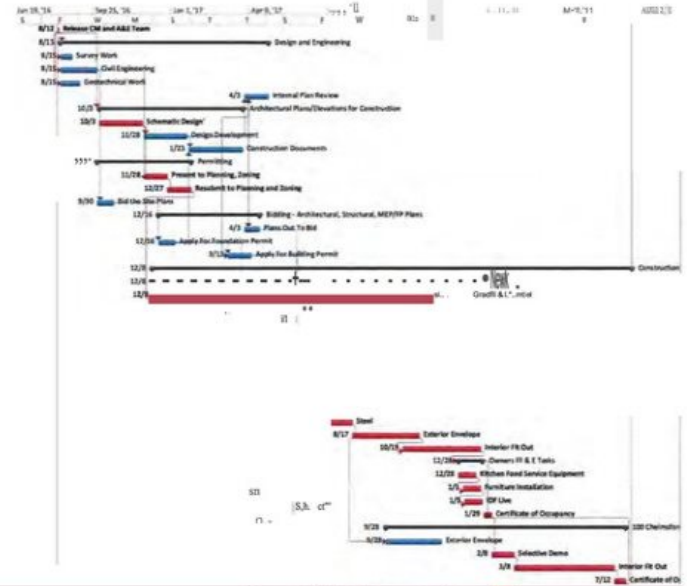
PRELIMINARY CONSTRUCTION SCHEDULE

(appended hereto)

MACOM
Lowell, MA

INTEGRATED
BUILDERS

ID	Name	Circle	Start	End	Notes
1	James O'Neil	11/12/16	11/12/16	11/12/16	11/12/16
2	Survey Work	11/12/16	11/12/16	11/12/16	11/12/16
3	Call Engineering	11/12/16	11/12/16	11/12/16	11/12/16
4	Embroidery Work	11/12/16	11/12/16	11/12/16	11/12/16
5	Internal Plan Review	11/12/16	11/12/16	11/12/16	11/12/16
6	Architectural Plans/Drawings for Construction	11/12/16	11/12/16	11/12/16	11/12/16
7	Design Development	11/12/16	11/12/16	11/12/16	11/12/16
8	Construction Documents	11/12/16	11/12/16	11/12/16	11/12/16
9	Permitting	11/12/16	11/12/16	11/12/16	11/12/16
10	Prepared to Planning, Zoning	11/12/16	11/12/16	11/12/16	11/12/16
11	Resulting to Planning and Zoning	11/12/16	11/12/16	11/12/16	11/12/16
12	Building - Architectural, Structural, MEPP Plans	11/12/16	11/12/16	11/12/16	11/12/16
13	Plans Out To Bid	11/12/16	11/12/16	11/12/16	11/12/16
14	Apply for Foundation Permit	11/12/16	11/12/16	11/12/16	11/12/16
15	Apply for Building Permit	11/12/16	11/12/16	11/12/16	11/12/16
16	Construction	11/12/16	11/12/16	11/12/16	11/12/16
17	Grading & Landscaping	11/12/16	11/12/16	11/12/16	11/12/16
18	Steel	11/12/16	11/12/16	11/12/16	11/12/16
19	Exterior Envelope	11/12/16	11/12/16	11/12/16	11/12/16
20	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
21	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
22	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
23	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
24	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
25	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
26	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
27	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
28	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
29	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
30	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
31	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
32	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
33	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
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35	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
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40	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
41	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
42	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
43	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
44	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
45	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
46	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
47	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
48	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
49	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
50	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
51	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
52	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
53	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
54	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
55	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
56	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
57	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
58	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
59	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
60	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
61	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
62	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
63	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
64	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
65	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
66	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
67	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
68	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
69	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
70	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
71	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
72	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
73	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
74	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
75	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
76	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
77	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
78	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
79	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
80	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
81	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
82	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
83	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
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85	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
86	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
87	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
88	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
89	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
90	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
91	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
92	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
93	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
94	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
95	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
96	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
97	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
98	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
99	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16
100	Interior Fit Out	11/12/16	11/12/16	11/12/16	11/12/16



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APPENDIXS

FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[letterhead of professional]

_____, 201

[144 Owner Name]

c/o Calare Properties, Inc.

43 Broad Street
Hudson, MA 01749
Attn: Bill Manley

MACOM Technology Solutions Holdings Inc.
100 Chelmsford Street

Lowell, MA 01851

Attn: Chief Financial Officer

Re: Substantial Completion of 100 - 144 Chelmsford Street, Lowell

Dear Bill and _____

This letter is delivered pursuant to that certain [Contract] dated [] between the undersigned ("Design Professional") and []. By this letter, Design Professional certifies, with respect to the plans identified in Exhibit A attached hereto (the "Plans"), that the work shown on the Plans has been performed and completed in substantial accordance with the Plans.

Sincerely,

By: Name:

Title:

Hereunto duly authorized

Attachment 2

ATTACHMENT 2 TO THIRD AMENDMENT

Form of Buyer/Seller Lease

(appended hereto)

The Leased Parcel, the Improvements and Ancillary Rights are hereinafter collectively referred to as the "Premises."

(b) Condition of Leased Parcel. Tenant currently occupies the Leased Parcel, is familiar with the Leased Parcel, and its condition and suitability for Tenant's use and Tenant acknowledges that, except as specifically set forth herein, Landlord has not made any warranty or representations, expressed or implied, as to the condition or suitability of the Leased Parcel for Tenant's intended use and that Tenant is leasing the Leased Parcel and hereby accepts the Leased Parcel in its "AS IS" and "WHERE IS" condition. Landlord shall not have any obligation to make any repairs, alterations or improvements to the Premises either at or prior to the commencement of the term hereof or at any time thereafter. Tenant, at Tenant's option and/or election, shall have the right, but not the obligation, to perform Tenant's Work (as defined in EXHIBIT B) and Landlord shall reimburse Tenant for a portion of the cost thereof up to the amount of the Construction Allowance (as defined in EXHIBIT B).

2. Term.

(a) Initial Term.

(i) The initial term of this Lease shall commence on the date hereof ("Commencement Date") and shall terminate at 11:59 p.m. on the last day of the month during which the twentieth (20th) anniversary of the Commencement Date occurs, subject to Tenant's right to extend this Lease as set forth in Section 2.2. As used herein, the "term" or the "term of this Lease" shall mean the initial term of this Lease as set forth in this clause (a), as the same may be deemed extended as set forth in clause (ii) immediately below and as the same may be extended by an Optional Extension Term (as defined herein) as set forth in clause (b) below.

(ii) Notwithstanding the foregoing clause (i), in the event of the occurrence of the Commencement Date (as defined in the 144 Chelmsford Lease; and herein referred to as the "144 Commencement Date"), and only in such event (notwithstanding the reason the same may not have occurred), the initial term of this Lease as established under the preceding clause (i) shall be deemed extended so that it shall end co-terminously with the end of the Initial Term (as defined in the 144 Chelmsford Lease; and herein referred to as the "144 Initial Term"). Such extension shall occur automatically without the need for the parties to execute any further documentation under this Lease, provided that, at the request of either party therefor, at such time as the 144 Commencement Date has definitively occurred or not occurred, the parties shall memorialize, in a written instrument in mutually acceptable form (and, in any case, in recordable form), either (i) the occurrence of the 144 Commencement Date and the exact dates of such extension or (ii) the non-occurrence of the 144 Commencement Date and acknowledgement that such extension will not be of any effect.

(b) Extension Term(s). Provided that Tenant is not then in default beyond any applicable notice and cure period under any monetary term or condition of this Lease at the time of exercise of an Optional Extension Term (defined herein), and further provided that Tenant gives Landlord written notice of Tenant's election to exercise an Optional Extension Term by no later than such date (the "Option Exercise Deadline") as is at least two (2) years prior to the end of the then current term, Tenant shall have the right to extend the term of this

Lease for two (2) separate and consecutive optional extension periods of ten (10) years each (each an "Optional Extension Term" and collectively the "Optional Extension Terms"). Upon Tenant's exercise of an option to extend the term for an Optional Extension Term as set forth above, the term of this Lease shall be thereby automatically extended for the period of such Optional Extension Term without the need for the parties to execute and deliver any further documentation, such Optional Extension Term shall be on the same terms and conditions as were in effect under this Lease for the term prior to such Optional Extension Term except that the fixed annual Base Rent due hereunder for each Optional Extension Term shall be determined as set forth in Section 3(b) and Tenant shall have no further options to extend the term other than the Optional Extension Terms expressly provided for in this Section 2(b). At such time as such information has been conclusively determined hereunder, at the election of either party, the parties shall execute an agreement, in a form reasonably acceptable to the parties, memorializing the dates of any Optional Extension Term so effected and the Base Rent applicable thereto.

3. Rental.

(a) During the initial term hereof (as the same may be deemed extended as set forth in clause (ii) of subsection 2(a) above, commencing on the Commencement Date, Tenant shall pay to Landlord, in advance on the first day of each calendar month in equal monthly installments at the address set forth in Section 17 or such other place as Landlord may from time to time designate, in writing, without demand or right of set-off except to the extent (if any) otherwise expressly set forth in this Lease, fixed and minimum annual rental ("Base Rent") in the amount of Seven Hundred Thousand and 00/100 Dollars (\$700,000.00) payable in equal monthly installments of Fifty Eight Thousand Three Hundred Thirty Three and 33/100 (\$58,333.33); provided that commencing on Initial Rent Increase Date and then continuing annually thereafter on each anniversary of the Initial Rent Increase Date, the Base Rent payable hereunder shall be increased by 1.75% above the Base Rent in effect immediately prior to such increase. All Base Rent shall be payable in addition to all additional rent required under this Lease. If the Commencement Date begins on a date other than the first day of a calendar month, or the term of this Lease ends on a day other than the last day of the calendar month, Base Rent for such month shall be prorated, based on the number of days in the applicable calendar month. Tenant shall pay an interest charge determined in accordance with Section 16 for Base Rent received by Landlord more than five (5) days following the due date. As used herein, the "Initial Rent Increase Date" shall mean the first to occur of:

- (x) *if* the 144 Chelmsford Lease is in effect, the first day after the conclusion of the first twelve (12) full calendar months of the 144 Initial Term, or
- (y) *if* the 144 Chelmsford Lease is not in effect, the later to occur of (i) the first day after the conclusion of the first twelve (12) full calendar months of the term of this Lease or (ii) the date of termination of the 144 Chelmsford Lease.

At the request of either party therefor, at such time as the Initial Rent Increase Date has been definitively established, the parties shall memorialize, in a written instrument in mutually acceptable form, the occurrence of the Initial Rent Increase Date.

(b) Extension Terms. The annual Base Rent due during each Optional Extension Term for which Tenant shall have exercised its extension option right shall be equal to the greater of (i) ninety-five percent (95%) of the Market Rent (as defined herein) or (ii) the annual Base Rent that was in effect under this Lease immediately preceding such Optional Extension Term; provided that, commencing on the first day after the conclusion of the first twelve (12) full calendar months of such Optional Extension Term and then continuing annually thereafter on each anniversary of such date, the Base Rent shall be increased by (1.75%) above the previous year's Base Rent.

(c) Market Rent. The "Market Rent" for the Premises shall be the rental rate being charged under new leases of premises in Massachusetts comparable to the Premises and located within ten (10) miles of the Premises (the "Trade Area") for the first year of a ten (10) year term commencing approximately at the time of the applicable Optional Extension Term, taking into account all of the terms and conditions of this Lease (other than rental) and all other relevant factors such as the size, condition, use, utility, location and accessibility of the Premises, determined as follows:

(i) Within ninety (90) days after the later to occur of (i) Landlord's receipt of Tenant's notice of its exercise of an Optional Extension Term in accordance with Section 2(b) or (ii) the Option Exercise Deadline applicable thereto, Landlord shall deliver to Tenant written notice of its determination of Market Rent. Tenant shall, within sixty (60) days after receipt of such notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of Market Rent ("Tenant's Response Notice"). If Tenant so accepts Landlord's determination of Market Rent or if Tenant fails to timely deliver Tenant's Response Notice then such determination of the Market Rent by Landlord shall be conclusively deemed to be the Market Rent hereunder for the applicable Optional Extension Term.

(ii) If Tenant's Response Notice is timely delivered to Landlord and indicates that Tenant rejects Landlord's determination of Market Rent, then Market Rent shall be determined in accordance with the procedures set forth below in this clause (ii). Within fifteen (15) days after receipt by Landlord of Tenant's Response Notice indicating Tenant's rejection of Landlord's determination of Market Rent, Tenant and Landlord shall each notify the other in writing of their respective designation of an individual broker or appraiser (respectively, "Tenant's Broker" and "Landlord's Broker"). If Landlord shall fail to so designate Landlord's Broker then Tenant shall have the right to arrange for Tenant's Broker to designate Landlord's Broker by notice to Landlord and Tenant given after Landlord's failure to have done so as and when required herein, and if Tenant shall fail to so designate Tenant's Broker then Landlord shall have the right to arrange for Landlord's Broker to designate Tenant's Broker by notice to Landlord and Tenant given after Tenant's failure to have done so as and when required herein. Within ten (10) days of the designation of Landlord's Broker and Tenant's Broker, Landlord's Broker and Tenant's Broker shall jointly select a third broker (the "Third Broker"), failing which either party may petition the President of the Greater Boston Real Estate Board requesting that he or she designate the Third Broker (which designation shall be binding on the parties). All of the brokers or appraisers selected shall be duly licensed or certified individuals with at least five (5) years' commercial brokerage or appraisal experience in the Trade Area with particular experience with the type of property represented by the Premises and, in the case of the Third Broker only, shall not have acted in any capacity for either Landlord or Tenant or any Tenant

Affiliate (as defined herein) within ten (10) years prior to the broker's selection. The Third Broker shall determine the Market Rent for the applicable Optional Extension Term in accordance with the requirements and criteria set forth herein employing the method commonly known as Baseball Arbitration, whereby Landlord's Broker and Tenant's Broker each sets forth its determination of Market Rent, and the Third Broker must select one or the other (it being understood that the Third Broker shall be expressly prohibited from selecting any alternative figure). Landlord's Broker and Tenant's Broker shall deliver their respective determinations of the Market Rent to the Third Broker within twenty (20) days of the appointment of the Third Broker and the Third Broker shall render his or her decision within fifteen (15) days after receipt of both of the other two determinations of Market Rent. The Third Broker's decision shall be binding on both Landlord and Tenant and shall be conclusively determined to be the Market Rent hereunder for the applicable Optional Extension Term. If either Landlord's Broker or Tenant's Broker shall have failed to submit their respective determinations of Market Rent as and when required hereunder, then any determination of Market Rent that shall have been submitted by one of them as and when required hereunder shall be conclusively determined to be the Market Rent hereunder for the applicable Optional Extension Term. Each party shall bear the cost of its own broker or appraiser and shall share equally in the cost of the Third Broker. In the event that the Market Rent has not been conclusively determined before the commencement of the applicable Optional Extension Term, then Tenant shall pay Base Rent based upon a ten percent (10%) premium over the annual Base Rent in effect immediately prior to the commencement of the applicable Optional Extension Term until Market Rent for such Optional Extension Term has been conclusively determined hereunder, at which time either Tenant shall promptly pay any unpaid Base Rent to Landlord or Landlord shall promptly refund or credit to Tenant any overpaid Base Rent, in either case with interest at the rate provided for under Section 16.

4. Taxes.

(a) Throughout the term of this Lease and any extension, Tenant shall pay before delinquency, as additional rent, all Taxes upon or allocable to the Premises as set forth herein. As used herein, "Taxes" shall mean all taxes, charges and assessments, general and special, ordinary and extraordinary, of every nature and kind whatsoever, and all water rates and sewage or sewer use charges levied, assessed or imposed upon any property that includes the Premises or any portion thereof (the "Taxed Property"), as hereinafter provided, whether such tax, rate, charge or assessment shall be for village, town, county, state, federal or any other purpose whatsoever. Taxes shall include, without limitation, all general real property taxes and general, special and area-wide assessments, charges, fees, assessments for transit, police, fire or other governmental services or purported benefits to the Taxed Property, so-called business improvement district charges and service payments in lieu of or in addition to real estate taxes, that may be now or may hereafter be levied or assessed against the Taxed Property or Landlord by the United States of America, the County of Middlesex, Commonwealth of Massachusetts, City of Lowell, or any political subdivision, public corporation, district or other political or public entity. Taxes shall also include any and all general and special assessments, fees and charges assessed or imposed upon the Taxed Property by virtue of any private restrictive covenant. Should any governmental agency or political subdivision impose any taxes and/or assessments, whether or not now customary or within the contemplation of the parties hereto, either by way of substitution for taxes and assessments presently levied and assessed against the

real estate as well as the Improvements thereon, or in addition thereto, including, without limitation, any taxes based upon the rentals received by Landlord hereunder (other than an income or franchise tax) or any other tax, fee or excise on the act of entering into this Lease or on the use or occupancy of the Premises or any part thereof or in connection with the business of renting the Premises, such taxes and/or assessments shall be deemed to constitute Taxes for the purpose of this Section 4 and shall be paid by Tenant. Taxes shall not include income, intangible, franchise, capital stock, estate or inheritance taxes or taxes substituted for or in lieu of the foregoing exclusions, all of which shall be paid by Landlord. Taxes payable by Tenant hereunder shall also include reasonable costs, disbursements and legal fees of Landlord incurred in connection with proceedings to abate, contest, determine or reduce any such Taxes (a "Tax Contest"), but not in excess of the savings to Tenant realized by the Tax Contest unless Landlord undertook such Tax Contest on account of a Tenant Request (as defined herein). Upon written request Tenant shall furnish to Landlord a receipted tax bill, or other satisfactory evidence of the payment of such taxes, assessments and charges within 10 days after the same are due and payable. Tenant's obligations under this Section 4 shall survive the expiration or earlier termination of this Lease.

(b) With regard to Taxes, if at any time during the term of this Lease, the Premises are assessed for Tax purposes as a part of any other real property owned by Landlord (the "Landlord's Tax Parcel"), then Tenant shall be responsible for and shall pay to Landlord (A) one hundred (100%) percent of the Taxes assessed against or allocated to all buildings and related improvements on the Premises (and any fixtures or personal property located therein); and (B) Tenant's Pro Rata Share of the Taxes assessed against or allocated to the land comprising, and so-called site improvements (specifically excluding any buildings) located on, the Landlord's Tax Parcel, such payment to be made within thirty (30) days following Landlord's invoicing Tenant therefor (which invoice shall include copies of the applicable Tax bills). Tenant's "Pro Rata Share" shall be a fraction the numerator of which is the square foot land area of the Leased Parcel and the denominator of which is the square foot land area of the Landlord's Tax Parcel, as either thereof may change as a result of a lot line adjustment as contemplated under clause (l) of Section 35(a) below. As of the Effective Date, the Tenant's Pro Rata Share is ()% percent. If, however, the Premises are assessed for Taxes separate and apart from any other real property of Landlord, then Tenant shall pay, prior to delinquency, and directly to the taxing authority, one hundred (100%) percent of all Taxes assessed against or allocated to the Premises and if Tenant is delinquent in paying any thereof then Tenant shall be fully responsible for paying upon the imposition thereof any interest, penalty or other late fee or charge arising due to such delinquency. If the Premises are separately assessed for Taxes, Landlord shall attempt to arrange to have all notices concerning tax assessments, changes in assessments, tax rates and changes, and tax bills (collectively, "Tax Bills") sent directly from the applicable governmental authorities to Tenant. If Landlord is not able to arrange to have Tax Bills sent directly to Tenant, then based upon timely receipt thereof by Landlord, Landlord shall timely supply Tenant with copies of all Tax Bills after receipt by Landlord, so that Tenant may timely pay such Tax Bills so as to avoid any interest or penalty charges for late payment. If Landlord fails to provide such invoices in a timely fashion Landlord shall pay any late charge, interest or fee based on such delay and payment. Notwithstanding anything to the contrary contained herein, Tenant shall be responsible for paying, directly to the taxing authority and without delinquency, all governmental imposed taxes, charges or assessments against any fixtures or personal property of Tenant.

(c) If there are at least two (2) years remaining under the term of this Lease and Tenant is not in default under this Lease beyond any applicable notice or cure period, and if:

A. the Premises are separately assessed for Taxes and Tenant notifies Landlord, on or prior to the twenty-fifth (25th) day prior to the deadline under applicable law for timely filing for a Tax Contest (the "Filing Deadline"), that Tenant will file a Tax Contest, or

B. the Premises are not separately assessed for Taxes and Tenant notifies Landlord, on or prior to the twenty-fifth (25th) day prior to the Filing Deadline, of Tenant's request that Landlord pursue a particular Tax Contest (a "Tenant Request") but Landlord, within fifteen (15) days prior to the Filing Deadline, notifies Tenant that Landlord is declining such request,

then, in either such case, Tenant may pursue a Tax Contest in good faith by appropriate proceedings at its own expense, provided that Tenant shall first have paid such Taxes or, if the payment of such Taxes is to be postponed or deferred during the contest with respect to and such Tax Contest is occurring during any period in which Tenant does not satisfy the Financial Prerequisite (as defined herein), Tenant shall have furnished Landlord a bond of a surety company reasonably satisfactory to Landlord in an amount equal to, or shall have deposited with any bank or trust company of Landlord's selection in the State wherein the Premises are located to hold such deposit and apply the same as hereinafter provided, the amount of the Taxes so contested, together with such additional sums as may reasonably be required to pay interest or penalties accrued or to accrue on any such Taxes. Nothing contained herein, however, shall release Tenant of the obligation to pay and discharge contested Taxes as finally adjudicated, with interest and penalties, and all other charges directed to be paid in or by any such adjudication. Any such contest or legal proceeding shall be begun by Tenant as permitted by applicable law; provided, however, that Tenant may in its discretion consolidate any proceeding to obtain a reduction in the assessed valuation of the Premises for tax purposes relating to any tax year with any similar proceeding or proceedings relating to one or more other tax years. Notwithstanding anything contained herein to the contrary, Tenant shall pay all such contested items before the time when the Premises or any part thereof might be forfeited as a result of nonpayment.

(d) Landlord shall join in any Tax Contest brought by Tenant under Section 4(c) and hereby agrees that the same may be brought in its name, if the provisions of any law, rule or regulation at the time in effect shall so require. Tenant shall indemnify and save Landlord harmless from any liabilities, losses, or expenses (including reasonable attorney's fees) in connection with any such Tax Contest in which Landlord shall join or permit to be brought in its name pursuant to this Section 4(d).

(e) So long as Tenant is not in default under any term or condition of this Lease beyond any applicable notice and cure period, Tenant shall be entitled to share in any refund of any Taxes on account of any Tax Contest (including any refunded penalties or interest thereon) in an amount in proportion to the percentage that the amount so refunded was originally paid for by Tenant (and Landlord shall be entitled to that portion of the refund that is in proportion to the percentage that the amount so refunded was originally paid by Landlord, any predecessor owner or any third party); provided, however, that there shall first be deducted from

the amount of any such refund such amounts as are necessary to reimburse Tenant (or Landlord, if Landlord was the contesting party pursuant to Section 4(f) below), for the reasonable costs of the particular Tax Contest actually paid by Tenant (or Landlord, if so applicable) in pursuit of the Tax Contest (provided that if any of such costs were paid to a Tenant Affiliate (or Landlord, if so applicable) then those costs shall only be deducted to the extent that they do not exceed what such costs would have been had they been paid to an unaffiliated party on an arm's-length basis).

(f) If Tenant is not entitled to pursue a Tax Contest as set forth in Section 4(c), then Landlord may on its own initiative elect to pursue a Tax Contest without restriction; provided, however that if (i) there are at least two (2) years remaining under the term of this Lease and (ii) Tenant is not in default under this Lease beyond any applicable notice or cure period, then Landlord shall not so commence any such Tax Contest, or agree to any settlement, compromise or other disposition of any such Tax Contest proceedings, or discontinue or withdraw from any such Tax Contest, or accept any refund of any Taxes as a result of any Tax Contest, in each case without the consent of Tenant, which consent (x) Tenant may withhold in Tenant's sole discretion if the Premises are separately assessed for Taxes or (y) Tenant shall not unreasonably withhold or condition if the Premises are not separately assessed for Taxes, provided that, in any event, if Tenant does not notify Landlord in writing within fifteen (15) days of Tenant's receipt of a notice from Landlord requesting Tenant's consent to a Tax Contest (provided that Landlord's request therefor shall include a statement in a conspicuous place and in capital letters to the effect that "FAILURE TO RESPOND TO THIS REQUEST IN FIFTEEN (15) DAYS WILL BE DEEMED CONSENT") then Tenant shall be deemed to have given such consent. Tenant agrees, at no out-of-pocket cost to Tenant, to reasonably cooperate with Landlord, in any such Tax Contest brought by Landlord under this Section 4(f).

5. Use of Premises. Tenant shall have the right to use the Premises for any lawful commercial use. Tenant shall not cause or maintain or authorize any nuisance or commit or suffer the commission of any waste in, on or about the Premises. Tenant acknowledges that Landlord has made no warranty or representation regarding the suitability of the Premises for Tenant's intended use and that, except to the extent the same is the result of the negligence or willful misconduct of Landlord and/or Landlord employees, agents, contractors and/or invitees, Tenant is responsible during the term of this Lease for all activities occurring on the Premises. Subject to the provisions of Section 6, Tenant, at its sole cost and expense, shall comply with and conform to all present and future laws, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations and requirements, even if unforeseen or extraordinary, of every governmental authority or agency and all covenants, restrictions and conditions now of record which may be applicable to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Premises, even if compliance therewith (i) necessitates structural changes or improvements (including changes required to comply with the "American With Disabilities Act") or (ii) requires Tenant to carry insurance other than as required by the provisions of this Lease.

6. Repairs. throughout the term hereof, Tenant shall keep and maintain the Premises (including, without limitation, all Improvements located therein, all Alterations made thereto, and all fixtures installed therein) in good condition and repair and be responsible for all maintenance, repairs and replacements to the Premises, structural and nonstructural, ordinary or

extraordinary, foreseen or unforeseen, including, but not limited to, all structural repairs and replacements to the foundation, exterior and/or load bearing walls, interior and exterior windows, roof, and, mechanical, electrical, plumbing, heating, ventilation and air conditioning and life safety systems (the "Systems") of the Premises, and including without limitation all landscaping, sidewalks, driveways, parking areas and other outdoor facilities or amenities contained in or about the Premises. Tenant shall make all such repairs and replacements as may be necessary to keep and maintain the Premises in a condition consistent with other buildings of similar use, age and construction located in the Lowell, Massachusetts trade area, and shall not defer any repairs, maintenance or replacements in anticipation of the expiration of the term. Tenant shall keep and maintain the Premises in a clean, safe, sanitary and tenantable condition in a manner compatible with its intended use, shall not permit any garbage, waste, refuse or dirt of any kind to accumulate in or about the Premises, shall keep all Systems in good working order and operating condition, shall keep all driveways, parking areas, entrances and pedestrian walkways in a reasonably safe condition (including reasonably free from snow and ice) and shall make any repairs, replacements or improvements which may be required by any laws, rules, regulations, ordinances or orders of any federal, state, local or other governmental authority having jurisdiction over the Premises. Tenant shall not cause deterioration (other than ordinary wear and tear), waste, damage or injury to the Premises. Landlord shall not be required to make any repairs, alterations, maintenance or replacements in or to the Premises.

7. Utilities. Throughout the term hereof, Tenant shall be responsible for and shall promptly pay as and when due all charges for heat, water, gas, electricity, telephone, sanitary sewer and other utilities used or consumed in, on or upon the Premises. Tenant shall at all times keep the Premises sufficiently heated so as to prevent freezing and deterioration thereof and/or of the equipment and facilities contained therein. Tenant shall be responsible for all utility connections.

8. Alterations.

(a) Except for any Tenant Work, which Tenant may complete without the need for Landlord's prior written approval under this Section 8 (but, in any event, subject to all of the other terms of this Lease applicable thereto), Tenant shall not make any alterations, additions or improvements on, to or about the Premises ("Alterations") except in accordance with this Section 8. Except as otherwise expressly set forth in Section 8(b) below, any Alterations shall at once be deemed a part of the realty and belong to Landlord. Subject to the conditions set forth in clauses (A) through (F) of this Section 8(a) below, as applicable, during the term of this Lease, except for any Tenant Work as aforesaid: (i) Tenant shall be permitted to make any interior, non-structural Alterations to the Building ("Permitted Non-Structural Alterations") without the prior written consent of Landlord; (ii) Tenant shall be permitted to make any Alterations to or affecting the interior structural elements or Systems of the Premises or any part thereof and to the extent such interior structural alterations necessitate structural Alterations to the exterior of the Building such changes shall be permitted ("Permitted Structural Alterations") and, together with any Permitted Non-Structural Alterations, "Permitted Alterations") without the prior written consent of Landlord provided that Tenant delivers to Landlord notice thereof at least thirty (30) days in advance of its making such Permitted Structural Alterations which notice shall include copies of Tenant's plans and specifications therefor; and (iii) Tenant shall not make any exterior Alterations that are not Permitted

Alterations or any other Alterations that are not Permitted Alterations (as the case may be, "Other Alterations") without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. During the term of this Lease, Tenant may install on the Premises such trade fixtures and equipment as Tenant deems necessary for its business activities; provided that the installation and use of all such trade fixtures and equipment shall be in compliance with any and all applicable governmental laws, rules, regulations and ordinances and if the installation of any such trade fixtures or equipment would require modification to the structural elements or Systems of the Premises or any part thereof then the same shall be deemed Permitted Structural Alterations. All such Alterations shall be completed in a good and workmanlike manner incorporating materials comparable to that which exist in the affected portions of the Premises and, in any event, in "good condition," and upon completion thereof Tenant shall deliver to Landlord copies of (x) any certificate of occupancy required by any governmental authorities to have been issued therefor and (y) plans and specifications prepared by a certified architect depicting such Alterations as installed. Minor decorations to the Premises, such as moveable partitions, carpeting, painting and wallpapering, shall not constitute Alterations. Notwithstanding anything to the contrary contained herein, all Alterations shall be subject to the following conditions:

- A. Tenant shall pay, or cause to be paid, the entire cost of the Alterations.
- B. With respect to any Permitted Structural Alteration or any Other Alteration that, in Landlord's reasonable judgment, would materially adversely affect the value or the utility of the Premises, Tenant shall, at Landlord's election (a "Restoration Election"), either (as Landlord shall elect in its Restoration Election) (x) restore the affected area to the condition in which it existed prior to such Alteration or (y) otherwise remove the Alteration in a manner that leaves the Premises in a safe and secure, structurally sound, weather-tight and architecturally whole condition and in compliance with applicable law. A Restoration Election may be made at any time up until the later to occur of (i) one (1) year prior to the natural expiration of the term of this Lease or (ii) in the event of any early termination of this Lease within ten (10) days following the later to occur of (A) the date of such early termination or (B) not more than ten (10) days after Tenant shall have afforded Landlord all plans, specifications and other information and access reasonably requested by Landlord. Notwithstanding the foregoing sentence, Tenant may at any time request in writing that Landlord either make or decline to make a Restoration Election with respect to any particular proposed Alterations (prior to Tenant's making the same) and if Tenant makes such request and provides to Landlord all plans, specifications and other information and access reasonably requested by Landlord in order for Landlord to make a reasonably informed decision as to whether to make a Restoration Election then Landlord will, within 30 days after receiving all such

information, inform Tenant in writing as to whether Landlord is making or declining to make such Restoration Election, with Landlord's failure to make such Restoration Election being deemed Landlord's having declined to make the same. If Landlord makes a Restoration Election, Tenant may then elect not to make the proposed Alterations, provided that if Tenant shall thereafter perform the Alterations then Tenant shall perform the restoration or removal work required therefor at its sole cost, which work shall be deemed Alterations to the extent applicable under the terms of this Section 8.

- C. Tenant shall keep the Premises free from and promptly remove any mechanic's liens and indemnify, defend, and hold Landlord harmless from any and all liability or expense of any kind and description (including reasonable attorneys' fees) which may arise out of or be connected in any way with Tenant's Alterations. Any mechanic's lien filed against the Premises or for Alterations or materials furnished to Tenant shall be discharged by Tenant within thirty (30) days of Tenant becoming aware of its filing, at Tenant's sole expense, by payment or filing of a bond satisfactory to Landlord.
- D. Tenant shall hold Landlord harmless from all claims, losses, liabilities, damages, and expenses (including reasonable attorney's fees) resulting from any Alterations.
- E. Tenant shall obtain and pay for all necessary permits and approvals and shall comply with all applicable governmental requirements and insurance rating bureau recommendations, including complying with any rules and regulations related to the handling or removal of asbestos containing materials; and
- F. Tenant or Tenant's contractor shall carry builder's risk insurance covering all Alterations, in form and amounts and with companies satisfactory to Landlord, naming Landlord and Mortgagee (as defined herein), if any, as an additional insured.

(b) Tenant shall remain the owner of all trade fixtures and equipment installed in the Premises, as well as those Alterations and fixtures (such fixtures, as distinguished from "trade fixtures" and "equipment," being herein referred to as "Permanent Fixtures") which are part of Tenant's business operations and functions conducted at the Premises (any such Alterations and Permanent Fixtures being, individually or collectively, "Business Installations"). Tenant shall be entitled to remove Business Installations at any time but at the expiration of the term of this Lease shall be obligated to remove any such Business Installations for which Landlord shall have made a Restoration Election in accordance with clause (B) of Section 8(a), subject to the requirements of Section 18 below. In any event, in connection with any removal of Business Installations Tenant shall (x) restore the affected area to the condition in which it

existed prior to the initial installation thereof or (y) otherwise remove the same in a manner that leaves the Premises in a safe and secure, structurally sound, weather-tight and architecturally whole condition and in compliance with applicable law. Landlord hereby waives any and all rights it may have to any statutory, pre-judgment landlord's lien and/or rights of distraint on the Business Installations, as well as on any of Tenant's trade fixtures, equipment, goods, inventory and other personal property located within the Premises (collectively, "Tenant's Property"). If requested by Tenant's lender holding a lien on Tenant's Property ("Tenant's Lender"), Landlord shall promptly execute and deliver an instrument in form reasonably satisfactory to Tenant's Lender and Landlord, which form shall (i) provide for Landlord's consent to the Lender's lien on any of Tenant's Property ("Collateral"), (ii) provide for Landlord's subordination to the Lender's lien of any right to levy or distraint the Collateral (and confirming Landlord's subordination to the Lender's lien of any statutory lien on the Collateral) and (iii) afford Tenant's Lender the opportunity to enter the Premises in order to remove the Collateral on reasonable terms and conditions (including without limitation, the condition that Tenant's Lender pay Landlord any per diem amounts due under Section 20 hereof with respect to any period of time in which the Collateral remains on the Premises after the termination of this Lease, restore any damage caused by such removal and otherwise remove such collateral in accordance with any requirements of clause (B) of Section 8(a) above or Section 18 below as are applicable to the particular Collateral, and indemnify Landlord from any damage or liability caused to Landlord by such entry and removal activities including reasonable attorneys' fees incurred by Landlord in connection therewith.

9. Insurance and Indemnity.

(a) Liability Insurance. Tenant shall, at Tenant's sole expense, during the entire term hereof, keep in full force and effect a policy of commercial general liability insurance with respect to the Premises, and the business operated by Tenant in the Premises, in which the primary coverage per accident or occurrence is not less than \$1,000,000.00 of primary combined single limit and the umbrella coverage per accident or occurrence is not less than \$15,000,000.00 in the aggregate. Each such policy shall name Landlord and any Mortgagee as an additional insured.

(b) Property Insurance. Tenant shall, at Tenant's sole expense, during the entire term hereof, keep in full force and effect a policy of special form property insurance against fire, vandalism, malicious mischief, and such other hazards as are from time to time included in a ISO Special Form Causes of Loss form or its equivalent, insuring the Premises in an amount equal to the full replacement value of the Improvements (with an agreed amount endorsement, or no coinsurance form), and all Tenant's Property, in an amount equal to the full replacement value thereof.

(c) Contractors' Insurance. At all times when any work is in process in connection with the performance of any Alterations, Tenant shall require all contractors and subcontractors to maintain the following insurance:

- (i) Commercial general liability insurance in the amount of One Million (\$1,000,000.00) Dollars insuring Landlord and Mortgagee, if any, as additional insureds;

- (ii) the insurance required under clause (F) of Section 8(a) above;
- (iii) Worker's Compensation, as required by law; and
- (iv) Automobile liability insurance, including but not limited to, passenger liability, on all owned, non-owned and hired vehicles in connection with the Premises, with a combined single limit per occurrence of not less than One Million Dollars (\$1,000,000.00) for bodily injury and property damage.

(d) Requirements. The policies required under this Article 9 may be furnished by Tenant under any blanket policy carried by it (provided the minimum limits set forth above are applicable to the Premises) or under a separate policy therefor. The insurance shall be with carriers with a Best Insurance rating of "A-" or better and a financial size rating of "VIII" or better and qualified to do business in the Commonwealth of Massachusetts. Certificates of the insurers, on the ACORD standard or equivalent forms, evidencing the maintenance of such insurance policies shall be delivered to Landlord prior to commencement of the term of this Lease and, upon renewals, not less than ten (10) days prior to the expiration of a coverage period. At any time during which Tenant satisfies the Financial Prerequisite, Tenant may self-retain any losses up to a maximum amount determined appropriate by Tenant. At any time after the third (3rd) year of the term of this Lease, any minimum dollar coverage requirements set forth herein shall be subject to increase to levels customarily required by landlords of similar properties in eastern Massachusetts, upon Landlord's election by notice to Tenant therefor given from time to time (but not more than once in any given period of three (3) years). Prior to the last two (2) years of the term of this Lease, Tenant alone will be entitled to adjust any losses and to receive insurance proceeds (provided that Tenant shall keep Landlord reasonably apprised of, and afford Landlord the reasonable opportunity to advise and consult in, but with no approval authority over the adjustment process) but in any event, to the extent necessary, Tenant shall use such proceeds for purposes of complying with any Tenant's repair, restoration and rebuilding obligations hereunder. Notwithstanding the foregoing, if at any time Tenant does not satisfy the Financial Prerequisite then such proceeds shall not be received by Tenant but, rather, shall be paid to the first priority Mortgagee or, if there is no Mortgagee, a bank, trust company or institutional escrow agent reasonably satisfactory to the parties, to be disbursed for the foregoing purposes on terms and conditions reasonably required by Landlord or the first priority Mortgagee (which may include, without limitation, those that an institutional construction lender would customarily and reasonably require for disbursement of construction loan proceeds). During the last two (2) years of the term of this Lease, Landlord alone will be entitled to adjust any losses and to receive insurance proceeds (provided that Landlord shall keep Tenant reasonably apprised of, and afford Tenant the reasonable opportunity to advise and consult in, but with no approval authority over the adjustment process) but in any event Landlord shall make such proceeds timely available to Tenant for purposes of Tenant's complying with its repair, restoration and rebuilding obligations hereunder on terms and conditions reasonably imposed by Landlord or any first priority Mortgagee (which may include, without limitation, those that an institutional construction lender would customarily and reasonably require for disbursement of construction loan proceeds).

(e) Tenant's Indemnity. Tenant shall defend, indemnify and save Landlord harmless against and from any and all claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees), arising out of (a) Tenant's use or occupancy of the Premises or the occurrence of any nuisance on the Property, (b) the conduct or management of the business conducted by Tenant or any subtenant or other occupant in the Premises, (c) any breach or default on the part of the Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to the terms of this Lease, and (d) any act or negligence of Tenant, its agents, contractors, servants, guests, employees, subtenants, concessionaires or licensees on or in the Premises or its appurtenances. In case any action or proceeding is brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, shall defend such action or proceeding which is brought against Landlord by reason of any such claim. Tenant, upon notice from Landlord, covenants to defend such action or proceeding by counsel reasonably satisfactory to Landlord, provided that Landlord hereby approves any such counsel reasonably appointed by Tenant's insurance company.

(f) Subrogation. Tenant and Landlord hereby release each other and its or their respective officers, directors, employees and agents from any and all liability or responsibility (or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage to property covered by insurance required maintained by the said party and shall maintain insurance policies requiring such release.

(g) Landlord's Indemnity. Landlord shall defend, indemnify and save Tenant harmless from and against any and all claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of (a) any breach or default on the part of the Landlord in the performance of any covenant or agreement on the part of the Landlord to be performed pursuant to the terms of this Lease, and (b) any negligence of Landlord, its agents, contractors, servants, guests, employees, tenants (other than Tenant), concessionaires or licensees on or about the Premises. In case any action or proceeding is brought against Tenant by reason of any such claim, Landlord, upon notice from Tenant, shall defend such action or proceeding which is brought against Tenant by reason of any such claim. Landlord, upon notice from Tenant, covenants to defend such action or proceeding by counsel reasonably satisfactory to Tenant, provided that Tenant hereby approves any such counsel reasonably appointed by Landlord's insurance company.

10. Damage or Destruction.

(a) If during the term of this Lease the Premises, or any portion thereof, are destroyed or damaged by fire, explosion, or any other event whatsoever (a "casualty"), then Tenant shall, as soon as practicable (after receipt of insurance proceeds, but only if and to the extent that (i) Tenant shall have been required hereunder to insure the same, (ii) Tenant shall have in fact maintained such insurance as required hereunder and (iii) Tenant shall have proceeded to adjust the insured loss diligently and in good faith), repair, restore, and rebuild the Premises to a condition substantially equivalent to that existing prior to such casualty, and shall do so each time and as often as any portion of the Premises shall be destroyed or damaged, regardless of whether such casualty is covered by any insurance policy maintained by Tenant. Except as expressly provided in Section 10(b), below, no damage or destruction of any building or any of the fixtures or other property therein shall be grounds for the termination of this Lease

or relieve the Tenant from any obligation created or imposed by virtue of this Lease; any laws of the state in which the Premises is located to the contrary notwithstanding, including, but without limiting the generality of the foregoing, Tenant's obligation to make payment of the rent and all other charges on the part of the Tenant to be paid, and the Tenant's obligation to perform all other covenants and agreements on the part of the Tenant to be performed.

(b) Notwithstanding anything contained in this Lease to the contrary, if Improvements, the replacement value of which shall exceed 50% or more of the replacement value of all Improvements at the Premises are damaged or destroyed by fire or other casualty during the last two (2) years of the term hereof and if, in Tenant's reasonable opinion supported by the written opinion of third party experts ("Third Party Reports"), it will reasonably take more than 270 days from the date of adjustment of the loss with the insurance carrier to restore the Improvements to their condition immediately prior to such casualty, then Landlord and Tenant each shall have the right to terminate this Lease by giving the other party written notice of such termination within ninety (90) days after the date of such damage or destruction, specifying a termination date of a least one hundred twenty (120) days after the date of such notice of termination. Notwithstanding anything to the contrary contained herein, Tenant's termination right under this Section IO(b) is expressly conditioned on Tenant's giving Landlord notice, within thirty (30) days of the casualty, that Tenant intends on producing the Third Party Report and in fact produces the Third Party Report within sixty (60) days of the fire or other casualty. If this Lease is terminated as aforesaid, Tenant shall pay or cause to be paid to Landlord on or prior to the date of termination, insurance proceeds or a direct payment from Tenant or any combination of the two, in an aggregate amount equal to (i) the proceeds of all insurance maintained by Tenant hereunder covering such loss plus (ii) any deductible or other self-retained amount covering such loss, plus (iii) any remaining amount necessary so that Landlord shall have received in full the reasonably estimated cost to repair, restore and rebuild the Improvements to their condition immediately prior to such casualty. Upon such payment and termination, Tenant shall have no further liability to Landlord except for any terms and conditions that expressly survive the termination of this Lease.

11. Public Taking.

(a) If all or substantially all of the Premises shall be sold to or taken by any public authority under its power of condemnation or the threat thereof, this Lease shall terminate as of the date possession shall be transferred to the acquiring authority, and the rental payable hereunder shall be apportioned accordingly. Upon any taking of less than substantially all of the Premises, this Lease shall continue in force as to the part of the Premises not taken. In the event of any such partial taking, Tenant, at Tenant's sole cost except as otherwise provided herein, shall, upon the availability of the funds therefor to Tenant as hereinafter provided (and subject to the effect of such taking), diligently rebuild or restore the remainder of the Premises to the condition in which they existed at the time of such taking. Except as herein specifically provided otherwise, all damages awarded by or amounts paid by the acquiring authority for any such taking, whether for the whole or a part of the Premises, shall belong to and be the property of Landlord; provided that Tenant shall have the right to make its separate claim for compensation for any loss or damage it suffers to its trade fixtures and for statutory relocation expenses. In the event of a partial taking any proceeds received by Landlord shall first be applied to reimburse Tenant for the costs of rebuilding or restoring the Premises to its condition at the time of taking

(subject to the effect of such taking) on reasonable terms and conditions (which may include, without limitation, those that an institutional construction lender would customarily and reasonably require for disbursement of construction loan proceeds). Notwithstanding the foregoing, Tenant shall not be required to complete any restoration under this Section 11 the cost of which exceeds the funds made available to Tenant therefor as provided hereunder.

(b) Notwithstanding anything contained in this Lease to the contrary, (i) if more than fifty percent (50%) of the gross building floor area of the Premises are taken during the last year of the term of this Lease, or (ii) such lesser amount that would prevent the Tenant from operating the Tenant's business as operated in the ordinary course prior to such taking, or (iii) if access is taken such that the Premises no longer have reasonable vehicular and/or pedestrian access, or (iv) if the parking areas of the Premises are taken such that the remaining available parking does not meet the legal requirements therefor, then in any such event or events, Landlord and Tenant each shall have the right to terminate this Lease by giving to the other written notice of such termination within thirty (30) days after the date of such taking, specifying a termination date of at least sixty (60) days and not more than ninety (90) days after the date of notice of termination. Failure to give notice of termination within such thirty (30) day period shall be deemed to be a waiver of such right of termination. Notwithstanding the foregoing, a termination right made under clause (iv) hereof shall only be effective after Landlord has been given a reasonable opportunity (not to exceed sixty (60) days after the date of such taking) to replicate the parking at an offsite location reasonably acceptable to Tenant in Tenant's business judgment.

(c) In the event of a condemnation which does not result in a termination of this Lease then in that event the Base Rent payable hereunder and any other item in this Lease which is based upon the relative size of the Premises (including but not limited to the size of the Leased Parcel and the Improvements) shall be adjusted and decreased on a pro rata basis from and after the date of taking.

12. Assignment and Subletting.

(a) Except as otherwise expressly provided herein, Tenant shall have no right to assign or transfer this Lease, sublet all or any part of the Premises, grant a mortgage on Tenant's leasehold interest under this Lease or otherwise hypothecate any interest of Tenant hereunder, or grant a license or other use or occupancy right to any other person or entity to use all or any part of the Premises, whether voluntarily, involuntarily or by operation of law or whether directly or indirectly (any of the foregoing being a "Transfer"), in each case without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Tenant may engage in any of the following transactions (each, a "Permitted Transfer") without the consent of the Landlord: (i) the sublease or assignment of Tenant's interest under this Lease (the "Tenant Interest") to any Tenant Affiliate; (ii) a sublease or assignment to any entity in connection with a public offering of stock by Tenant; or (iii) a transaction pursuant to which Tenant is merged or consolidated with any other entity or pursuant to which all or substantially all of Tenant's assets (including, without limitation, the Tenant Interest) are sold or transferred as a "going concern" and in a single transaction; provided, however, that in any such case (A) the Transfer shall be made in good faith and for a legitimate business purpose other than circumventing the restrictions on Transfer

otherwise applicable under this Section 12, (B) except in the case of a Transfer under clause (i) immediately above, either (x) at the time of the proposed Transfer, each of Tenant and any applicable proposed transferee satisfy the Financial Prerequisite or (y) immediately following the Transfer the entity comprising Tenant shall have a Tangible Net Worth at least equal to that of Tenant as of the Effective Date (the "Original Net Worth") provided that commencing on the first day after the conclusion of the first twelve (12) full calendar months of the term, and then continuing annually thereafter on the one (1) year anniversary of such date, the Original Net Worth shall be deemed increased by 1.75% above the Original Net Worth in effect for the previous year, (C) Tenant shall have given Landlord at least fifteen (15) days' prior written notice of any intended Permitted Transfer (which notice shall contain information reasonably necessary for Landlord to conclude that Tenant's intended transaction qualifies as a Permitted Transfer), and (D) the Permitted Transfer shall be subject to all of the other terms and conditions of this Lease. For the purposes of this Lease, the entering into of any management agreement or any agreement in the nature thereof transferring control of the business operations of Tenant in the Premises as well as any substantial percentage of the profits and losses thereof to a person or entity other than Tenant, or otherwise having substantially the same effect, shall be treated for all purposes as a Transfer of this Lease and shall be governed by the provisions of this Section 12. As used herein:

"Financial Prerequisite" shall mean and be deemed to be satisfied with respect to any applicable Tenant Entity (as defined herein) if, at the applicable time (as the context shall provide for hereunder), the Tenant Entity is a US domiciled corporation for which either (i) the corporation's common stock is traded on a US public securities exchange or (ii) the corporation's Tangible Net Worth is at least two billion dollars (\$2,000,000,000.00) (the "Minimum Net Worth"), provided that commencing on the first day after the conclusion of the first twelve (12) full calendar months of the term, and then continuing annually thereafter on the one (1) year anniversary of such date, the Minimum Net Worth shall be increased by 1.75% above the previous year's Minimum Net Worth;

"Tangible Net Worth" shall mean, with respect to any Tenant Entity, the excess of the Tenant Entity's total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied ("GAAP"), but excluding, however, from the determination of total assets all assets that would be classified as intangible assets under GAAP (including without limitation goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises);

"Tenant Affiliate" shall mean any entity which controls, is controlled by, or is under common control with Tenant; and

"Tenant Entity" shall mean the holder of the Tenant's interest under this Lease at any given time (or, in the context specifically provided for in Section 12(a), its transferee).

(b) In the event Tenant desires to enter into a Transfer which requires Landlord's consent, Tenant shall notify Landlord in writing at least thirty (30) days in advance of the proposed effective date of Transfer (the "First Request") of Tenant's intent to so Transfer, the proposed effective date of such Transfer and the terms and conditions of the Transfer including all rent and other consideration to be paid by the proposed transferee ("Transfer Information"),

and shall request in such notification that Landlord consent thereto. Landlord shall respond to the First Request within ten (10) business days of its receipt thereof (including its receipt of all Transfer Information required to be included therein). If Landlord denies the First Request the response shall set forth the reasons therefor, which may include, in Landlord's sole discretion, a request for additional reasonable Transfer Information. If Landlord responds to the First Request by denying its consent or if Landlord fails to timely respond to the First Request, Tenant may send Landlord an additional request (the "Second Request"), which Second Request shall contain any and all additional reasonable Transfer Information requested by Landlord pursuant to its response to the First Request. Failure of Landlord to respond to the Second Request within ten (10) business days of Landlord's receipt thereof shall constitute approval of the Second Request. In any event, upon request, Tenant shall promptly provide Landlord with all additional information relating to any proposed Transfer as may be reasonably requested by Landlord. If Landlord consents in writing to a Transfer, such consent shall be deemed conditioned upon Tenant's compliance with the provisions of Section 12(c) below within ninety (90) days of Landlord's consent (or any shorter period as may be applicable as set forth in Section 12(c)) and the failure to so comply in a timely manner shall be deemed to give Landlord reasonable cause for withholding or withdrawing its consent.

(c) (i) Except for a Permitted Transfer, the Transfer must be, in the case of a sublease, a commercially leasable space and, in the case of an assignment, a transfer to the transferee of all of Tenant's rights in and interests under this Lease.

(ii) At the time of such Transfer, this Lease must be in full force and effect without any Event of Default existing.

(iii) The transferee shall unconditionally assume in the case of an assignment, by written recordable instrument, the due performance of all of the obligations of the Tenant under this Lease, including any accrued obligations at the time of the assignment.

(iv) A copy of the Transfer instrument and the original assumption agreement under clause (iii) above fully executed and acknowledged by the transferee, shall be delivered to Landlord within ten (10) days from the effective date of such Transfer.

(v) Such Transfer shall be upon and subject to all the provisions, terms, covenants and conditions of this Lease including but without limitation all use restrictions and restrictions on Transfer hereunder and Tenant (and any transferees of this Lease or guarantors of Tenant's obligations hereunder) shall continue to be and remain primarily and unconditionally liable hereunder.

(vi) Except for a Permitted Transfer, Tenant shall, within ten (10) days of Landlord's billing Tenant therefor, reimburse Landlord for Landlord's reasonable attorneys' fees for examination of and/or preparation of any documents in connection with such assignment or subletting not in excess of \$3,000.00 (the "Transfer Fee") in connection with any single assignment or subletting request, provided that commencing on the first day after the conclusion of the first twelve (12) full calendar months of the term, and then continuing annually

thereafter on the one (1) year anniversary of such date, the Transfer Fee shall be increased by 1.75% above the previous year's Transfer Fee.

(d) In the case of any assignment or sublet requiring Landlord's consent as set forth above, Tenant will pay to Landlord, within thirty (30) days following Tenant's receipt thereof, 50% of:

(i) in the case of an assignment, (A) all consideration paid to and received by Tenant by the assignee with respect to the value of the leasehold and leasehold improvements in excess of the unamortized cost thereof (but not including any value attributable to Tenant's furniture, trade fixtures, equipment, inventory, other personal property, or for good will or other intangible assets), less (B) all costs actually paid by Tenant in order to consummate such assignment, including but not limited to free rent, brokerage fees, improvement costs, moving costs and attorneys' fees (provided that if any of such costs were paid to an affiliate of Tenant then those costs shall only be deducted to the extent that they do not exceed what such costs would have been had they been paid to an unaffiliated party on an arm's-length basis); and

(ii) in the case of a sublease, (A) all rents, additional charges or other consideration received by Tenant during the term of the sublease, plus (B) any consideration received by Tenant for leasehold improvements in excess of their unamortized cost (but not including any value attributable to Tenant's furniture, trade fixtures, equipment, inventory, other personal property, or for good will or other intangible assets), less (C) the sum of all Base Rent and additional rent thereafter incurred by Tenant under this Lease (or a pro rata portion thereof in connection with a partial sublet, to the extent allowed by Landlord), and less (D) all costs actually paid by Tenant in order to consummate such sublet, including but not limited to brokerage fees, free rent, improvement costs, moving costs and attorneys' fees (provided that if any of such costs were paid to a Tenant Affiliate then those costs shall only be deducted to the extent that they do not exceed what such costs would have been had they been paid to an unaffiliated party on an arm's-length basis).

(e) Any purported Transfer made without full compliance with the provisions of this Section 12 shall, at Landlord's election, be void and shall confer no rights upon any third person. If without conformance to the above process this Lease or the Premises or any part thereof shall be transferred or the Premises occupied by anybody other than Tenant, Landlord may collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the Base Rent and additional rent herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of the foregoing covenant, or an acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from full performance hereunder. Except as otherwise expressly provided in Section 12(g), Tenant shall remain primarily liable for all of the obligations of the Tenant hereunder notwithstanding any assignment by Tenant of any of its rights or interests hereunder. Each assignee shall be subject to all of the terms and conditions of this Lease, including all restrictions on Transfer. Each sublease shall be subordinate to the terms and conditions of this Lease, and any Transfer or attempted Transfer by any subtenant with respect to its right, title or interest under the sublease shall be deemed a Transfer or attempted Transfer under this Lease. No act or conduct by the Landlord other than its express written consent shall constitute its consent or waiver of its

consent rights with respect to a particular Transfer. No Transfer or consent to Transfer will operate to waive Landlord's rights with respect to any future Transfer.

(f) Notwithstanding anything in this Lease to the contrary, Tenant may from time to time, subject to all of the provisions of the Lease, permit portions of the Premises to be used under so-called "desk sharing" arrangements by Tenant Related Parties (each such desk or office space user, a "Desk Space User"); provided, that (A) each Desk Space User shall use the Premises in accordance with all of the provisions of this Lease, and only for the use expressly permitted pursuant to this Lease, (B) in no event shall the use of any portion of the Premises by a Desk Space User create or be deemed to create any right, title or interest of such Desk Space User in any portion of the Premises or under this Lease or any other tenancy or occupancy rights whatsoever, (C) such "desk sharing" arrangement shall terminate automatically upon the termination of the Lease, and (D) Tenant shall receive no rent or other payment or consideration for the use of any space in the Premises by any Desk Space User in excess of an allocable share of the rent payable by Tenant under the Lease. As used herein, "Tenant Related Party" shall mean any persons or entities with whom Tenant has an ongoing business relationship other than as tenants or occupants of the Premises (such as, by way of example, Tenant's auditors, Tenant's clients and Tenant's joint venturers).

(g) Any assignment of this Lease made by Tenant with the consent of Landlord and otherwise in compliance with the requirements of this Section 12 shall act to automatically relieve Tenant of any further responsibility to Landlord pursuant to this Lease from and after the effective date of such assignment; provided, however, that (i) at least ten (10) full years of term have occurred and (ii) Tenant provides Landlord with reasonable evidence demonstrating that the assignee Tenant Entity meets the Financial Prerequisite at the time of the proposed assignment.

13. Subordination, Non-Disturbance and Attornment. Tenant agrees that this Lease is and shall be and remain subordinate to the interests of any holder (a "Mortgagee") of any present or future mortgage, deed of trust, ground lease or master lease upon all or any part of the Premises (each, a "Superior Instrument"), irrespective of the time of execution or time of recording of any such Superior Instrument, and to all renewals, extensions thereof, modifications or amendments thereto or advances thereunder, as applicable. Upon the request of Landlord or any Mortgagee, Tenant shall enter into an attornment agreement with such Mortgagee in the customary form reasonably required by such Mortgagee. Notwithstanding the foregoing, Tenant's subordination to any Superior Instrument shall not be effective until such time as Tenant and the Mortgagee shall have entered in a Subordination, Non-Disturbance and Attornment Agreement in the form of EXHIBIT C, annexed hereto and made a part hereof or in another reasonable and customary form (an "SNDA"). Notwithstanding the foregoing or anything to the contrary contained herein, at the request in writing of any Mortgagee, this Lease shall be deemed superior to its Superior Instrument, whether this Lease was executed before or after such Superior Instrument, and Tenant shall execute such documents in recordable form as the Mortgagee shall request. Notwithstanding the foregoing, on the Commencement Date, Landlord shall deliver to Tenant an SNDA executed by any Mortgagee at the time thereof.

14. Default.

(a) Default/Remedies. If (a) default be made in the payment of Base Rent or any additional rent payable hereunder by Tenant, and such default shall continue for ten (10) days after written notice of default is delivered to Tenant in accordance with Section 17, or (b) default be made in any of the other covenants or conditions herein contained on the part of Tenant and such default shall continue for thirty (30) days after written notice thereof shall have been given to Tenant in accordance with Section 17 (except that such thirty (30) day period shall be automatically extended for such additional period of time as is reasonably necessary to cure such default if such default cannot be cured within such first 30 day period and provided Tenant commences the process of curing such default within said first 30 day period and continuously and diligently pursues such cure to completion), or (c) except as otherwise permitted by this Lease, a Transfer is made without the prior written consent of Landlord, or (d) Tenant shall become insolvent or bankrupt or make an assignment for the benefit of creditors, or (e) a receiver or trustee of Tenant's or guarantor's property shall be appointed and such receiver or trustee, as the case may be, shall not be discharged within 90 days after such appointment, or (f) Tenant shall be dissolved or liquidated or proceedings shall have been commenced to dissolve or liquidate, or (g) Tenant shall abandon the Premises and cease to pay rent, or (h) any of the insurance required to be maintained under Section 9 shall not be in force and effect, the occurrence of any such event in the forgoing clauses (a) through (h) being an "Event of Default," then, in any such case, Landlord may, upon ten (10) days prior notice to Tenant, terminate Tenant's tenancy and recover possession of and reenter the Premises without accepting a surrender of the Premises or affecting Tenant's liability for past rent and other charges due or future rent and other charges to accrue hereunder. In the event of any such default, Landlord shall be entitled to recover from Tenant, in addition to rent and additional rent, all other damages sustained by Landlord proximately caused by the breach of this Lease, including, but not limited to, the costs, expenses and reasonable attorney fees incurred by Landlord in enforcing the terms and provisions hereof and in reentering and recovering possession of the Premises and for the cost of repairs, alterations and brokerage and reasonable attorney fees connected with the reletting of the Premises. As an alternative, at the election of Landlord, Landlord shall have the right to accept a surrender of the Premises (without the need for any affirmative act or acquiescence by Tenant), without any further rights or obligations on the part of Landlord or Tenant (other than Tenant's obligation for rent and other charges due and owing through the date of acceptance of surrender), so that Landlord may relet the Premises without any right on the part of Tenant to any credit or payment resulting from any reletting of the Premises. Alternatively, at the option of the Landlord, in the event Tenant's tenancy is so terminated, Landlord may recover forthwith against Tenant as damages for loss of the bargain and not as a penalty an aggregate sum, which at the time of such termination of Tenant's tenancy, represents the amount of the excess, if any, of the value of the whole balance of Base Rent, charges and all other sums payable hereunder for the entire balance of the term of this Lease herein reserved or agreed to be paid by Tenant, over the then current fair market rental value of the Premises, such difference to be discounted to present value at a rate equal to two (2) points above the Federal Reserve Bank's discount rate then in effect. In case of a default under this Lease, Landlord may, in addition to terminating Tenant's tenancy and/or accepting a surrender, or in lieu thereof, pursue such other legal or equitable remedy or combination of remedies and recover such other damages for breach of tenancy and/or contract as available at law or otherwise. All of the remedies available to Landlord under this Lease shall be cumulative and may be exercised by Landlord in any order or combination that Landlord shall require.

(b) Landlord's Right to Cure. All covenants and agreements to be performed by the Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent. If the Tenant shall fail to pay any sum of money required to be paid by it hereunder, other than rent, or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for 30 days after notice thereof by the Landlord, the Landlord may, but shall not be obligated to, cure such default, without waiving or releasing the Tenant from any other default by Tenant under this Lease. All sums so paid by the Landlord and all necessary incidental costs (including reasonable attorney's fees) incurred by Landlord in enforcing any of the terms, covenants or conditions of this Lease, or curing any default or in suing for or obtaining relief by reason of a breach thereof, together with interest on all of the foregoing at the rate set forth below from the date of payment or incurring by the Landlord, shall be payable as additional rent to the Landlord on demand. Landlord shall have, in addition to any other right or remedy of the Landlord, the same rights and remedies in the event of the nonpayment thereof by the Tenant as in the case of default by the Tenant in the payment of rent.

(c) Waivers. A waiver by Landlord or by Tenant of a breach or default by the other party under the terms and conditions of this Lease shall not be construed to be a waiver of any subsequent breach or default nor of any other term or condition of this Lease, and the failure of the non-defaulting party to assert any breach or to declare a default by the defaulting party shall not be construed to constitute a waiver thereof so long as such breach or default continues unremedied. No breach of a covenant or condition of this Lease shall be deemed to have been waived by Landlord and/or Tenant, unless such waiver be in writing signed by the waiving party.

(d) Landlord's Default. Landlord shall not be deemed to be in default hereunder unless such default shall remain uncured for more than thirty (30) days following written notice from Tenant specifying the nature of such default, or such longer period as may be reasonably required to correct such default. In no event whatsoever shall Landlord be liable hereunder for any consequential, special punitive or any indirect damages notwithstanding anything to the contrary set forth in this Lease. In the event Landlord defaults under the terms of this Lease Tenant may, subject to the express terms of this Lease, exercise any right or remedy available to Tenant at law or in equity on account thereof.

(e) Limit on Tenant Liability. In no event shall Tenant be liable for any indirect or consequential damages of Landlord or any other party as a result of any event of default hereunder or for any other action or inaction of the Tenant in connection with this Lease. In no event shall the members, managers, officers, directors, agents, partners, principals, employees and/or shareholders of Tenant have any liability whatsoever for any damages and/or liability under this Lease and the Landlord will look solely to the Tenant for the recovery of any damages or otherwise under any terms, covenants or conditions contained in this Lease. Landlord hereby waives any statutory or common law lien or right of distraint against any and all of Tenant's customer files and business records.

15. Costs and Attorney Fees. Should either party hereto commence any legal action (excepting any Arbitration, as defined herein) against the other to enforce any obligation under this Lease, the prevailing party (as determined in such action) shall be entitled to recover from

the non-prevailing party reasonable attorneys' fees, costs and expenses incurred in contesting such dispute.

16. Interest. Any amount due from Landlord or Tenant to the other hereunder which is not paid when due, or with respect to any other amount for which this Lease specifically calls for the payment of interest, shall bear interest at an annual rate equal to 4% per annum in excess of the prime rate of interest published from time to time in the Wall Street Journal-Eastern Edition (but in no event shall such rate of interest exceed the maximum rate of interest permitted to be charged by law) from the date due until paid, compounded monthly, but the payment of such interest shall not excuse or cure any default by Landlord or Tenant under this Lease.

17. Notices. All notices and demands by any party to any other shall be given in writing and either personally served or sent by a nationally recognized overnight courier, requiring proof of delivery, or by United States certified mail, postage prepaid, return receipt requested, and addressed as follows:

To Landlord:

█ - - - - -
c/o Calare Properties, Inc.
43 Broad Street
Hudson, MA 01749
Attn: - - - - -

E-mail: - - - - -

with a copy to:

Brown Rudnick LLP
One Financial Center
Boston, MA 02111
Attention: Nathaniel H. Amendola, Esq. &
Thomas J. Phillips, Esq.
Telephone: (617) 856-8574 (Amendola);
(617) 856-8383 (Phillips)
Email: namendola@brownrudnick.com;
tphillips@brownrudnick.com

To Tenant:

MACOM Technology Solutions Holdings Inc.
100 Chelmsford Street
Lowell, MA 01851
Attention: Wayne Goddard, Director of
Facilities
Telephone: (978) 656-2993
Email: Wayne.Goddard@macom.com

with a copy to:

MACOM Technology Solutions Holdings Inc.
100 Chelmsford Street
Lowell, MA 01851
Attention: J. Rame, Sr. Corporate Attorney
Telephone: (978) 656-2656
Email: james.rame@macom.com

ScarinciHollenbeck
1100 Valley Brook Avenue
Lyndhurst, NJ 07071
Attention: Victor E. Kinon, Esq.
Telephone: (201) 896-4100
Email: vkinon@sh-law.com

Any party may, upon prior notice to the others, specify a different address for the giving of notice. Notices shall be effective on the date of personal service or one day after sending if sent by overnight courier or two (2) Business Days after sending if sent by certified mail, return receipt requested. As used herein, "Business Day" shall mean any day other than a Saturday, Sunday or holiday recognized by banks in Massachusetts. Either party (a "receiving party") may herein, or by notice to the other party (a "sending party"), request that "courtesy copies" of any notice given by the sending party to the receiving party ("courtesy copies") also be sent to the receiving party by email at the email addresses provided for herein (or at a future email address as shall be designated by notice given in accordance with this Section 17). In the event of such a request, the sending party shall endeavor to send courtesy copies as so requested; provided, however, that under no circumstances hereunder shall any notice be deemed ineffective, nor shall the sending party have any liability to the receiving party, on account of the sending party's failure to send (for whatever reason) or the receiving party's failure to receive (for whatever reason), any courtesy copies, notwithstanding anything to the contrary contained herein. Notice by telephone shall not suffice as a means for giving notice hereunder, the provision of any telephone numbers hereinabove being for the parties' convenience only.

18. Termination. Upon the termination of this Lease, by expiration or otherwise, Tenant shall surrender the Premises, including without limitation (i) all Improvements located therein (except as otherwise expressly provided in clause (ii) below) and (ii) all Alterations made thereto and Permanent Fixtures installed therein (except for any Business Installations removed in accordance with Section 8(b)), to Landlord in vacant condition, free from all tenants and occupants, broom clean, free of all trash and debris and otherwise in the same good order, condition and repair in which Tenant is obligated to keep, repair, and maintain the Premises throughout the term, excepting only ordinary wear and tear and damage from casualty or condemnation that Tenant is not responsible for the repair or restoration of to the extent (if any) expressly provided hereunder. All moveable furnishings, trade fixtures and other equipment and personal property owned by Tenant, whether or not attached to the Improvements, shall be removed from the Premises by Tenant, at Tenant's sole expense, by no later than the date of termination, and Tenant shall repair any and all damage caused by such removal. In the event Tenant fails so to remove any thereof or fails to repair any such damage to the Premises or the Property, or in the event that Tenant fails to perform any restoration or removal as may be required under clause (B) of Section 8(a) above, Landlord may do so and Tenant shall reimburse Landlord for the cost of such restoration, removal and repair upon demand. In any event, any trade fixtures, equipment, furniture and other personal property of Tenant which remain in the Premises following the expiration or earlier termination of the term, at the Landlord's option, shall be deemed abandoned by Tenant and may thereafter be removed and stored at the cost of the Tenant or retained as the property of the Landlord or sold or otherwise disposed of by the

Landlord, in any such case without any liability to or recourse by the Tenant or anyone claiming by, through or under the Tenant.

19. Quiet Enjoyment. So long as Tenant shall duly and punctually perform and observe all of its obligations under this Lease, Tenant shall peaceably and quietly enjoy the Premises free from hindrance by Landlord or any party claiming by, through or under Landlord, subject, however, to zoning laws and ordinances, all matters set forth in **EXHIBIT D** attached hereto (the "Permitted Encumbrances"), the REA (as defined herein) and any Project Documents (as defined herein).

20. Holding Over. If Tenant remains in the Premises beyond the expiration of the term of this Lease or the earlier termination thereof (as the case may be, "Lease Termination"), such holding over shall not be deemed to create any tenancy at will, but Tenant shall be a tenant at sufferance only, subject to all of Tenant's obligations set forth herein except that Base Rent shall be payable for Tenant's use and occupancy at a daily rate as follows: (i) for first 60 days following Lease Termination, one hundred fifty percent (150%) of the Base Rent otherwise provided for herein; (ii) for the 61st day through the 120th day following Lease Termination, one hundred seventy five percent (175%) of the Base Rent otherwise provided for herein; and (iii) from and after the 121st day following Lease Termination, two hundred percent (200%) of the Base Rent otherwise provided for herein. The acceptance of a purported rent check following termination shall not constitute the creation of a tenancy at will, it being agreed that Tenant's status shall remain that of a tenant at sufferance, at the aforesaid daily rate. Any reference in this Lease to Tenant's obligations continuing during the period of any holdover shall not be deemed to grant Tenant the right to a holdover or imply Landlord's consent to any such holdover. In addition, should Tenant remain in the Premises as a holdover Tenant in excess of sixty (60) days beyond Lease Termination, Tenant shall indemnify Landlord for, from, and against all costs, claims, liabilities and damages arising from or in any manner related to any such holdover including, without limitation, damages payable to the subsequent tenant or related to the loss of a tenant, notwithstanding anything to the contrary set forth elsewhere in this Lease.

21. Right of Entry. Landlord shall at all times, upon not less than 24 hours advance notice (except in the case of emergencies) and with due regard for Tenant's reasonable security concerns, have the right during Tenant's regular business hours to re-enter the Premises to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, investors, mortgagees or (during the last two (2) years of the term) tenants and to post notices of non-responsibility provided that (i) such entry does not interfere with Tenant's business operations in the Premises, (ii) no repair, alterations or improvements shall reduce the size of the Premises other than in a de minimis fashion, and (iii) Landlord shall be responsible for any injury or damage occasioned to the Premises during such entry due to Landlord's and/or Landlord's employees, agents and/or contractors negligence or willful misconduct.

22. Estoppel Certificates. Landlord and Tenant each agree that at any time and from time to time upon not less than fifteen (15) days prior request of the other party, the party of whom the request is made shall execute, acknowledge and deliver to the requesting party a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, specifying the same), (b) the dates to which the rent and other

charges have been paid, (c) that to the knowledge of the party supplying the certificate the other party is not in default under any provisions to this Lease (or if such party knows of any such default, specifying the same) and (d) such other matters as the requesting party or such party's mortgagee shall reasonably request; it being intended that any such statement may conclusively be relied upon by Landlord (if requested by Landlord), Tenant (if requested by Tenant), any person proposing to acquire Tenant's or Landlord's interest in this Lease or any prospective mortgagee of or assignee of any mortgage upon Landlord's interest, as applicable. Any such certification shall be deemed to have been given for good and valuable consideration whether so stated or not.

23. Non-Liability of Landlord. Except to the extent occasioned by the negligence or willful misconduct of Landlord and/or Landlord's employees, agents, owners, contractors, managers, directors and/or licensees (each, a "Landlord Party"), but in all such cases subject to the provisions of Section 9(f), Landlord shall not be liable to Tenant, and Tenant hereby waives all claims against Landlord, for any injury or damage to any person or property in or about the Premises resulting from the Premises, or any part thereof or any equipment thereof, becoming out of repair; flooding of basements or other areas; damages caused by sprinkling devices, air conditioning apparatus, snow, frost, water leakage, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise or the bursting or leaking of pipes or plumbing fixtures; any act or neglect of other tenants or occupants or employees in the Premises; or any other thing or circumstance whatsoever concerning the Premises, whether of a like nature or of a wholly different nature, to the fullest extent permitted by applicable law. All property in or about the Premises belonging to Tenant, its agents, employees or invitees shall be there at the risk of Tenant or other person only, and Landlord shall not be liable for damage thereto or theft, misappropriation or loss thereof unless caused by the negligence or willful misconduct of Landlord (but in all cases subject to the provisions of Section 9(f)). If Landlord shall fail to perform any covenant or condition of this Lease upon Landlord's part to be performed and, as a consequence of such default, Tenant shall recover a money judgment against Landlord, then such judgment shall be satisfied only out of the right, title and interest of Landlord in the Premises and out of rents or other income, insurance proceeds, condemnation proceeds, financing or refinancing and/or sale proceeds from the Premises receivable by Landlord and Landlord shall not be personally liable for any deficiency. In no event shall the members, managers, officers, directors, agents, partners, principals, employees and/or shareholders of Landlord have any liability whatsoever for any damages and/or liability under this Lease and, subject to all limitations on Landlord's liability contained herein, Tenant will look solely to Landlord for the recovery of any damages or otherwise under any terms, covenants or conditions contained in this Lease.

24. Transfer by Landlord. In the event of a sale or conveyance by Landlord of the Premises, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions herein contained which accrue after the date of transfer, and in such event Tenant agrees to look solely to the successor in interest of Landlord in and to this Lease, provided, further, that the transferee expressly agrees in writing to assume the Landlord's obligations under this Lease. This Lease shall not be affected by any such sale or conveyance, and Tenant agrees to attorn to the successor in interest of Landlord in and to this Lease, which successor in interest shall be obligated on this Lease only so long as it is the owner of Landlord's interest in and to this Lease.

25. No Liens. Except as expressly permitted elsewhere in this Lease without in each instance the prior written consent of Landlord, Tenant shall not directly or indirectly create or permit to be created or to remain, and will immediately discharge, any lien, encumbrance, or charge on, or pledge of, the Premises, or any part thereof, the interest of Tenant hereunder or therein, or the rent or other payments hereunder, other than: (a) this Lease; (b) any assignment, pledge, lien, encumbrance, charge, conditional sale, or title retention agreement affecting the Premises, resulting solely from (i) any action by Landlord or (ii) any liability or obligation of Landlord which Tenant is not obligated by this Lease to assume; (c) liens for Taxes not yet payable; or (d) liens of mechanics, materialmen, suppliers, or vendors, or rights thereto, incurred in the ordinary course of business for sums which under the terms of the related contracts are not yet due, provided that such reserve or other appropriate provision, if any, as may be required by generally accepted accounting principles shall have been made therefor. In amplification and not in limitation of the foregoing, Tenant shall not knowingly permit any portion of the Premises to be used by any person or persons or by the public, as such, at any time or times during the term of this Lease, in such manner as might tend to impair the title or interest of Landlord in the Premises, or any portion thereof, or in such manner as might make possible a claim or claims of adverse use, adverse possession, prescription, dedication, or other similar claims of, in, to, or with respect to the Premises, or any part thereof.

26. Net Lease. This Lease is intended to be and shall be an absolute "net, net, net" lease, and the rent and all other sums payable hereunder by Tenant (all of which shall be deemed to be additional rent) shall be paid without notice or demand and without set-off, counterclaim, abatement, suspension, deduction, or defense except to the extent (if any) otherwise expressly set forth in this Lease. As more particularly set forth herein, Tenant shall pay all Taxes, insurance premiums, maintenance, repair and replacement costs and expenses, utility charges and expenses, and all other costs and expenses, of whatever nature, relating in any way to the Premises and/or the operation thereof during the term of this Lease except as otherwise expressly provided in this Lease. In addition, this Lease shall continue in full force and effect and the obligations of Tenant hereunder shall not be released, discharged, diminished, or otherwise affected by reason of any damage to or destruction of the Premises, or any part or parts thereof; any partial taking; any restriction on or prevention of or interference with any use of the Premises, or any part or parts thereof, except to the extent otherwise expressly set forth in this Lease.

27. Environmental Covenants. Tenant shall not produce, use, store, or dispose of any toxic or hazardous chemicals, wastes, materials or substances, or any pollutants or contaminants, as those terms are defined in any applicable federal, state, local or other governmental law, statute, ordinance, code, rule or regulation ("Hazardous Substances") at, in, on, under or from the Premises, except to the extent that such Hazardous Substances are used in or generated in the ordinary course of operating and maintaining Tenant's business on the Premises and are produced, stored, used, or disposed of in accordance with all such laws, statutes, ordinances, codes, permits, rules and regulations which are applicable to the Premises or the Tenant ("Environmental Regulations") and except that certain non-friable asbestos in good condition or asbestos which has been encapsulated in accordance with applicable Environmental Regulations may remain on the Premises. Tenant shall not allow any Hazardous Substance to be emitted, discharged, released, spilled or deposited from, in or on the Premises during the term of this Lease as a result of the act or omission of Tenant or any Tenant Responsible Party. In addition,

Tenant shall use commercially reasonable efforts to not allow any Hazardous Substance to be emitted, discharged, released, spilled or deposited from, in or on the Premises during the term of this Lease as a result of the act or omission of any parties other than Tenant or a Tenant Responsible Party. In the event of a release of Hazardous Substances during the term of this Lease (other than as allowed by Environmental Regulations), Tenant shall upon becoming aware of the same (a) report such release to the applicable governmental authority in accordance with applicable Environmental Regulations, and to Landlord within five (5) business days, (b) remove and remediate such release as required by Environmental Regulations and (c) promptly provide Landlord with any reports or other documentation related to its response to any such release, except that to the extent that any such release is caused by the negligence or willful act of a Landlord Party then Tenant's only obligation under this sentence is to notify Landlord thereof under clause (a). If at any time Tenant receives a notice of violation, order, information request or demand from an agency with jurisdiction over the Premises (as the case may be, an "NOV"), Tenant shall notify Landlord within thirty (30) days of receipt that such NOV has been received and Tenant shall respond to the NOV within the time period required by Environmental Regulations. During the term of this Lease, Tenant shall obtain and maintain, or register under, as applicable, all licenses and permits required by any Environmental Regulation. Tenant shall, in accordance with Environmental Regulations, maintain all safety data sheets with respect to Hazardous Substances stored or used by Tenant, and upon request by Landlord, Tenant shall promptly provide a copy of such safety data sheets to Landlord. Landlord upon at least twenty-four (24) hours prior written notice to Tenant shall have the right to enter the Premises to inspect the same for compliance with the provisions of this Section 27. Tenant agrees to indemnify Landlord against, and to hold Landlord harmless from, any and all claims, demands, judgments, fines, penalties, costs, damages and expenses, including court costs and reasonable attorneys, fees in any suit, action administrative proceeding or negotiations resulting therefrom, and including costs of investigation, remediation, clean-up and/or monitoring of the Premises and the environment ("Environmental Claims"), resulting from (i) the presence or release of any Hazardous Substances at the Premises that first occurs prior to the term of this Lease and resulted from the acts or omissions of Tenant or any Tenant Responsible Party (as the case may be, "Tenant Entities"), or (ii) the presence or release of any Hazardous Substances at the Premises that first occurs during the term of this Lease (including any holdover period) except to the extent caused by the negligence or willful act of a Landlord Party, in either case (i) or (ii) regardless of whether or not the release or presence of such Hazardous Substances is a result of a violation by Tenant or any Tenant Entities of this Section 27 or of any Environmental Regulation, to the fullest extent permitted by applicable law. Notwithstanding the foregoing, Landlord shall defend, indemnify and hold harmless the Tenant and any Tenant Entities from any Environmental Claims to the extent resulting from the negligence or willful act of Landlord and/or its agents, employees, contractors, vendors, and invitees including but not limited to any exacerbation of any existing conditions caused by the negligence or willful act of Landlord and/or its employees, contractors, vendors and invitees (as the case may be, "Landlord Entities"). The parties acknowledge that Tenant or one or more Tenant Responsible Parties have been in possession or control of the Leased Parcel prior to Effective Date and that under no circumstances whatsoever shall Landlord have any liability to Tenant on account of any condition existing on or about the Leased Parcel on the Effective Date or otherwise existing due to the act or omission of Tenant or any Tenant Responsible Parties. As used herein, "Tenant Responsible Party" shall mean, with respect to Tenant, any present or former officer, director,

stockholder, member, manager, partner, affiliate, parent or subsidiary (whether direct or indirect), agent, employee, contractor, vendor, invitee, subtenant, licensee or other party for whose conduct Tenant may be legally responsible. Tenant's and Landlord's obligations and liabilities under this Section 27 shall survive the termination of this Lease.

28. Representations.

(a) Landlord represents and warrants to Tenant as of the Effective Date that (i) Landlord has the power and authority to execute and deliver this Lease and to comply with all the provisions of this Lease, (ii) the performance by Landlord of Landlord's duties and obligations under this Lease and of all other acts necessary and appropriate for the full consummation of the lease of the Leased Parcel under this Lease are consistent with and not in violation of, and will not create any adverse condition under, any contract, agreement or other instrument to which Landlord is a party, or any judicial order or judgment of any nature by which Landlord is bound, and (iii) there is no action, suit or proceeding pending or, to Landlord's actual knowledge, threatened by or against or affecting Landlord which does or will involve or affect the Leased Parcel or Landlord's title thereto, or Landlord's ability to perform its obligations under this Lease or any documents entered into pursuant to this Lease.

(b) Tenant represents and warrants to Tenant as of the Effective Date that (i) Tenant has the power and authority to execute and deliver this Lease and to comply with all the provisions of this Lease, (ii) the performance by Tenant of Tenant's duties and obligations under this Lease and of all other acts necessary and appropriate for the full consummation of the lease of the Leased Parcel under this Lease are consistent with and not in violation of, and will not create any adverse condition under, any contract, agreement or other instrument to which Tenant is a party, or any judicial order or judgement of any nature by which Tenant is bound, and (iii) there is no action, suit or proceeding pending or, to Tenant's actual knowledge, threatened by or against or affecting Tenant which does or will involve or affect the Leased Parcel or Tenant's interests under this Lease, or Tenant's ability to perform its obligation under this Lease or any documents entered into pursuant to this Lease.

29. Execution. The submission of this document for examination does not constitute an offer to lease, or a reservation of, or option for, the Premises and this document becomes effective and binding only upon the execution and delivery hereof by both Landlord and Tenant. Tenant confirms that Landlord has made no representations or promises with respect to the Premises or the making or entry into of this Lease except as are expressly set forth herein, and agrees that no claim or liability shall be asserted by Tenant against Landlord for, and Landlord shall not be liable by reason of breach of any representations or promises not expressly stated in this Lease. This Lease can be modified or altered only by agreement in writing between Landlord and Tenant.

30. Binding Effect. The covenants, agreements and obligations herein contained, except as herein otherwise specifically provided, shall extend to, bind and inure to the benefit of the parties here to and their respective personal representatives, heirs, successors and assigns of Tenant (but in the case of assigns only to the extent that assignment is permitted hereunder). No third party, other than such successors and assigns, shall be entitled to enforce any or all of the terms of this Lease or shall have rights hereunder whatsoever.

31. Signs. Tenant may, at its sole cost and expense and without the necessity of obtaining the consent of Landlord, prepare, install, affix or use any signs or other advertising or identifying media on or about the exterior of the Premises identifying any occupants of the Premises or their respective businesses, provided that in no event shall such signage adversely affect the structural integrity of the Improvements, and provided further, that Tenant shall comply with any and all governmental laws, regulations, ordinances and rules and all recorded restrictions and covenants. Tenant shall indemnify and hold Landlord harmless from all claims, losses, liabilities, damages and expenses (including reasonable attorney's fees) resulting from the installation of any signs or other advertising or identifying media pursuant to this Section 31. Upon the termination of this Lease, by expiration or otherwise, Tenant shall remove any and all signs or other advertising or identifying media installed by Tenant and Tenant shall repair any damage as a result of such removal.

32. Interpretation. The laws of the Commonwealth of Massachusetts shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision. Whenever the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders. The captions appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections or paragraphs of this Lease nor in any way affect this Lease.

33. Force Majeure. In the event that Landlord or Tenant shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws, regulations, orders or decrees, riots, insurrection, war, acts of God, inclement weather, or other reason beyond such party's reasonable control, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided that nothing contained in this Section 33 shall excuse, delay or otherwise apply to the Tenant's obligation to pay rent or perform any other monetary obligation hereunder or to any deadline set forth herein for a party to give the other party any notice expressly provided for herein.

34. Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the board of directors of said corporation, and that this Lease is binding upon said corporation in accordance with its terms.

35. Project/Other Documents.

(a) Project.

(i) The parties acknowledge that, pursuant to the 144 Chelmsford Lease, Landlord will have certain obligations to pursue such governmental permits and approvals and take such other actions as shall be reasonably necessary in order for Landlord to (x) divide the Landlord's Parcel into separate units of ownership for the Leased Parcel and for the 144 Chelmsford Parcel and (y) construct an approximately 59,000 square foot building with related

site improvements on the 144 Chelmsford Parcel. Tenant acknowledges that in so doing it may become necessary for Landlord to (I) adjust the exact location of the lot line separating the Leased Parcel and the 144 Chelmsford Parcel and/or the relative size of the Leased Parcel and the 144 Chelmsford Parcel, (II) increase, decrease or change certain site improvements or common facilities located on the Leased Parcel or the 144 Chelmsford Parcel, (III) agree to certain conditions imposed by governmental authorities that will affect the Landlord's Parcel,

(IV) grant or secure easements and/or other agreements with one or more third parties that will affect the Leased Parcel or (V) modify the REA or other Permitted Encumbrances in a manner that will affect the Leased Parcel (all of the foregoing being "Project Requirements"), such Project Requirements to be governed by one or more documents effecting the same ("Project Documents"). Landlord reserves the right to implement any Project Requirements, and to enter into any Project Documents and deem the same to be Permitted Encumbrances, subject to Tenant's approval not to be unreasonably withheld conditioned or delayed, and Tenant agrees to execute any reasonable modifications of this Lease which may be required from time to time in order to effect any of the same; provided, however, that (A) no such Project Requirements or Project Documents shall alter the term of this Lease provided herein, increase the rent provided herein, reduce the economic value to Tenant hereof, change in any manner any of the relative rights or obligations of Tenant or Landlord hereunder, or require Tenant to incur any out-of-pocket cost or adversely affect or increase the cost of Tenant's business operations at the Building and/or the Premises and (B) all such Project Requirements or Project Documents shall be authorized or required to be implemented pursuant to the terms of the 144 Chelmsford Lease. Any dispute under the provisions of this subsection 35(a)(i) shall be resolved exclusively by Arbitration.

(ii) For the avoidance of doubt, the parties acknowledge that under no circumstances (x) shall Landlord have any liability to Tenant under this Lease on account of Landlord's acts or omissions in violation of any of its obligations under the 144 Chelmsford Lease or (y) shall Tenant have any liability to Landlord under this Lease on account of Tenant's acts or omissions in violation of any of its obligations under the 144 Chelmsford Lease.

(b) Other Documents.

(i) Reference is made to a certain Reciprocal Easement Agreement of even date herewith being entered into and recorded with the Middlesex North Registry of Deeds and filed with the Middlesex Registry District of the Land Court concurrently with the execution and delivery of this Lease (the "REA"). Capitalized terms used in this Section 35(b) and not specifically defined in this Lease shall have the respective meanings assigned them under the REA. Tenant is hereby designated as the Major Tenant of the 100 Property. Subject to all of the terms and conditions set forth in this Lease and in the REA, Tenant shall have the following rights during the term of this Lease (which rights shall be deemed included in the Ancillary Rights):

- A. all easements granted to the 100 Owner under the REA, in common with the 100 Owner, and others now or hereafter entitled thereto in accordance with the terms of the REA; and

- B. all rights reserved by the 100 Owner on the 100 Property in connection with the 100 Owner's granting to others of easements in the 144 Property pursuant to the REA, in common with the 144 Owner.

(ii) During the term of this Lease, Tenant shall, on Landlord's behalf, pay, perform and observe in a timely manner all of the obligations of Landlord under the REA, any Permitted Encumbrances or any Project Documents (each, an "Other Document") insofar as they pertain to Tenant's (a) use or occupancy of the Premises, (b) exercise or enjoyment of any of Tenant's rights under this Lease, or (c) compliance with any of Tenant's obligations under this Lease (collectively, "Lease Matters"); provided that such Lease Matters shall in no event be deemed to include (x) any obligation of Landlord under any Other Document that is an obligation of Landlord to Tenant as expressly set forth in this Lease or (y) any liability to the extent caused by the negligence or willful act of Landlord. Tenant shall, from time to time upon the reasonable request by Landlord, provide reasonable evidence of Tenant's compliance with the terms of the preceding sentence (with respect to any specific obligations of Tenant thereunder). In any event, Tenant shall not cause, suffer or permit any act or omission on or about the Premises or otherwise in connection with any Lease Matters that would cause Landlord to be in violation (a "Violation") of any of the Other Documents.

(iii) Landlord shall (A) perform and observe all of the terms, covenants, provisions and conditions of any Other Documents on Landlord's part to be performed and observed pursuant to the terms thereof, except for such obligations as are Tenant's responsibility as set forth above, and (B) enforce the obligations of the other parties to any of the Other Documents (an "Other Party"), in each case to the extent necessary for Landlord to comply with Landlord's obligations to Tenant under this Lease. In no event whatsoever shall either party hereto have any liability to the other on account of (x) any Other Party's failure to keep, observe or perform its obligations pursuant to the Other Document or (y) the acts or omissions of any Other Party, its agents, employees, invitees, guests, licenses or contractors.

(iv) In any case where Tenant shall request Landlord's consent, permission or approval for any matter requiring Landlord's consent, permission or approval as set forth in this Lease (a "Consent Request") then, to the extent that such matter shall also require the consent, permission or approval of an Other Owner, other than a Landlord Affiliate, under an Other Document (an "Other Owner Consent"), Landlord shall have no obligation to act upon the Consent Request unless and until such time as the Other Owner Consent shall have been given. Upon Landlord's reasonable determination that the Consent Request is complete and in proper form for consideration under both this Lease and the Other Document, Landlord shall request the Other Owner Consent in accordance with the Other Document and thereafter use commercially reasonable efforts in accordance with the Other Document to obtain the Other Owner Consent. Notwithstanding the foregoing or anything to the contrary contained herein, any Consent Request to Landlord shall also be deemed to have been made to any Landlord Affiliate that is an Other Owner. As used herein, "Landlord Affiliate" shall mean Landlord and/or a party that controls, is controlled by, or is under common control with Landlord.

(v) Notwithstanding anything to the contrary set forth above in this Section 35(b), Landlord may by notice to Tenant require, in lieu of Landlord's taking any direct

action with respect to any Other Party or Other Document as set forth above in this Section 35(b), that Tenant, at Tenant's sole cost and expense (except to the extent that the action is required as a result of Landlord's failure to have performed an obligation of Landlord under this Lease), take such action on Landlord's behalf and in its name and, for purposes thereof, Tenant shall be deemed subrogated to Landlord's rights under the Other Document to take such action. In taking any such action, Tenant shall have the right, but not the obligation, to exercise any or all rights and remedies as would be available to Landlord, at law or in equity, were Landlord to take the action directly. Landlord agrees to sign, to the extent Landlord's signature is legally required or required under the provisions of the Other Document, such demands, pleadings, and/or other documents that may be reasonably required, and otherwise to enable Tenant to proceed as set forth above in this subsection (v). In the event Landlord exercises its rights under this subsection (v), Tenant shall provide Landlord with copies of all written notices, demands, communications and correspondence of a material nature sent or received by Tenant in connection therewith, simultaneously with their sending by Tenant or promptly upon their receipt by Tenant.

36. Miscellaneous.

(a) Consent not a Waiver. The consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant.

(b) Entire Agreement. This Lease and the exhibits and rider, if any, attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. No alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by each party. The invalidity of one or more phrases, clauses, sentences, Sections contained in this Lease shall not affect the remaining portions of this Lease or any part thereof, and if any one or more of the phrases, clauses, sentences, Sections contained in this Lease should be declared invalid by the final order, decree or judgment of a court of competent jurisdiction, including all appeals therefrom, this Lease shall be construed as if such invalid phrases, clauses, sentences, Sections or had not been inserted in this Lease.

(c) Independent Covenants. Tenant waives all rights to (i) any abatement, suspension, deferment, reduction or deduction of or from rent, and/or (ii) quit, terminate or surrender this Lease or the Premises or any part thereof, except, in either case, as expressly provided herein. Tenant hereby acknowledges and agrees that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that rent shall continue to be payable in all events and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. Tenant agrees that Tenant shall not take any action to terminate, to rescind or to avoid this Lease notwithstanding any default by Landlord hereunder except as a consequence of Landlord's breach of its obligations under the first sentence of Section 19 or except to the extent (if any) expressly set forth herein. Landlord and Tenant each acknowledges and agrees that the independent nature of the obligations of Tenant and Landlord hereunder

represents fair, reasonable and accepted commercial practice with respect to the type of property subject to this Lease, and that this agreement is the product of free and informed negotiation during which both Landlord and Tenant were represented by counsel skilled in negotiating and drafting commercial leases in Massachusetts and that the acknowledgements and agreements contained herein are made with full knowledge of the holding in Wesson v. Leone Enterprises, Inc., 437 Mass. 708 (2002). Such acknowledgements, agreements and waivers by Tenant are a material inducement to Landlord entering into this Lease.

(d) Arbitration. As set forth only in Sections 35(a) and Section 36(r) hereof, the parties have agreed to resolve certain disputes by arbitration in accordance with the Expedited Arbitration Procedures provisions of the Commercial Arbitration Rules of the American Arbitration Association (or another arbitration company mutually acceptable to Landlord and Tenant) and otherwise under the terms of this subsection 36(d) ("Arbitration"). Any such Arbitration shall occur in a location mutually convenient to Landlord and Tenant (or, if Landlord and Tenant cannot agree on a mutually convenient location, in the City of Boston, Massachusetts). The decision of the arbitrator shall be final, conclusive and binding on the parties, but the arbitrator shall have no power to reform, supplement or modify this Lease. The arbitrator shall make required findings incident to an arbitrable dispute, which findings shall be set forth in reasonable detail in a written decision by the arbitrator. Unless otherwise expressly provided hereunder, the parties shall share equally in all costs charged by the arbitrator or the arbitration company and each party shall otherwise bear its own costs (including attorneys' fees) of any Arbitration. Notwithstanding the foregoing, except as otherwise expressly provided in this Lease (but outside of this subsection 36(d)), the arbitrator may (but shall not be obligated to), in its sole discretion, determine the prevailing party in any such Arbitration and award such prevailing party all of the prevailing party's costs and expenses incurred in connection with the Arbitration (including without limitation attorneys' fees and costs).

(e) Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly or any other rent or charge herein stipulated shall be deemed to be other than on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment of any rent or charge be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or charge or pursue any other remedy in this Lease provided.

(f) No Agency. Nothing contained in this Lease shall be taken or construed to create any agency between Landlord and Tenant or to authorize the Tenant to do any act or thing or to make any contract so as to encumber in any manner the title of the Landlord to the Premises or to create any claim or lien upon the interest of the Landlord in the Premises.

(g) Memorandum of Lease. Landlord and Tenant shall, upon request of either party, execute and record a notice of this lease in the form attached hereto as **EXHIBIT E**; provided that the party requesting the memorandum shall pay all recording and state, county and local transfer fees and/or taxes imposed as a result of such notice.

(h) Financial Statements. Except with respect to any such time as Tenant is a corporation whose shares are traded on a US public securities exchange, Tenant shall within 30 days after receipt of written request from Landlord but, so long as no Event of Default exists, not

more frequently than once within any twelve-month period, provide to Landlord, for the benefit of Landlord, Landlord's mortgagee and any prospective investors, mortgagee or purchaser of the Premises (i) a balance sheet and profit and loss statement of Tenant for Tenant's most recent fiscal year, and (ii) a detailed operating statement of the Premises for the most recent calendar year (collectively, "Financial Statements").

(i) Confidentiality. The parties acknowledge that the specific terms and conditions of this Lease and any documents made available to Landlord by Tenant hereunder are of a confidential nature and shall not be disclosed except to Tenant's or Landlord's respective affiliates, officers, directors, principals, members, employees, agents, attorneys, partners, accountants, lenders (existing or prospective), investors (existing or prospective) or prospective purchasers (collectively, for purposes of this Section 36, the "Permitted Outside Parties") or as required by law. No party, including Permitted Outside Parties, shall make any public disclosure of the specific terms of this Lease or of any of such documents, except as required by law (including SEC regulations and NYSE or NASDAQ requirements). In connection with the negotiation, execution, delivery, performance and administration of this Lease, each party acknowledges that it may have access to confidential information relating to the other party. Each party shall treat such information as confidential, preserve the confidentiality thereof, and not duplicate or use such information, except to Permitted Outside Parties or otherwise in connection with the negotiation, execution, delivery, performance and administration of this Lease (or in connection with a party's disposition of an interest in this Lease or in the Premises). Except as required by applicable law, neither party shall issue any press release or make any statement to the media regarding the execution and delivery of this Lease without the other party's consent, which consent shall not be unreasonably withheld or delayed. The provisions of this Section shall survive any termination of this Agreement. The terms of this Section 36(i) shall not apply to any information that is or becomes publicly known other than through a party's breach of its obligations under this Section 36(i).

(j) Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one in the same instrument.

(k) Time of the Essence. Time is of the essence with respect to every provision of this Lease providing for performance, action or inaction by a specified date or within a specified period of time.

(l) Survival of Obligations. Any obligations of Tenant occurring prior to the expiration or earlier termination of this Lease shall survive such expiration or earlier termination.

(m) Broker. Landlord and Tenant each covenant that they have not dealt with any real estate broker, finder or other such party entitled to be paid a fee or a commission with respect to this Lease, except for Mark Mulvey of Cushman & Wakefield ("Broker"), whose fees shall be payable by Landlord pursuant to a separate written agreement between Landlord and Broker. Except for the Broker, each party shall indemnify and hold the other party harmless from all damages, claims, liabilities or expenses, including reasonable attorneys' fees, resulting from any claims that may be asserted against the other party by any real estate broker or finder with whom the indemnifying party either has or is purported to have dealt.

(n) Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LANDLORD AND TENANT EACH WAIVE THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR WITH RESPECT TO THIS LEASE.

(o) OFAC. Tenant and Landlord hereby represents and warrants to each other that for itself it is not, nor will it become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action.

(p) REIT/UBTI. The Landlord and the Tenant hereby agree that it is their intent that all Base Rent, and all other additional rent and any other rent and charges payable to the Landlord under this Lease shall qualify as "rents from real property" within the meaning of Sections 512(b)(3) and 856(d) of the Internal Revenue Code of 1986, as amended, (the "Code") and the U.S. Department of the Treasury Regulations promulgated thereunder (the "Regulations"). In the event that (i) the Code or the Regulations, or interpretations thereof by the Internal Revenue Service contained in revenue rulings or other similar public pronouncements, shall be changed so that any rent no longer so qualifies as "rent from real property" for purposes of either said Section 512(b)(3) or Section 856(d) or (ii) the Landlord, in its sole discretion, determines that there is any risk that all or part of any rent shall not qualify as "rents from real property" for the purposes of either said Sections 512(b)(3) or 856(d), such rent shall be adjusted in such manner as the Landlord may reasonably require so that it will so qualify; provided, however, that any adjustments required pursuant to this Section 36(p) shall be made so as to produce the equivalent (in economic terms) rent as payable prior to such adjustment. The parties agree to execute such further commercially reasonable instrument as may reasonably be required by the Landlord in order to give effect to the foregoing provisions of this Section 36(p).

(q) Activity and Use Limitation. Notwithstanding anything to the contrary contained herein, Tenant and Landlord acknowledge that the Landlord's Parcel (including without limitation the Premises) is subject to an Activity and Use Limitation (the "Existing AUL") pursuant to the terms of Massachusetts General Laws Chapter 21E, recorded with the Middlesex North Registry of Deeds at Book 21997, Page 35, a copy of which has been provided to Tenant. Notwithstanding anything to the contrary contained herein, Tenant and Landlord acknowledge that all of Tenant's and Landlord's rights and interests under this Lease are subject to the Existing AUL and under no circumstances shall Tenant and/or Landlord make any use of the Premises or conduct any activity thereon that is prohibited by the Existing AUL.

(r) Limited Sale Profit Participation Right.

(1) Upon a Sale for which (a) the closing (the "Closing," with the date of Closing being the "Closing Date") occurs prior to the earlier to occur of the third (3rd) anniversary of the Commencement Date or an Exempt Sale and (b) the applicable Net Sale Proceeds are at least equal to the applicable IRR Amount as of the Closing Date, if this Lease is then in full force and effect Landlord shall pay to Tenant the applicable Profit Share Amount simultaneously with the Closing Date. As used herein:

"Acquisition" means the acquisition by Landlord and/or a Landlord Affiliate of the Leased Parcel and/or the 144 Chelmsford Parcel in connection with the execution and delivery of this Lease.

"Acquisition Costs" means, as applicable:

- A. if the Subdivision shall not have occurred, the Purchase Price plus the Transaction Costs for the Acquisition; or
- B. if the Subdivision shall have occurred, the Purchase Price plus the Transaction Costs for the Acquisition, multiplied by 66.67%.

"Development Costs" means, with respect to any or all hard and soft costs or expenses of subdividing, developing and improving the Leased Parcel and/or the 144 Chelmsford Parcel (and/or any respective appurtenances), including without limitation development, architectural, engineering, project management, permitting and legal costs, costs of environmental remediation and costs of construction and site work, as applicable:

- A. if the Subdivision shall not have occurred, all such costs or expenses; or
- B. if the Subdivision shall have occurred, all such Costs or expenses as shall be equitably allocable to the Leased Parcel (with costs and expenses that benefit both the Leased Parcel and the 144 Chelmsford Parcel being generally allocated on the basis of the amount of relative gross building square footage then built or intended to be built for the respective parcels).

"Investment" means, as applicable:

- A. if the Subdivision shall not have occurred, the aggregate of the Acquisition Costs and Development Costs for the Leased Parcel and the 144 Chelmsford Parcel; or
- B. if the Subdivision shall have occurred, the aggregate of the Acquisition Costs and Development Costs for the Leased Parcel.

"IRR Amount" means an internal rate of return of 10% per annum, compounded annually, on the sum of the aggregate applicable Investment of the Landlord and/or its affiliates, commencing on the date that any applicable Investment is made (with such internal rate of return to be calculated using the XIRR Function of Microsoft Excel).

"Net Sale Proceeds" means the proceeds of the Sale received by Landlord at the Closing net of the aggregate of the applicable Transaction Costs for the Sale.

"Profit Share Amount" means twenty percent (20%) of the difference between (i) the applicable Net Sale Proceeds and (ii) the applicable IRR Amount.

"Purchase Price" means four million two hundred fifty thousand dollars (\$4,250,000).

"Sale" means a sale or transfer of Landlord's fee simple interest in the Leased Parcel and, if the Subdivision shall not have occurred, the 144 Chelmsford Parcel. Without limitation, a "Sale" shall not include (i) the granting of a mortgage or a sale or transfer in connection with a foreclosure of a mortgage or by deed in lieu of foreclosure (together with any sale or transfer under clause (iii) immediately below, an "Exempt Sale"); (ii) a sale or transfer of Landlord's interest to a Landlord Affiliate, or by descent or devise following the death of any person comprising Landlord, or in connection with a merger or sale of all or substantially all of Landlord's assets, or otherwise by operation of law; or (iii) a sale or transfer of Landlord's interest as part of a transaction by Landlord and/or any Landlord Affiliates that also includes at least two (2) properties outside of the 144 Chelmsford Parcel, the Leased Parcel or the Hale Property (as defined in the REA); provided that in the event of the occurrence of any of the foregoing events other than an Exempt Sale, the provision of this Section 36(r) shall continue in full force and effect with respect to any subsequent Sale.

"Subdivision" means the division of the Landlord's Parcel into separate legal lots comprised of the Leased Parcel and the 144 Chelmsford Parcel.

"Transaction Costs" means, with respect to the Acquisition or Sale, as applicable, any or all actual and reasonable or necessary costs or expenses of consummating the particular transaction incurred by or equitably allocable to Landlord and/or any Landlord Affiliates therefor, including, without limitation legal fees, closing costs, escrow fees, recording fees, title examination and insurance costs, survey costs, due diligence investigation or monitoring costs and/or brokerage fees.

(2) The parties acknowledge that the 144 Chelmsford Lease contains provisions that are corollary to this Section 36(r) (the "144 Chelmsford Profit Share Provisions") and agree that all accounting relevant to this this Section 36(r) shall occur in a manner consistent with all accounting relevant to the 144 Chelmsford Profit Share Provisions (in order that, among other things, there shall be no so-called "double counting" of any amounts owed, collectively, to Tenant pursuant to this Section 36(r) and/or to the tenant under the 144 Chelmsford Lease pursuant to the 144 Chelmsford Profit Share Provisions).

(3) Any dispute under the foregoing provisions of this Section 36(r) shall be settled exclusively by Arbitration under Section 36(d) above.

(4) Notwithstanding anything to the contrary set forth herein, Tenant's rights under this Section 36(r) are personal to the Tenant originally named herein and any successor thereto pursuant to a Permitted Transfer, but shall not otherwise be transferable or assignable. Further notwithstanding anything to the contrary contained herein, Landlord shall have no obligation to pay Tenant any Profit Share Amount at any time in which Tenant shall be in default of any of its obligations under this Lease beyond any applicable notice or cure period.

(s) No Merger. There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Leased Parcel by reason of the fact that the same person or entity may own or hold (i) the leasehold estate created by this Lease or any interest in such leasehold estate and (ii) the fee estate in the Leased Parcel or any interest in such fee estate; and no such merger shall occur unless and until all persons and other entities having (a) any interest in this Lease or the leasehold estate created by this Lease (excluding subtenants) and (b) any fee

simple interest in the Leased Parcel or any part thereof shall join in a written instrument effecting such merger and shall duly record the same.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have executed this Lease as of the date first above written.

LANDLORD:

_____, a _____

By: _____

Name:

Title:

TENANT:

MACOM TECHNOLOGY SOLUTIONS
HOLDINGS INC.,
a Delaware corporation

By:-----

Name:

Title:

EXHIBIT A

DESCRIPTION OF LANDLORD'S PARCEL

**100 & 144 Chelmsford Street
Lowell, Massachusetts**

The land situated on Chelmsford Street, in Lowell, Middlesex County, Massachusetts, shown as Lots 1-1B-4 and I-1B-5 on a plan entitled "Compiled Disposition Map of Lots I-1B-3, I-1B-4 & I-1B-5 in Lowell, Mass., Hale Howard Urban Renewal Area, Project No. Mass. R-130" dated March 30, 1977, by Dana P. Perkins & Sons, Inc. Civil Engineers & Surveyors", recorded with Middlesex North District Deeds in Plan Book 124, Plan 46, bounded and described as follows:

NORTHEASTERLY: by land now or formerly of the Boston & Maine Railroad Corp., as shown on said plan, by three bounds totaling 649.97 feet;

SOUTHEASTERLY by said land of Boston & Maine Railroad Corp., as shown on said plan, 27.97 feet;

NORTHEASTERLY again, by said land of Boston & Maine Railroad Corp., as shown on said plan, 265.16 feet;

SOUTHEASTERLY again, by Lot I-1 B-3, as shown on said plan, 412.45 feet;

SOUTHEASTERLY again, by said Lot I-1 B-3, as shown on said plan, 277.71 feet;

SOUTHWESTERLY by Lot I-1A, as shown on said plan, 300 feet;

NORTHWESTERLY by Chelmsford Street, 270 feet; and

NORTHWESTERLY again, by said Chelmsford Street by three courses totaling 1,042.23 feet;

Comprised in part by two parcels of registered land; namely,

Registered Parcel 1:

A certain parcel of land situated in said Lowell, bounded and described as follows:

NORTHEASTERLY by Howard Street, fifty-two (52) feet;

SOUTHEASTERLY by land now or formerly of David Ziskind, one hundred twelve (112) feet;

SOUTHWESTERLY by land now or formerly of Charles E. Jameson, fifty-two and 1/100 (52.01) feet; and

NORTHWESTERLY by land now or formerly of Israel Levin, one hundred thirteen and 28/100 (113.28) feet.

All of said boundaries of said Registered Parcel 1 are determined by the Land court to be located as shown on Plan 5672-A entitled "Plan of Land in Lowell" drawn by Smith and Brooks, Civil Engineers, dated October 15, 1915, as approved by the Court, filed in the Land Registration Office, a copy of a portion of which is filed with Certificate of Title No. 951 issued by Middlesex North Registry District of the Land Court.

Registered Parcel 2:

A certain parcel of land situated in said Lowell, bounded and described as follows:

NORTHWESTERLY by land now or formerly of Minnie Bernstein and Mary F. Hardy, forty-six and 68/100 (46.68) feet;

SOUTHEASTERLY by Lot 5, twenty-five and 07/100 (25.07) feet;

SOUTHWESTERLY by Lot 6, thirty-three and 94/100 (33.94) feet.

All of said boundaries of said Registered Parcel 2 are determined by the Land Court to be located and shown on Subdivision Plan 6039-B entitled "Subdivision Plan of Land in Lowell" drawn by Dana F. Perkins & Sons, Inc., Surveyors, dated December 22, 1976, as approved by the Court, filed in the Land Registration Office, a copy of a portion of which is filed with Certificate of Title No. 21963 issued by said Registry District, and said Registered Parcel 3 is shown as Lot 7 on said plan.

Excepting and excluding from the foregoing the following:

So much of the premises as lies within former Railroad Street as the same is now or formerly owned by Boston and Maine Corporation as set forth in Deed from the Trustees of Boston and Maine Railroad Corporation to City Development Authority dated January 5, 1977, recorded in Book 2242, Page 527.

So much of the land taken by the City of Lowell by right of eminent domain by Order of Taking dated September 8, 1998, recorded in Book 9590, Page 157 and filed as Document No. 178630, and shown thereon as Parcel 1 and Parcel 2 on a "Plan of Land in Lowell, Mass. Prepared for Lowell Regional Transit Authority" dated September 25, 1998 by Vaidya Consultants, Inc., recorded in Plan Book 198, Plan 71, and filed as Document No. 178630. See also Land Court Order filed as Document No. 184737.

Said land is also shown as Lot 1-1B-5 on plan entitled "Plan of Land in Lowell, Mass." dated September 25, 1998, prepared by Vaidya Consultants, Inc. recorded with the Middlesex North District Registry of Deeds in Plan Book 198, Plan 71.

EXHIBIT A-1

**PLAN SHOWING LANDLORD'S PARCEL,
THE LEASED PARCEL AND THE 144 CHELMSFORD PARCEL**

(appended hereto)

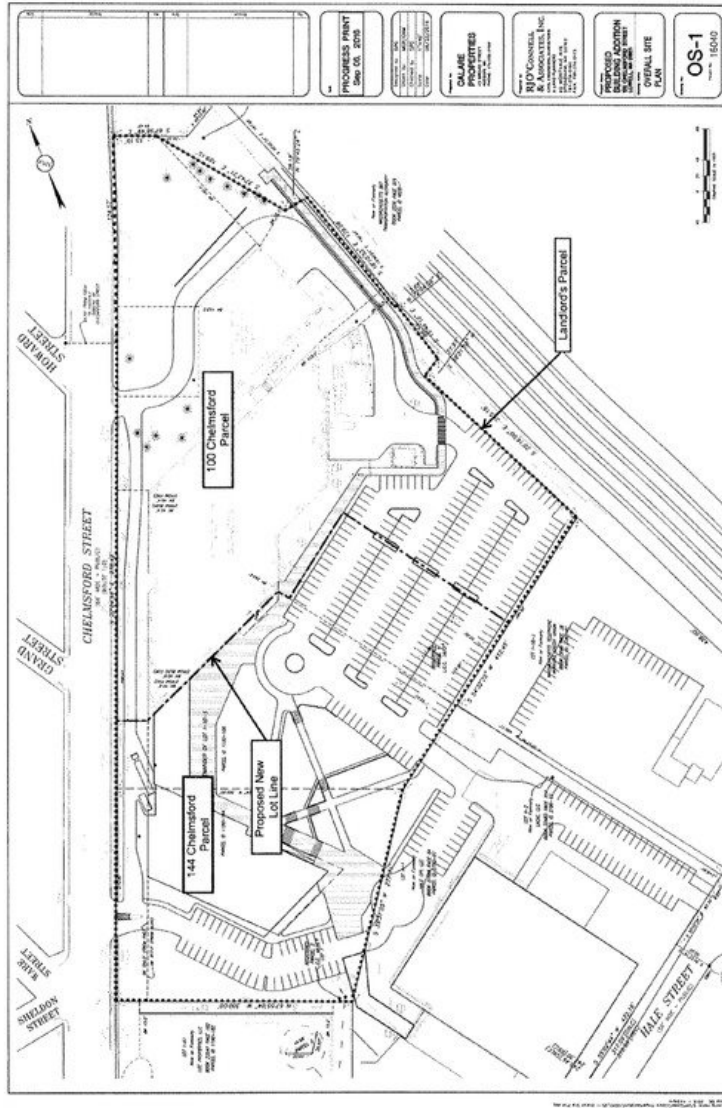


Exhibit A-1, Page 2

EXHIBIT A-2

PLAN SHOWING THE EXISTING BUILDING

(appended hereto)

SITE PLAN

EXHIBIT A-2



Exhibit A-2, Page 2

EXHIBIT B

TENANT'S WORK

Tenant shall perform any work required to permit Tenant to occupy the Premises for the conduct of Tenant's business ("**Tenant's Work**"), including without limitation, the work (if any) described on **Exhibit B-1** attached hereto. Tenant shall not commence any of Tenant's Work until Tenant has submitted to Landlord plans and specifications (in such detail as Landlord shall reasonably require) for such work and Landlord has approved such plans and specifications in writing. Landlord's approval of such plans and specifications shall not be unreasonably withheld, delayed or conditioned, subject to the terms and conditions of Section 8 of this Lease. Landlord's approval of Tenant's plans and specifications for Tenant's Work shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with any and all applicable laws.

Tenant's Work shall be performed in accordance with such approved plans and specifications and in accordance with the terms and conditions of this Lease, including, without limitation, Section 8 hereof. Tenant shall commence Tenant's Work promptly after receipt of Landlord's approval of Tenant's plans and specifications (but not before the Commencement Date) and shall diligently prosecute the same to completion. Tenant's Work shall be performed in a good and workmanlike manner, and in compliance with all applicable laws. If Tenant does not then satisfy the Financial Prerequisite, then, prior to beginning Tenant's Work, Tenant shall obtain appropriate performance and payment bonds covering the labor and materials required to complete Tenant's Work. Landlord shall not be responsible to provide any construction management services to Tenant.

Subject to the provisions of Section 8, prior to beginning Tenant's Work, Tenant shall also deliver to Landlord and Landlord's mortgagee (if applicable), at Tenant's cost, a builder's risk insurance policy naming Landlord and Landlord's mortgagee as additional insureds, as their interests may appear, with the amount and type of coverage then being reasonably required by Landlord and Landlord's mortgagee and otherwise in compliance with the requirements for insurance set forth in Section 9 of this Lease, together with evidence that the premium for said insurance has been paid in full by Tenant for a period of no less than one year. All contractors and subcontractors shall be required to procure and maintain insurance against such risks, in such amounts, and with such companies as required under Section 9 of this Lease. Certificates of such insurance, with paid receipts therefor, must be received by Landlord before Tenant's Work is commenced.

Landlord shall provide to Tenant a construction allowance (the "**Construction Allowance**") in the amount of Four Million Dollars (\$4,000,000.00) for the Tenant's Work, as evidenced by copies of paid receipts for such work. The Construction Allowance shall not be used for Tenant's furniture, equipment, personal property, or trade fixtures but may however be used for improvements related to Tenant's business operations at either the Premises, 121 Hale Street, Lowell, MA and/or 144 Chelmsford Street, Lowell, MA.

Landlord shall upon execution of this Lease deposit the entire Construction Allowance with Landlord's mortgagee (or, if there is no mortgagee with a title company, bank, trust company, fiduciary or other financial institutional approved by Tenant in its reasonable discretion) as the "Escrow Agent" and the Escrow Agent shall disburse the Construction Allowance to Tenant, not more frequently than once per month, for the purpose of reimbursing Tenant, in part, for its payments to contractors and subcontractors, materialmen and/or suppliers in connection with Tenant's Work. As a condition precedent to Landlord's obligation to pay the Construction Allowance or any portion thereof: (i) Tenant shall not be in default beyond any applicable notice and cure periods; (ii) this Lease shall be in full force and effect; and (iii) Tenant shall have furnished to Landlord and Escrow Agent (A) a certificate from Tenant's architect certifying that Tenant's Work has been fully completed to the extent of the funds requested in accordance with the plans and specifications therefor approved by Landlord; (B) such evidence as Landlord and/or Landlord's mortgagee may reasonably require to evidence that all persons furnishing or supplying labor and materials in connection with the construction of the Tenant's Work for which payment is required, or in the case of completion of a portion of the Tenant's Work, have been paid and that no lien exists of record with respect thereto; and (C) any other instruments, plans and/or certificates reasonably required by Landlord and/or Landlord's mortgagee. Landlord shall fund the Construction Allowance within fifteen (15) days from Tenant's written request for the same provided that Tenant has complied with the requirements set forth in the preceding sentence. Upon paying the full amount of the Construction Allowance to Tenant in accordance with the provisions hereof, Landlord shall have no further obligation to extend any credit to Tenant. Notwithstanding any provision in this **Exhibit B** or the Lease to the contrary, all of Tenant's Work must be fully completed, and all items to be provided to Landlord pursuant to this paragraph must be provided, within two (2) years from the date of execution of this Lease in order for Landlord's obligations with respect to the Construction Allowance to apply. If Landlord fails to make the payment of the entire Construction Allowance as required hereunder and the same shall continue unremedied for twenty (20) days after Tenant's notice thereof to Landlord and Landlord's mortgagee, then Tenant may deduct any unpaid amount from all rent payments then or thereafter due until fully paid.

EXHIBIT B-1

EXHIBIT C

**SUBORDINATION, NON-DISTURBANCE AND
ATTORNMENT AGREEMENT**

This Subordination, Non-Disturbance and Attornment Agreement (this "Agreement") is dated this ___ day of _____, 2016 between _____ ("Lender") and MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation ("Tenant").

RECITALS

A. Tenant has entered into a certain lease (the "Lease") dated _____, 2016 with _____ (the "Landlord") of the land and buildings located at 100 Chelmsford Street, Lowell, Massachusetts. The leased premises described in the Lease are hereinafter referred to as the "Premises."

B. Lender has made a loan to Landlord, which loan is secured by a mortgage and security agreement dated _____, 20___, recorded with the Essex North Registry of Deeds in Book___, Page _____ and filed with the Essex North Registry District of the Land Court as Document _____ (the "Mortgage"), and an assignment of leases and rents dated _____, 20--> recorded with said Registry in Book__, Page _____ and filed with said land Court as Document _____ (the "Assignment"), both with respect to the Premises.

D. Capitalized terms used and not defined herein shall have the respective meanings set forth in the Lease.

For mutual consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Tenant agrees that the leasehold of the Lease is and shall be subject and subordinate to the lien of the Mortgage and to the lien of the Assignment and to all renewals, amendments, modifications, consolidations, replacements and extensions thereof, now or hereafter executed, to the full extent of all amounts secured thereby, said subordination to have the same force and effect as if the Mortgage and the Assignment, and such renewals, modifications, consolidations, replacements and extensions thereof, had been executed, acknowledged, delivered and recorded prior to the execution and delivery of the Lease and any recorded notice or memorandum thereof, and amendments or modifications thereto. However, the foregoing subordination provision shall not be deemed or construed as limiting Tenant's rights under the Lease and/or Landlord's obligations thereunder, including without limitation with respect to the use of insurance proceeds and condemnation awards and, notwithstanding any inconsistent provisions of the Mortgage with respect thereto, such proceeds and awards shall be applied as set forth in the Lease.

2. Lender agrees that Tenant shall not be named or joined as a party defendant in any action, suit or proceeding which may be instituted by Lender to foreclose or seek other remedies under the Mortgage or the Assignment by reason of a default or event of default under the Mortgage or the Assignment, unless applicable law requires Tenant to be made a party thereto as a condition to Lender's proceeding against Landlord or prosecuting such rights and remedies. Lender further agrees that, in the event of any entry by Lender pursuant to the Mortgage, a foreclosure of the Mortgage, or the exercise by Lender of any of its rights under the Mortgage or Assignment, Lender shall not disturb Tenant's right of possession of the Premises under the terms of the Lease so long as Tenant is not in default beyond applicable notice and cure periods in the Lease.

3. Tenant agrees that, in the event of a foreclosure of the Mortgage by Lender, the acceptance of a deed in lieu of foreclosure by Lender, or Lender's exercise of any of its rights under the Mortgage or Assignment, Tenant will attorn to and recognize Lender as its landlord under the Lease for the remainder of the term of the Lease (including all optional extension terms which have been or are hereafter exercised) upon the same terms and conditions as are set forth in the Lease, and Tenant hereby agrees to perform all of the obligations of Tenant pursuant to the Lease.

4. Tenant agrees that, in the event Lender succeeds to the interest of Landlord under the Lease:

(a) Lender shall not be liable in damages for any act or omission of any prior landlord (including Landlord), provided nothing herein shall derogate from the obligation of Lender to perform all of the obligations of Landlord pursuant to the Lease arising, accruing or continuing from and after such time as Lender succeeds to the interest of Landlord under the Lease;

(b) Lender shall not be liable for the return of any security deposit unless such security deposit is actually received by Lender;

(c) Lender shall not be bound by any Base Rent or additional rent which Tenant might have prepaid for more than one (1) month in advance under the Lease (unless so required to have been prepaid under the Lease);

(d) Lender shall not be bound by any amendments or modifications of the Lease made after the date hereof without consent of Lender which have the effect of materially increasing Landlord's obligations under the Lease, reducing rent or otherwise materially reducing any of Tenant's obligations under the Lease, decreasing the Term or canceling the Lease prior to its expiration except as a result of the exercise of a right to terminate as set forth in the Lease;

(e) Lender shall not be subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord) except in cases where Tenant has given Lender notice of the event or circumstances giving rise to such

damages, offsets or defenses and afforded Lender the same period of time in which to cure as is provided to Landlord under the Lease; and

(f) Lender shall not be bound by any provisions in the Lease which obligate Landlord to erect or complete any building and/or to make any improvements to the Premises.

5. Lender hereby approves of, and consents to, the Lease. Notwithstanding anything to the contrary contained in the Mortgage or the Assignment, Tenant shall be entitled to use and occupy the Premises and exercise all its rights under the Lease, and the Lease and Landlord's and Tenant's performance thereunder shall not constitute a default under the Mortgage or Assignment. Tenant agrees to give Lender a copy of any notice of default under the Lease served upon Landlord at the same time as such notice is given to Landlord.

6. [Intentionally deleted.]

7. The terms and provisions of this Agreement shall be automatic and self-operative without execution of any further instruments on the part of any of the parties hereto. Without limiting the foregoing, however, Lender and Tenant agree, within thirty (30) days after request therefor by the other party, to execute an instrument in confirmation of the foregoing provisions, in form and substance reasonably satisfactory to Lender and Tenant, pursuant to which the parties shall acknowledge the continued effectiveness of the Lease in the event of such foreclosure or other exercise of rights.

8. Any notice to be delivered hereunder shall be in writing and shall be sent registered or certified mail, return receipt requested, postage prepaid, or overnight delivery by Federal Express or similar overnight courier which delivers upon signed receipt of the addressee, or its agent. The time of the giving of any notice shall be the time of receipt thereof by the addressee or any agent of the addressee, except that in the event that the addressee shall refuse to receive any notice, or there shall be no person available (during normal business hours) to receive such notice, the time of giving notice shall be deemed to be the time of such refusal or attempted delivery as the case may be. All notices addressed to Lender or Tenant, as the case may be, shall be delivered to the respective addresses set forth opposite their names below, or such other addresses as they may hereafter specify by written notice delivered in accordance herewith:

If to Tenant:

with a copy
simultaneously to:

If to Lender:

9. The term "Lender" as used herein includes any direct or more remote successor or assign of the named Lender herein, including without limitation, any purchaser at a foreclosure sale, and any successor or assign thereof, and the term "Tenant" as used herein includes any

direct or more remote successor and assign of the named Tenant herein. All terms used herein but not defined herein which are defined in the Lease shall have the same meaning for purposes hereof as they do for purposes of the Lease.

TENANT:

**MACOM TECHNOLOGY SOLUTIONS
HOLDINGS INC.**

By: _____
Name: _____
Title: _____

LENDER:

By: _____
Name: _____
Title: _____

COMMONWEALTH OF MASSACHUSETTS)
) ss.

COUNTY OF _____

On this _____ day of _____, 20____, before me,
_____, the undersigned officer, personally appeared
_____, who acknowledged himself/herself to be the _____
of MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation, and
that he/she, as such _____, being authorized so to do, executed the foregoing
instrument for the purposes therein contained by signing the name of the corporation by
himself/herself as _____

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

NOTARIAL SEAL _____
Notary Public
My commission expires:

STATE OF _____)
COUNTY OF _____) ss.
)

On this _____ day of _____, 20____, before me,
_____, the undersigned officer, personally appeared
_____, who acknowledged himself/herself to be the _____
of _____, a _____, and that he/she, as such
_____, being authorized so to do, executed the foregoing instrument for the
purposes therein contained by signing the name of the _____ by himself/herself as

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

NOTARIAL SEAL _____
Notary Public
My commission expires:

EXHIBIT D

PERMITTED ENCUMBRANCES

1. Easement from The City Development Authority to Massachusetts Electric Company dated March 24, 1977, recorded in Book 2241, Page 309, as affected by Easement Agreement dated July 19, 1982, recorded in Book 2547, Page 94.
2. Covenants set forth in Deed from City Development Authority to City of Lowell dated October 2, 1978, recorded in Book 2332, Page 534, at Page 549 and filed as Document No. 76121 to the extent in force and applicable.
3. Taking by the City of Lowell for layout of Chelmsford Street dated January 17, 1979, recorded in Book 2349, Page 216.
4. Covenants and easements contained in Deed from City of Lowell to Wang Laboratories dated December 31, 1980, recorded in Book 2459, Page 212 and filed as Document No. 81413.
5. Access and License Agreement by and between AMP Incorporated, M/A-Com, Division and L'Energia Limited Partnership, dated November 17, 1997, recorded in Book 8910, Page 285, and re-recorded in Book 9034, Page 184, as amended by Amendment Agreement dated February 25, 1999, recorded in Book 10461, Page 68.
6. Notice of Activity and Use Limitation dated March 6, 2008, recorded in Book 21997, Page 35.

A portion of the parcel currently known as 100 Chelmsford Street, Lowell, Middlesex County, Massachusetts

EXHIBITE

NOTICE OF LEASE

Notice is hereby given pursuant to Massachusetts General Laws, Chapter 183, Section 4, of an instrument of lease (the "Lease") containing, inter alia, the following terms and conditions:

LANDLORD: ----- * a ___ _

TENANT: MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation

DATE OF LEASE INSTRUMENT: _____, 2016

PREMISES: That certain portion of the Landlord's Parcel shown as "Leased Parcel" on the plan attached hereto as **Exhibit _**, together with the Improvements (as defined in the Lease) and Intangible Rights (as defined in the Lease). The "Landlord's Parcel is that certain improved real property currently known as and numbered 100 Chelmsford Street, in the City of Lowell, Massachusetts, more particularly described on **Exhibit _** and shown on the plan attached hereto as **Exhibit**

TERM OF LEASE: The initial term of the Lease commences on the date of the Lease and expires on the last day of the month in which the twentieth (20th) anniversary of such date occurs.

In the event of the occurrence of the Commencement Date under that certain lease of even date herewith between _____ and Tenant for premises located adjacent to the Premises (the "144 Chelmsford Lease"), notice of which 144 Chelmsford Lease is recorded concurrently herewith, and only in such event, the initial term of the Lease shall be deemed extended so that it shall end co-terminously with the end of the initial term of the 144 Chelmsford Lease (as established by reference to such Commencement Date).

EXTENSION OPTIONS: Tenant has an option to extend the term of the Lease for two (2) consecutive periods of ten (10) years each, as more specifically provided in the Lease.

MAJOR TENANT: Tenant has been designated as the Major Tenant (as defined in that certain Reciprocal Easement Agreement of even date herewith and recorded/filed concurrently herewith) for the Landlord's Parcel.

ACTIVITY AND USE
LIMITATION:

Tenant and Landlord acknowledge that the Landlord's Parcel (including without limitation the Premises) is subject to an Activity and Use Limitation pursuant to the terms of Massachusetts General Laws Chapter 21E, recorded with the Middlesex North Registry of Deeds at Book 21997, Page 25, a copy of which has been provided to Tenant.

OTHER PROVISIONS:

The Lease contains additional rights, restrictions, terms and conditions not enumerated in this Notice of Lease. Reference should be made to the Lease directly with respect to these and other material terms and conditions.

This Notice of Lease is executed pursuant to the provisions contained in the Lease, and is not intended to vary the terms, conditions or other provisions of the Lease. In the event of any inconsistency between the provisions of the Lease and the provisions of this Notice of Lease, the provisions of the Lease shall govern and control. This instrument is not intended to, and does not and shall not, amend, modify, diminish or affect in any way the Lease or the construction or interpretation thereof or any rights or obligations of any of the parties thereto.

This Notice of Lease may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

EXECUTED under seal this ____ day of ____, 2016.

LANDLORD:

By: _____

Name:

Title:

TENANT:

MACOM TECHNOLOGY SOLUTIONS
HOLDINGS INC., a Delaware corporation

By: _____

Name:

Title:

[Acknowledgements Follow]

COMMONWEALTH OF MASSACHUSETTS

_____, ss.

On this date, __, 2016, before me, the undersigned notary public, personally appeared _____, as _____ of _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that s/he signed it voluntarily for its stated purpose on behalf of the foregoing entity.

Notary Public

Printed Name: _____

My commission expires: _____

STATE OF _____

_____, ss.

On this date, __, 2016, before me, the undersigned notary public, personally appeared _____ as _____ of MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that s/he signed it voluntarily for its stated purpose on behalf of the foregoing entity.

Notary Public

Printed Name: _____

My commission expires: _____

Attachment 3

ATTACHMENT 3 TO THIRD AMENDMENT

Form of Hale Street Lease Amendment

(appended hereto)

FIFTH AMENDMENT TO LEASE

121 Hale Street, Lowell, MA

This FIFTH AMENDMENT TO LEASE (this "Amendment") is entered into as of _____, 2016 (the "Effective Date") by and between HALE CPI, LLC ("Landlord"), and MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC. ("Tenant").

WHEREAS, ND Hale Street LLC, as predecessor-in-interest to Landlord (the "Original Landlord"), as landlord, and GES US (New England) Inc. (the "Original Tenant"), as tenant, entered into that certain Lease dated May 31, 2007 (the "Original Lease") relating to certain land with the buildings thereon in Lowell, Massachusetts known as and numbered 121 Hale Street, as amended by that certain First Amendment to Lease dated as of September 8, 2008 (the "First Amendment"), as affected by that certain Certificate Affirming Dates dated as of April_, 2009, as further amended by that certain Second Amendment to Lease dated as of June 2010 (the "Second Amendment"), as affected by that certain Assignment of Lease dated March 31, 2011 (the "2011 Assignment") by and between Original Tenant and MACOM Technology Solutions, Inc. f/k/a M/A-Com Technology Solutions, Inc. (the "Intervening Tenant") and by that certain Landlord's Consent to Assignment of Lease dated March 31, 2011 by and among Original Landlord, Original Tenant, and the Intervening Tenant (the "2011 Consent"), as further amended by that certain Third Amendment to Lease dated as of March 31, 2011 (the "Third Amendment"), as further amended by that certain Fourth Amendment to Lease dated as of October 4, 2012 (the "Fourth Amendment"), and as affected by that certain Assignment of Lease of even date herewith by and between the Intervening Tenant and Tenant (the "2016 Assignment") and by that certain Landlord's Consent to Assignment of Lease of even date herewith by and among Landlord, the Intervening Tenant, and Tenant (the "2016 Consent") (the Original Lease, as so amended and affected, being herein referred to as the "Lease"); and

WHEREAS, Tenant is the successor to the Original Tenant pursuant to the terms of the 2016 Assignment (as affected by the 2016 Consent);

WHEREAS, simultaneously herewith, _____, an affiliate of Landlord (in its capacity as landlord under the 144 Chelmsford Lease, the "144 Landlord") and MACOM Technology Solutions Holdings, Inc. (in its capacity as tenant under the 144 Chelmsford Lease, the "144 Tenant") are entering into a lease agreement (the "144 Chelmsford Lease") pursuant to which the 144 Landlord will lease to the 144 Tenant a certain parcel adjacent to the Leased Premises as shown as "144 CHELMSFORD PARCEL" on the plan attached hereto as **Exhibit A** (the "144 Parcel") and, subject to the terms and conditions set forth therein, to construct a project (the "Project") consisting of a new building on the 144 Parcel and certain site improvements (the "Site Improvements") to the 144 Parcel, the 100 Parcel (as defined below) and the Leased Premises;

WHEREAS, simultaneously herewith, _____, an affiliate of Landlord (in its capacity as landlord under the 100 Chelmsford Lease, the "100 Landlord") and MACOM Technology Solutions Holdings, Inc. (in its capacity as tenant under the 100 Chelmsford Lease, the "100 Tenant") are entering into a lease agreement (the "100 Chelmsford Lease") pursuant to

which the 100 Landlord will lease to the 100 Tenant a certain parcel adjacent to the 144 Parcel as shown as "100 CHELMSFORD PARCEL" on the plan attached hereto as **Exhibit A** together with all Improvements (as such term is defined in the 100 Chelmsford Lease) now and/or hereafter existing thereon, which may include without limitation certain of the Site Improvements to be constructed pursuant to the 144 Chelmsford Lease (the "100 Chelmsford Parcel");

WHEREAS, a notice of the Lease is recorded in the Middlesex Registry of Deeds at Book 27742, Page 195 (the "Notice of Lease");

WHEREAS, the Landlord and Tenant desire to amend the Lease in certain respects, all as hereinafter provided; and

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings given such terms in the Lease.

NOW, THEREFORE, for consideration paid, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. LEASE TERM

a. The Lease Term is hereby extended from December 31, 2022 to December 31, 2036 (the period of such extension, as it may be further extended as set forth herein, being the "Extension Term").

b. In the event of the occurrence of the Commencement Date (as defined in the 144 Chelmsford Lease; hereinafter the "144 Commencement Date") and only in such event (notwithstanding the reason the same may not have occurred), the Extension Term of the Lease shall be deemed extended from and after (the "Further Extension") so that the Extension Term shall end co-terminously with the end of the Initial Term (as defined in the in 144 Chelmsford Lease). Such Further Extension shall occur automatically without the need for the parties to execute any further documentation under the Lease, provided that, at the request of either party therefor, at such time as the 144 Commencement Date has definitively occurred or not occurred, the parties shall memorialize, in a written instrument in mutually acceptable form (and, in any case, in recordable form), either (i) the occurrence of the 144 Commencement Date and the exact dates of such Further Extension or (ii) the non-occurrence of the 144 Commencement Date and acknowledgement that the Further Extension will not be of any effect.

c. Basic Rent for the Extension Term shall be as follows:

<u>Period</u>	<u>Basic Rent Per Annum</u>	<u>Basic Rent Per Month</u>
January 1, 2023 through December 31, 2025	\$455,250.00	\$37,937.50
January 1, 2026 through December 31, 2028	\$470,425.00	\$39,202.08

January 1, 2029 through December 31, 2031	\$485,600.00	\$40,466.66
January 1, 2032 through December 31, 2034	\$500,775.00	\$41,731.25
January 1, 2035 through December 31, 2036	\$515,950.00	\$42,995.83

Basic Rent for the period of the Further Extension shall be at the same rate that was in effect for the period ending on December 31, 2036, provided that to the extent that the Further Extension shall include any periods from and after January 1, 2038 (the "Adjustment Date") then on the Adjustment Date, and then again on each and every third (3rd) anniversary of the Adjustment Date occurring thereafter, the Basic Rent shall increase by \$15,175.00 per annum or \$1,264.58 per month above the Basic Rent that was in effect prior to the Adjustment Date or any such third (3rd) anniversary of the Anniversary Date, as applicable.

d. Section 22.5 of the Lease (Termination Option), as previously amended by the Fourth Amendment, is hereby deleted in its entirety.

2. OTHER DOCUMENTS

(a) Project.

(i) The parties acknowledge that, in pursuing such governmental permits and approvals and taking such other actions as shall be reasonably necessary in order for the 144 Landlord to construct the Project, it may become necessary for the 144 Landlord to (A) agree to certain conditions imposed by governmental authorities that will affect the Leased Premises, (B) grant or secure easements and/or other agreements with one or more third parties that will affect the Leased Premises, or (C) modify the REA (as defined herein) or other Permitted Encumbrances (as defined herein) in a manner that will affect the Leased Premises (all of the foregoing being "Project Requirements"), such Project Requirements to be governed by one or more documents effecting the same ("Project Documents"). Landlord reserves the right to implement any Project Requirements and to enter into any Project Documents, subject to Tenant's approval for items (A), (B) and (C) immediately above, such approval not to be unreasonably withheld conditioned or delayed, and Tenant agrees to execute any reasonable modifications of the Lease which may be required from time to time in order to effect any of the same; provided, however, that (x) no such Project Requirements or Project Documents shall alter the term of the Lease, increase the Rent, reduce the economic value to Tenant hereof, change in any manner any of the relative rights or obligations of Tenant or Landlord hereunder, or require Tenant to incur any out-of-pocket cost or adversely affect or increase the cost of Tenant's business operations at the Leased Premises and (y) all such Project Requirements or Project Documents shall be authorized or required to be implemented pursuant to the terms of the 144 Chelmsford Lease.

(ii) Any dispute under the provisions of this Section 2 shall be resolved exclusively by arbitration ("Arbitration") in accordance with the Expedited Arbitration

Procedures provisions of the Commercial Arbitration Rules of the American Arbitration Association (or another arbitration company mutually acceptable to Landlord and Tenant) and otherwise under the terms of this clause (ii). Any such Arbitration shall occur in a location mutually convenient to Landlord and Tenant (or, if Landlord and Tenant cannot agree on a mutually convenient location, in the City of Boston, Massachusetts). The decision of the arbitrator shall be final, conclusive and binding on the parties, but the arbitrator shall have no power to reform, supplement or modify the Lease. The arbitrator shall make required findings incident to an arbitrable dispute, which findings shall be set forth in reasonable detail in a written decision by the arbitrator. Unless otherwise expressly provided hereunder, the parties shall share equally in all costs charged by the arbitrator or the arbitration company and each party shall otherwise bear its own costs (including attorneys' fees) of any Arbitration. Notwithstanding the foregoing, the arbitrator may (but shall not be obligated to), in its sole discretion, determine the prevailing party in any such Arbitration and award such prevailing party all of the prevailing party's costs and expenses incurred in connection with the Arbitration (including without limitation attorneys' fees and costs).

(iii) For the avoidance of doubt, the parties acknowledge that under no circumstances shall Landlord have any liability to Tenant under the Lease on account of (x) the 144 Landlord's acts or omissions under the 144 Chelmsford Lease or (y) the 100 Landlord's acts or omissions under the 100 Chelmsford Lease. For the avoidance of doubt, the parties further acknowledge that under no circumstances shall Tenant have any liability to Landlord under the Lease on account of (A) the 144 Tenant's acts or omissions under the 144 Chelmsford Lease or (B) the 100 Tenant's acts or omissions under the 100 Chelmsford Lease.

(b) Other Documents

(i) Reference is made to a certain Reciprocal Easement Agreement of even date herewith being entered into and recorded with the Middlesex North Registry of Deeds and filed with the Middlesex Registry District of the Land Court concurrently with the execution and delivery of this Amendment (the "REA"). Capitalized terms used in this subsection (b) and not specifically defined in this Amendment shall have the respective meanings assigned to them under the REA. Tenant is hereby designated as the Major Tenant of the Hale Property. Subject to all of the terms and conditions set forth in the Lease and in the REA, Tenant shall have the following rights during the Term of the Lease:

- A. all easements granted to the Hale Owner under the REA, in common with the Hale Owner and others now or hereafter entitled thereto in accordance with the terms of the REA; and
- B. all rights reserved by the Hale Owner on the Hale Property in connection with the Hale Owner's granting to others of easements in the Hale Property pursuant to the REA, in common with the Hale Owner

(ii) During the term of the Lease, Tenant shall, on Landlord's behalf, pay, perform and observe in a timely manner all of the obligations of Landlord under the REA, any Permitted Encumbrances or any Project Documents (each, an "Other Document") insofar as they

pertain to Tenant's (A) use or occupancy of the Leased Premises, (B) exercise or enjoyment of any of Tenant's rights under the Lease, or (C) compliance with any of Tenant's obligations under the Lease (collectively, "Lease Matters"); provided that such Lease Matters shall in no event be deemed to include (x) any obligation of Landlord under any Other Document that is an obligation of Landlord to Tenant as expressly set forth in the Lease or (y) any liability to the extent caused by the negligence or willful act of Landlord. Tenant shall, from time to time upon the reasonable request by Landlord, provide reasonable evidence of Tenant's compliance with the terms of the preceding sentence (with respect to any specific obligations of Tenant thereunder). In any event, Tenant shall not cause, suffer or permit any act or omission on or about the Leased Premises or otherwise in connection with any Lease Matters that would cause Landlord to be in violation (a "Violation") of any of the Other Documents.

(iii) Landlord shall (A) perform and observe all of the terms, covenants, provisions and conditions of any Other Documents on Landlord's part to be performed and observed pursuant to the terms thereof, except for such obligations as are Tenant's responsibility as set forth above, and (B) enforce the obligations of the other parties to any of the Other Documents (an "Other Party"), in each case to the extent necessary for Landlord to comply with Landlord's obligations to Tenant under the Lease. In no event whatsoever shall either party hereto have any liability to the other on account of (x) any Other Party's failure to keep, observe or perform its obligations pursuant to the Other Document or (y) the acts or omissions of any Other Party, its agents, employees, invitees, guests, licensees or contractors.

(iv) In any case where Tenant shall request Landlord's consent, permission or approval for any matter requiring Landlord's consent, permission or approval as set forth in the Lease (a "Consent Request") then, to the extent that such matter shall also require the consent, permission or approval of an Other Owner, other than a Landlord Affiliate, under an Other Document (an "Other Owner Consent"), Landlord shall have no obligation to act upon the Consent Request unless and until such time as the Other Owner Consent shall have been given. Upon Landlord's reasonable determination that the Consent Request is complete and in proper form for consideration under both the Lease and the Other Document, Landlord shall request the Other Owner Consent in accordance with the Other Document and thereafter use commercially reasonable efforts in accordance with the Other Document to obtain the Other Owner Consent. Notwithstanding the foregoing or anything to the contrary contained herein, any Consent Request to Landlord shall also be deemed to have been made to any Landlord Affiliate that is an Other Owner. As used herein, "Landlord Affiliate" shall mean Landlord and/or a party that controls, is controlled by, or is under common control with Landlord.

(v) Notwithstanding anything to the contrary set forth above in this subsection (b), Landlord may by notice to Tenant require, in lieu of Landlord's taking any direct action with respect to any Other Party or Other Document as set forth above in this subsection (b), that Tenant, at Tenant's sole cost and expense (except to the extent that the action is required as a result of Landlord's failure to have performed an obligation of Landlord under the Lease), take such action on Landlord's behalf and in its name and, for purposes thereof, Tenant shall be deemed subrogated to Landlord's rights under the Other Document to take such action. In taking any such action, Tenant shall have the right, but not the obligation to exercise any or all rights and remedies as would be available to Landlord, at law or in equity, were Landlord to take the action directly. Landlord agrees to sign, to the extent Landlord's signature is legally required or

required under the provisions of the Other Document, such demands, pleadings, and/or other documents that may be reasonably required, and otherwise to enable Tenant to proceed as set forth above in this clause (v). In the event Landlord exercises its rights under this clause (v), Tenant shall provide Landlord with copies of all written notices, demands, communications and correspondence of a material nature sent or received by Tenant in connection therewith, simultaneously with their sending by Tenant or promptly upon their receipt by Tenant.

3. INDUCEMENT PAYMENT

Concurrently with the execution and delivery of this Amendment, Landlord is paying to Tenant the sum of One Hundred Thousand Dollars (\$100,000.00) as an inducement for Tenant's execution and delivery of this Amendment.

4. MISCELLANEOUS

a. Concurrently herewith, the parties are amending and restating in its entirety the Notice of Lease pursuant to the parties' execution, delivery and recording of the Amended and Restated Notice of Lease in the form set forth in **Exhibit B** attached hereto.

b. The parties acknowledge that the "Effective Date," as that term is defined in the 2011 Assignment, occurred as of April 7, 2011 and that the Sublease, as that term is defined in the 2011 Assignment, was thereby terminated as of April 7, 2011.

c. The Lease is modified such that each reference therein to the Lease shall be deemed to mean the Lease as modified by this Amendment. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall prevail. Except as otherwise expressly amended, modified and provided for in this Amendment, Tenant hereby ratifies all of the provisions, covenants and conditions of the Lease, and such provisions, covenants and conditions shall be deemed to be incorporated herein and made a part hereof and shall continue in full force and effect.

d. Landlord and Tenant each warrant to the other that the person or persons executing this Amendment on its behalf has or have authority to do so and that such execution has fully obligated and bound such party to all terms and provisions of this Amendment.

e. Landlord and Tenant hereby represent and warrant to each other that neither has dealt with any real estate broker or agent in connection with the procurement of this Amendment. Each of Landlord and Tenant shall indemnify and hold the other harmless from any costs, expenses or liabilities (including costs of suit and reasonable attorneys' fees) for any compensation, commission or fees claimed by any real estate broker or in connection with the procurement of this Amendment because of any act or statement by the indemnifying party.

f. This Amendment shall be binding upon, and shall inure to the benefit of the parties hereto, and their respective successors and assigns.

g. This Amendment shall be governed by the laws of The Commonwealth of Massachusetts.

h. If any clause or provision of this Amendment is or should ever be held to be illegal, invalid or unenforceable under any present or future law applicable to the terms hereof; then and in that event, it is the intention of the parties hereto that the remainder of this Amendment shall not be affected thereby, and that in lieu of each such clause or provision of this Amendment that is illegal, invalid or unenforceable, such clause or provision shall be judicially construed and interpreted to be as similar in substance and content to such, illegal, invalid or unenforceable clause or provision, as the context thereof would reasonably suggest, so as to thereafter be legal, valid and enforceable.

i. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures begin on next page.]

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed, as a sealed instrument, the day and year first above written.

Landlord:

HALE CPI, LLC, a Massachusetts limited liability company

By: _____

Name:

Title:

Tenant:

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

By:-----

Name:

Title:

EXHIBIT A
(appended hereto)

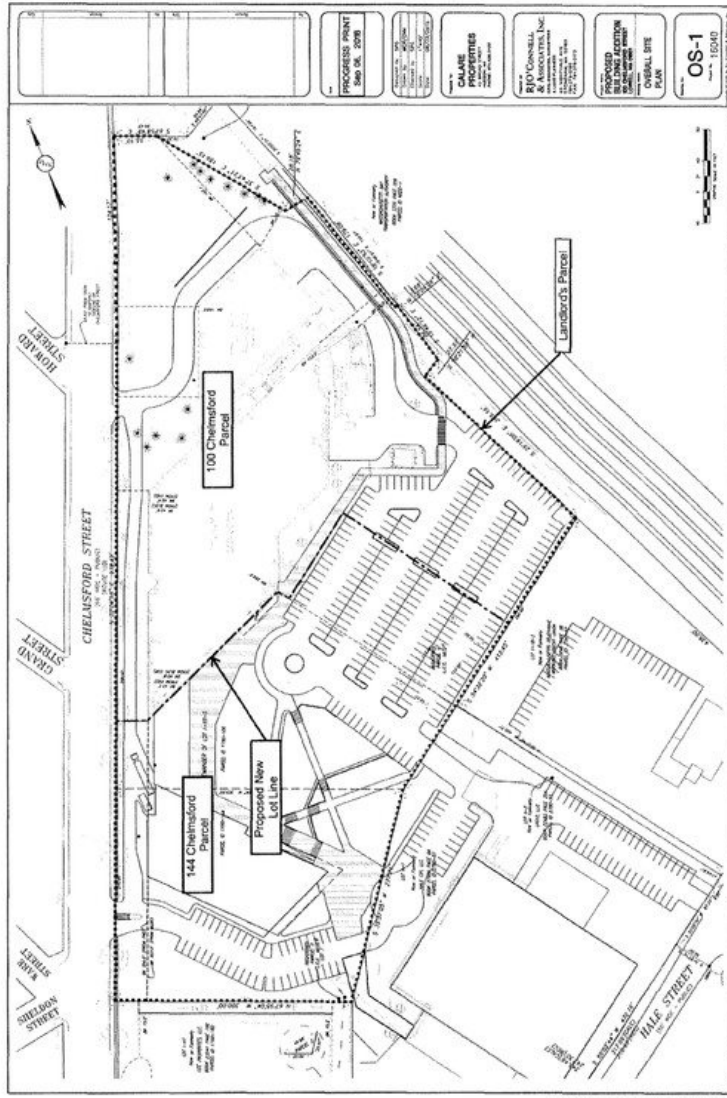


Exhibit A, Page 2

A portion of the parcel known as 121 Hale Street, Lowell, Middlesex County, Massachusetts

EXHIBIT B

AMENDED AND RESTATED
NOTICE OF LEASE

Notice is hereby given pursuant to Massachusetts General Laws, Chapter 183, Section 4, of an instrument of lease (the "Lease") containing, inter alia, the following terms and conditions:

LANDLORD: HALE CPI, LLC, a Massachusetts limited liability company, as successor in interest to ND Hale Street LLC.

TENANT: MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC., a Delaware corporation, as successor in interest to MACOM Technology Solutions, Inc. f/k/a M/A-Com Technology Solutions, Inc. (pursuant to an Assignment of Lease of even date herewith and recorded concurrently herewith), as successor in interest to GES US (New England) Inc. (pursuant to an Assignment of Lease dated March 31, 2011 and recorded

DATE OF LEASE INSTRUMENT: _____, 2016

PREMISES: The land with the Building thereon, the legal description of which is set forth in Exhibit A attached hereto.

TERM OF LEASE: The Lease Term expires on December 31, 2036.

In the event of the occurrence of the Commencement Date under that certain lease of even date herewith between _____ and Tenant for premises located adjacent to the Premises (the "144 Chelmsford Lease"), notice of which 144 Chelmsford Lease is recorded concurrently herewith, and only in such event, the term of the Lease shall be deemed extended so that it shall end co-terminously with the end of the initial term of the 144 Chelmsford Lease (as established by reference to such Commencement Date).

EXTENSION OPTIONS: Tenant has an option to extend the term of the Lease for two (2) consecutive periods of five (5) years each, as more specifically provided in the Lease.

MAJOR TENANT: Tenant has been designated as the Major Tenant (as defined in that certain Reciprocal Easement Agreement of even date herewith and recorded concurrently herewith) for the Premises.

OTHER PROVISIONS: The Lease contains additional rights, restrictions, terms and conditions not enumerated in this Amended and Restated Notice of Lease. Reference should be made to the Lease directly with respect to these and other material terms and conditions.

This Amended and Restated Notice of Lease is executed pursuant to the provisions contained in the Lease, and is not intended to vary the terms, conditions or other provisions of the Lease. In the event of any inconsistency between the provisions of the Lease and the provisions of this Amended and Restated Notice of Lease, the provisions of the Lease shall govern and control. This instrument is not intended to, and does not and shall not, amend, modify, diminish or affect in any way the Lease or the construction or interpretation thereof or any rights or obligations of any of the parties thereto.

This Amended and Restated Notice of Lease may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Amended and Restated Notice of Lease amends and restates in its entirety that certain Notice of Lease dated October 9, 2013 between ND Hale Street LLC, predecessor in interest to Landlord (as landlord), and GES US (New England) Inc., predecessor in interest to Tenant (as tenant), recorded in the Middlesex Registry of Deeds at Book 27742, Page 195.

EXECUTED under seal this ___ day of ___, 2016.

LANDLORD:
HALE CPI LLC, a Massachusetts limited liability company

By: -----

Name:
Title:

TENANT:
MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC., a Delaware corporation

By: _____

Name:
Title:

[Acknowledgements Follow]

COMMONWEALTH OF MASSACHUSETTS

_____, ss.

On this date, _____, 2016, before me, the undersigned notary public, personally appeared _____, as _____ of HALE CPI LLC, a Massachusetts limited liability company, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that s/he signed it voluntarily for its stated purpose on behalf of the foregoing entity.

Notary Public
Printed Name: _____
My commission expires: _____

STATE OF _____

_____, ss.

On this date, _____, 2016, before me, the undersigned notary public, personally appeared _____, as _____ of MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC., a Delaware corporation, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that s/he signed it voluntarily for its stated purpose on behalf of the foregoing entity.

Notary Public
Printed Name: _____
My commission expires: _____

Attachment 4

ATTACHMENT 4 TO THIRD AMENDMENT

Form of REA

(appended hereto)

62569904 v4-WorkSiteUS-0315910053

RECIPROCAL EASEMENT AGREEMENT

**100 and 144 Chelmsford Street and 121 Hale Street,
Lowell, Massachusetts**

This Reciprocal Easement Agreement (this "**Agreement**") is entered into as of the ___ day of _____, 2016 (the "**Effective Date**"), by and between

[_____, a Massachusetts limited liability company, in its capacity as the owner of the 100 Property (as hereinafter defined), having an address at 43 Broad Street, Hudson, MA 01748 ("**100 Owner**"), [_____, a Massachusetts limited liability company, in its capacity as the owner of the 144 Property (as hereinafter defined), having an address at 43 Broad Street, Hudson, MA 01748 ("**144 Owner**"), and **HALE CPI, LLC**, a Massachusetts limited liability company, in its capacity as the owner of the Hale Property (as hereinafter defined), having an address at 43 Broad Street, Hudson, MA 01748 ("**Hale Owner**") and together with the 100 Owner and the 144 Owner, the "**Owners**," with each being an "**Owner**").

WHEREAS, 100 Owner is the owner of that certain parcel of land, together with the buildings, improvements and facilities now or hereafter located thereon and all the rights now or hereafter appurtenant thereto, situated in the City of Lowell, Middlesex County, Commonwealth of Massachusetts, commonly known as 100 Chelmsford Street and more particularly described on **Exhibit A-1** attached hereto (the "**100 Property**");

WHEREAS, 144 Owner is the owner of that certain parcel of land, together with the buildings, improvements and facilities now or hereafter located thereon and all the rights now or hereafter appurtenant thereto, situated in the City of Lowell, Middlesex County, Commonwealth of Massachusetts, commonly known as 144 Chelmsford Street and more particularly described on **Exhibit A-2** attached hereto (the "**144 Property**");

WHEREAS, Hale Owner is the owner of that certain parcel of land, together with the buildings, improvements and facilities now or hereafter located thereon and all the rights now or hereafter appurtenant thereto, situated in the City of Lowell, Middlesex County, Commonwealth of Massachusetts, commonly known as 121 Hale Street and more particularly described on **Exhibit A-3** attached hereto (the "**Hale Property**" and together with the 100 Property and the 144 Property, the "**Properties**," with each being a "**Property**").

WHEREAS, the 144 Property is subject to a lease of even date herewith (as the same may be hereafter amended from time to time, the "144 Lease") between the 144 Owner, as landlord, and MACOM Technology Solutions Holdings, Inc., a Delaware corporation, as tenant (including its successors or assigns as holders from time to time of such tenant's interest, the "144 Tenant"), notice of which 144 Lease (the "144 Notice of Lease") is being recorded with the Registry (as defined herein) and filed with the Land Court (as defined herein) concurrently herewith;

WHEREAS, pursuant to the 144 Lease, the 144 Owner and the 144 Tenant have agreed upon certain terms and conditions under which the 144 Owner will perform certain work (the "Project Work") consisting of the construction of (i) a new building on the 144 Property (the "144 Building") and (ii) related site improvements on each of the 100 Property, 144 Property and Hale Property, all as approximately shown on the site plan attached hereto as Exhibit B (with such site improvements, as more particularly described in the 144 Lease and as the same are subject to the terms of this Agreement, being herein the "Project Site Improvements");

WHEREAS, the 144 Lease also provides that, under certain circumstances as set forth in the 144 Lease, the 144 Owner will have no further obligation to perform the Project Work but the 144 Tenant will have certain rights to develop (and thereafter demolish) a building or buildings on the 144 Property and, in connection therewith, to make related site improvements on the 100 Property and the 144 Property as set forth in the 144 Lease and as subject to the terms of this Agreement (the "Alternative Site Improvements");

WHEREAS, the 100 Property is subject to a lease of even date herewith (as the same may be hereafter amended from time to time, the "100 Lease") between the 100 Owner, as landlord, and MACOM Technology Solutions Holdings, Inc., a Delaware corporation, as tenant (including its successors or assigns as holders from time to time of such tenant's interest, the "100 Tenant"), notice of which 100 Lease (the "100 Notice of Lease") is being recorded with the Registry and filed with the Land Court concurrently herewith;

WHEREAS, the Hale Property is subject to a lease dated May 31, 200

7 as amended (as the same may be hereafter amended from time to time, the "Hale Lease") between the Hale Owner, as successor in interest to ND Hale Street LLC, as landlord, and MACOM Technology Solutions Holdings, Inc., a Delaware corporation, as successor in interest to GES US (New England) Inc., as tenant (including its successors or assigns as holders from time to time of such tenant's interest, the "Hale Tenant"), notice of which Hale Lease is recorded with the Registry at Book 27742, Page 195, and as to which an Amended and Restated Notice of Lease (the "Hale Notice of Lease") is being recorded with the Registry concurrently herewith; and

WHEREAS, the Owners wish to establish certain easements, rights, and obligations with respect to the Properties in order for the 144 Owner to construct the Project Site Improvements (or, in the alternative, for the 144 Tenant, in the exercise of its rights in accordance with the 144 Lease, to construct the Alternative Site Improvements on the 100 Property and the 144 Property)

and for the Owners to use, maintain, operate, alter and improve the Properties in a harmonious manner, in each case to the extent provided for herein.

NOW THEREFORE, in consideration of the foregoing and mutual rights and obligations set forth herein, and for \$1.00 the receipt and sufficiency of which are hereby acknowledged, the Owners hereby agree as follows:

I. EASEMENTS.

A. Generally. The rights and easements expressly specified below under this Section I (collectively, the "**Easements**," with each thereof being an "**Easement**") are hereby granted from each Owner, as applicable as set forth below, to each of the other Owners, as applicable as set forth below. Except to the extent otherwise expressly set forth herein, all easements under this Agreement are granted (i) irrevocably and in perpetuity, (ii) for the exclusive benefit of the grantee Owners (in common, however, with the grantor Owner and the other grantee Owner, as applicable), (iii) for use by the grantee Owners and their respective tenants, occupants, licensees, designees and invitees on their respective Properties, (iv) subject to all of the terms and conditions set forth in this Agreement, (v) subject to any prior easements and matters of record insofar as are in force and applicable, (vi) without covenants express or implied and (vii) without representation or warranty of any kind (including without limitation as to habitability or fitness for any particular use or purpose). Except as expressly set forth herein, no other easements are hereby created, whether by necessity or implication. The areas respectively designated below as being subject to particular Easements are referred to herein as the "**Easement Areas**," with each such area being an "**Easement Area**."

B. Existing Facilities. Each of the 100 Owner and the 144 Owner shall have an easement over the other's Property for: (i) the passage of pedestrians and vehicles upon, over and across any driveways and parking areas as may be now located on the grantor Owner's Property; (ii) the passage of pedestrians upon, over and across any sidewalks and walkways as may be now located on the grantor Owner's Property; (iii) the drainage and discharge of surface water collected on the grantee Owner's Property onto, upon, over, across, under and through any areas as may now be utilized therefor by the grantee Owner on the grantor Owner's Property; (iv) the use, operation, maintenance, repair, and replacement of any underground utility lines, pipes, conduits, systems and similar equipment and facilities as may be now be utilized by the grantee Owner on the grantor Owner's Property; (v) passive Recreational Uses (as defined herein) upon, over and across any areas as may now be utilized therefor by the grantee Owner on the grantor Owner's Property; and (vi) the parking of automobiles, light trucks and vans in any striped parking areas as may be now located on the grantor Owner's Property. The foregoing Easements under this Section B are collectively referred to as the "**Existing Easements**." The Existing Easements shall expire and be of no further force and effect on the Project Site Improvements Effective Date or on the Alternative Site Improvements Effective Date (each as defined herein and as applicable) without the need for execution or recording/filing of any further documentation.

C. The Project Site Improvements.

(i) Upon substantial completion of the Project Site Improvements, the 100 Owner and the 144 Owner shall sign a certificate indicating the date of substantial completion (the "**Project Site Improvements Effective Date**"), which certificate shall be recorded with the Registry and filed with the Land Court. Upon the recording and filing of said certificate, each of the applicable Owners shall have the following rights and easements:

- (a) Access. Each of the Owners shall have an easement for the passage of pedestrians and vehicles upon, over and across the areas designated on the plan attached hereto as **Exhibit C** (the "**Easement Plan**") as "COMMON DRIVEWAY" (the "**Driveway Easement Area**"). Each Owner shall have the right to construct and maintain driveways for ingress and egress connecting portions of its respective Property to portions of the Driveway Easement Area located on its respective Property, provided that no such connecting driveway shall unreasonably interfere with any rights granted to the other Owners hereunder.
- (b) Walkways. Each of the Owners shall have an easement for the passage of pedestrians upon, over and across the areas shown on the Easement Plan as the "COMMON WALKWAYS" (the "**Walkway Easement Area**"). Each Owner shall have the right to construct and maintain sidewalks or other pedestrian pathways providing access and egress from portions of its respective Property to portions of the Walkway Easement Area located on its respective Property, provided that no such sidewalk or pathway shall unreasonably interfere with any rights granted to the other Owners hereunder.
- (c) Stormwater. Each of the Owners shall have an easement for the drainage and discharge of surface water collected on its respective Property onto, upon, over, across, under and through the areas designated on the Easement Plan as the "STORMWATER SYSTEM" consisting of series of catch basins, manholes, drain lines, underground detention and/or recharge units, and appurtenant equipment (the "**Stormwater Easement Area**"). Each Owner shall have the right to construct and maintain appropriate stormwater drainage facilities connecting portions of its respective Property to portions of the Stormwater Easement Area located on its respective Property, provided that no such connections shall unreasonably interfere with any rights granted to the other Owners hereunder. All connections to the Stormwater System shall be made at the sole cost and expense of each respective Owner and in accordance with all applicable Governmental Approvals (as defined below).
- (d) Utilities. Each of the Owners shall have an easement for the use, operation, maintenance, repair, and replacement of underground

utility lines, pipes, conduits, systems and similar equipment and facilities to serve any improvements located on their respective Properties ("**Utility Lines**") (which utilities may include natural gas, electricity, water, sewer, telecommunications and such similar uses for which utility easements are commonly granted from time to time in the Commonwealth of Massachusetts) located under or within the layout of the Driveway Easement Area and, to the extent any such Utility Line cannot reasonably be located within the layout of the Driveway Easement Area (but only to the extent that no building shall be located therein), within five (5) feet of the sideline of the Driveway Easement Area (collectively, the "**Utility Easement Area**"). Any area in which such Utility Lines are so placed shall be no wider than necessary to reasonably satisfy the requirements of a private or public utility company, or five (5) feet on each side of the centerline. All Utility Lines shall be located underground, except for ground mounted electrical transformers, risers and fire hydrants and except as may be necessary during periods of construction, reconstruction, repair or temporary service, required by any Governmental Approvals or reasonably and customarily required by the provider of such utility service. Each Owner shall have the right to construct and maintain utility lines connecting portions of its respective Property to portions of the Utility Easement Area located on its respective Property, provided that no such connections shall unreasonably interfere with any rights granted to the other Owners hereunder.

(e) Common/Recreational Areas and Landscaping. Each of the 100 Owner and 144 Owner shall have an easement for Recreational Uses upon, over and across the areas designated on the Easement Plan as "RECREATIONAL AREA" (the "**Recreational Easement Area**"). "**Recreational Uses**" shall mean walking, sitting, casual exercise, picnicking, and similar uses for which open paved or landscaped spaces are customarily used in similar office parks in the Commonwealth of Massachusetts, subject to reasonable rules and regulations promulgated from time to time by each such Owner with respect to its respective Property.

(f) Parking. Each of the 100 Owner and the 144 Owner shall have an easement for parking of automobiles, light trucks and vans in the striped parking areas located from time to time on each Owner's respective Property and designated on the Site Plan as the "**Common Parking**" (the "**Parking Easement Area**").

(ii) The Project Site Improvements shall be subject to change from time to time in accordance with the 144 Lease; provided, however, that in no event shall any Project Site Improvements be changed unless the Project Site Improvements will not (a) have a material

adverse effect on the quality, useful life, value, functionality or costs of operating or maintaining

any then existing buildings and improvements at the 100 Property or 144 Property as determined by each of (x) the 100 Owner and its Major Tenant (if any) and (y) the Hale Owner and its Major Tenant (if any), respectively, in its respective reasonable discretion, (b) violate the terms and conditions of this Agreement or any Other Documents affecting the 100 Property or 144 Property, respectively, (c) violate or interfere with the leasehold rights and interests of the Major Tenant or any other tenant or occupant of the 100 Property or 144 Property, respectively, except to the extent that any such other tenant or occupant shall have consented thereto in writing in accordance with the terms and conditions of its applicable lease or occupancy agreement as shall then be in effect, or (d) violate any applicable laws, regulations, ordinances and rules, including then applicable zoning laws (without the need for an amendment to the applicable zoning ordinance or map, except to the extent that the 100 Owner and its Major Tenant (if any) or the 100 Owner and its Major Tenant (if any), respectively, shall consent in writing to any such amendment in writing, such consent not to be unreasonably withheld, conditioned, or delayed). As used herein, "**Other Documents**" shall mean (x) the matters set forth in **Exhibit D** attached hereto, (y) any future easements, covenants or restrictions of record as to which this Agreement shall have been made subject or subordinate and (z) the terms and conditions of any Governmental Approvals of record with respect to the Project Site Improvements (or Alternative Site Improvements, if applicable), all insofar as may be in force and applicable.

D. The Alternative Site Improvements.

(i) Upon substantial completion of the Alternative Site Improvements, the 100 Owner and the 144 Owner shall sign a certificate indicating the date of substantial completion (the "**Alternative Site Improvements Effective Date**"), which certificate shall be recorded with the Registry and filed with the Land Court. Upon the recording and filing of said certificate, each of the 100 Owner and 144 Owner shall have an easement over the other's Property for: (i) the passage of pedestrians and vehicles upon, over and across any driveways and parking areas as shall then be located on the grantor Owner's Property; (ii) the passage of pedestrians upon, over and across any sidewalks and walkways as shall then be located on the grantor Owner's Property; (iii) the drainage and discharge of surface water collected on the grantee Owner's Property onto, upon, over, across, under and through any areas as may then be designed to be utilized therefor by the grantee Owner on the grantor Owner's Property; (iv) the use, operation, maintenance, repair, and replacement of any underground utility lines, pipes, conduits, systems and similar equipment and facilities as may then be designed to be utilized by the grantee Owner on the grantor Owner's Property; (v) passive Recreational Uses (as defined herein) upon, over and across any areas as may then be designed to be utilized therefor on the grantor Owner's Property; and (vi) the parking of automobiles, light trucks and vans in any striped parking areas as may then be located on the grantor Owner's Property.

(ii) Notwithstanding anything to the contrary contained herein, in no event shall any Alternative Site Improvements proceed unless such Alternative Site Improvements will not (a) have a material adverse effect on the quality, useful life, value, functionality or costs of operating or maintaining any then existing buildings and improvements at the 100 Property as determined by each of the 100 Owner and its Major Tenant (if any) in its respective reasonable discretion, (b) violate the terms and conditions of this Agreement or any Other Documents affecting the 100 Property, (c) violate or interfere with the leasehold rights and interests of the Major Tenant or any other tenant or occupant of the 100 Property (except to the extent that any

such other tenant or occupant shall have consented thereto in writing in accordance with the terms and conditions of its applicable lease or occupancy agreement as shall then be in effect), or (d) violate any applicable laws, regulations, ordinances and rules, including then applicable zoning laws (without the need for an amendment to the applicable zoning ordinance or map, except to the extent that the 100 Owner and its Major Tenant (if any) shall consent in writing to any such amendment in writing, such consent not to be unreasonably withheld, conditioned, or delayed).

E. Construction of Project Site Improvements. In connection with the performance of the Project Site Improvements, the 144 Owner shall have an easement to enter the respective Property of any other Owner (the "**Subject Property**") in order to perform the Project Site Improvements for and during the period of performance of such work (the "**Project Work**"), subject to all of the following conditions:

- (i) The portions of the Subject Property to be so entered by the 144 Owner shall be limited to such portions thereof as shall be reasonably necessary in order to perform the Project Work in a diligent manner consistent with prudent construction practices; provided that in no event shall the 144 Owner enter any building or other secured area on the Subject Property without the approval of the other Owner and its Major Tenant, if any, (which approval may be made subject to reasonable safety and security procedures and shall otherwise not be unreasonably withheld, conditioned or delayed).
- (ii) The 144 Owner shall give the other Owner and its Major Tenant, if any, not less than ten (10) business days' advance written notice of the 144 Owner's intention to enter the Subject Property to perform the Project Work, which notice shall include (a) a copy of the 144 Owner's plans and specifications for the Project Work, including without limitation any thereof as shall have been submitted to or approved by any governmental authorities in connection with the pursuit of any Governmental Approvals, (b) a schedule of the Project Work to be performed and the identity of the contractors that will be performing the Project Work, (c) the name and emergency contact information for the 144 Owner's project manager for the Project Work, (d) copies of all Governmental Approvals as are required under clause (iv) immediately below and (e) evidence of the insurance as required under clause (v) immediately below.
- (iii) The 144 Owner will enter the Subject Property and perform the work at the 144 Owner's sole risk and at the 144 Owner's sole cost and expense (including all design, permitting and construction costs).
- (iv) The 144 Owner shall comply with all laws and regulations applicable to all Project Work on the Subject Property and shall obtain (and deliver to the other Owner and its Major Tenant, if any, copies of) all Governmental Approvals required in connection therewith.

- (v) The 144 Owner shall maintain or cause the 144 Owner's general contractor to maintain (a) commercial general liability insurance naming the other Owner, its Major Tenant (if any) and its mortgagees (if any), as additional insureds, in an amount per accident or occurrence of not less than \$1,000,000.00 of primary combined single limit with umbrella coverage per accident or occurrence of not less than \$5,000,000.00 in the aggregate and (b) builder's risk completed value insurance, naming the 100 Owner, its Major Tenant (if any) and its mortgagees (if any), as loss payees as their interests may appear, all such insurance satisfying the requirements of Section IV.A.(ii) below to the extent applicable thereto (and the 144 Owner shall deliver to the other Owner, any such Major Tenant, and any such mortgagees evidence thereof in form reasonably satisfactory to the other Owner, any such Major Tenant, and any such mortgagees).
- (vi) The 144 Owner shall promptly pay all contractors, laborers and suppliers performing services or supplying materials in connection with the Project Work and pay all amounts and take all other actions necessary to ensure that no liens will attach to the Subject Property on account thereof.
- (vii) The 144 Owner shall operate and maintain all areas affected by the Project Work in a safe and secure condition and shall not store or stockpile any materials on the Subject Property for longer than such time as is reasonably necessary in order to perform the Project Work in a diligent manner consistent with prudent construction practices.
- (viii) The Project Work shall be performed in a prompt and workmanlike manner incorporating only materials of good quality.
- (ix) The 144 Owner shall take reasonable measures to ensure that any Project Work that interferes with any easements benefiting the other Owner as set forth herein, or the conduct of business on the Subject Property by the other Owner or its tenants and occupants in the ordinary course, is minimized.
- (x) Upon completion of the Project Work, the 144 Owner shall promptly remove from the Subject Property any surplus materials and waste created by the Project Work and shall promptly repair and restore any damage to the Subject Property that results from the Project Work.

F. Construction of Alternative Site Improvements. In connection with the performance of the Alternative Site Improvements by the 144 Tenant under the terms of the 144 Lease, the 144 Tenant shall have an easement to enter the 100 Property in order to perform the Alternative Site Improvements for and during the period of performance of such work (the "**Alternative Work**"), subject to all of the following conditions:

- (i) The portions of the 100 Property to be so entered by the 144 Tenant shall be limited to such portions thereof as shall be reasonably necessary in order to perform the Alternative Work in a diligent manner consistent with prudent construction practices; provided that in no event shall the 144 Tenant enter any building or other secured area on the 100 Property without the approval of the 100 Owner and its Major Tenant, if any, (which approval may be made subject to reasonable safety and security procedures and shall otherwise not be unreasonably withheld, conditioned or delayed).
- (ii) The 144 Tenant shall give the 100 Owner and its Major Tenant, if any, not less than ten (10) business days' advance written notice of the 144 Tenant's intention to enter the 100 Property to perform the Alternative Work, which notice shall include (a) a copy of the 144 Tenant's plans and specifications for the Alternative Work, including without limitation any thereof as shall have been submitted to or approved by any governmental authorities in connection with the pursuit of any Governmental Approvals, (b) a schedule of the Alternative Work to be performed and the identity of the contractors that will be performing the Alternative Work, (c) the name and emergency contact information for the 144 Tenant's project manager for the Alternative Work, (d) copies of all Governmental Approvals as are required under clause (iv) immediately below and (e) evidence of the insurance as required under clause (v) immediately below.
- (iii) The 144 Tenant will enter the 100 Property and perform the work at the 144 Tenant's sole risk and at the 144 Tenant's sole cost and expense (including all design, permitting and construction costs).
- (iv) The 144 Tenant shall comply with all laws and regulations applicable to all Alternative Work on the 100 Property and shall obtain (and deliver to the 100 Owner and its Major Tenant, if any, copies of) all Governmental Approvals required in connection therewith.
- (v) The 144 Tenant shall maintain or cause the 144 Tenant's general contractor to maintain (a) commercial general liability insurance naming the 100 Owner, its Major Tenant (if any) and its mortgagees (if any), as additional insureds, in an amount per accident or occurrence of not less than \$1,000,000.00 of primary combined single limit with umbrella coverage per accident or occurrence of not less than \$5,000,000.00 in the aggregate and (b) builder's risk completed value insurance, naming the 100 Owner, its Major Tenant (if any) and its mortgagees (if any), as loss payees as their interests may appear, all such insurance satisfying the requirements of Section IV.A.(ii) below to the extent applicable thereto (and the 144 Tenant shall deliver to the 100 Owner, any such Major Tenant, and any such mortgagees evidence thereof in form reasonably

satisfactory to the 100 Owner, any such Major Tenant, and any such mortgagees).

- (vi) The 144 Tenant shall promptly pay all contractors, laborers and suppliers performing services or supplying materials in connection with the Alternative Work and pay all amounts and take all other actions necessary to ensure that no liens will attach to the 100 Property on account thereof.
- (vii) The 144 Tenant shall operate and maintain all areas affected by the Alternative Work in a safe and secure condition and shall not store or stockpile any materials on the 100 Property for longer than such time as is reasonably necessary in order to perform the Alternative Work in a diligent manner consistent with prudent construction practices.
- (viii) The Alternative Work shall be performed in a prompt and workmanlike manner incorporating only materials of good quality.
- (ix) The 144 Tenant shall take reasonable measures to ensure that any Alternative Work that interferes with any easements benefiting the 100 Owner as set forth herein, or the conduct of business on the 100 Property by the 100 Owner or its tenants and occupants in the ordinary course, is minimized.
- (x) Upon completion of the Alternative Work, the 144 Tenant shall promptly remove from the 100 Property any surplus materials and waste created by the Alternative Work and shall promptly repair and restore any damage to the 100 Property that results from the Alternative Work.

In exercising its rights and performing its obligations under this Section F, the 144 Tenant shall be subject to the same obligations as the 144 Owner would be bound by under the other provisions of this Agreement (including without limitation the indemnification obligations under Section IV, B, below) were the 144 Owner the party entitled to exercise the rights of the 144 Tenant under this Section F.

II. RESTRICTIONS AND CONDITIONS

A. Construction of Improvements. The rights granted to the Owners in the Easement Areas shall specifically include the right to construct, reconstruct, and maintain the improvements on their respective Properties as are existing on the Effective Date or as may be hereafter existing in accordance with the Project Site Improvements or the Alternative Site Improvements (as applicable). Each of the Owners agrees that all work performed by such Owner within an Easement Area located on its Property shall be (i) performed in a good and workmanlike manner using materials of good quality in accordance with all Governmental Approvals, (ii) diligently prosecuted to completion and in a manner so as to minimize any interruption in any other Owners' use and enjoyment of its respective easements granted hereunder and (iii) performed and undertaken in accordance with all of the terms and conditions of this Agreement and any applicable Other Documents.

B. Relocation Rights. In the event that, after the date hereof, an Owner (the "**Relocating Owner**") desires to relocate an Easement Area located on the Relocating Owner's respective Property, the Relocating Owner shall notify the other Owners having an Easement therein and their respective Major Tenants (if any) (each, as applicable, the "**Other Parties**") of such desire, which notice shall include a plan and description of the proposed new location therefor (and the reason for such relocation), and the date (which shall be not less than sixty (60) days after the date of such notice) on which the Relocating Owner would propose such relocation to become effective. A Relocating Owner shall have the right to relocate any such Easement Area so long as the relocation shall not, other than to a de minimis extent, increase the burdens on, or decrease the rights of, any of the Other Parties, as determined in each of their respective reasonable discretion. Furthermore, with respect to any such relocation: (i) such relocation shall be planned and undertaken at the Relocating Owner's sole cost and expense; (ii) the Relocating Owner shall obtain any and all Governmental Approvals required therefor at its sole cost and expense; and (iii) the relocation shall be conducted in accordance with all of the terms and conditions of this Agreement and any applicable Other Documents. The Other Parties shall cooperate, in all reasonable respects (but at no out-of-pocket cost to such Other Parties) with the Relocating Owner in obtaining and maintaining any Governmental Approvals under this paragraph.

C. Requests for Approvals, Consents and Determinations.

(i) With respect to any matter as to which any Owner (or any Major Tenant) hereunder shall be given an approval, consent or other determination-making right, such right shall, except as otherwise expressly provided herein, be exercised in such party's sole and absolute discretion, and any such exercise shall not be deemed inconsistent with any covenant of good faith and fair dealing which may be implied by law to be part of this Agreement. The parties intend by this Agreement to set forth their entire understanding with respect to the terms, covenants, conditions and standards pursuant to which their obligations are to be judged and their performance measured.

(ii) Unless provision is made hereunder for a specific time period, each response to a request for an approval, consent or other determination to be made or considered pursuant to this Agreement (a "**Response Request**") shall be given by the Owner (and any applicable Major Tenant) to whom directed within thirty (30) days after receipt thereof. Each such response shall be in writing and the reasons for any disapproval, denial or other negative response shall be stated in reasonable detail. If a response is not given by the requested Owner (or applicable Major Tenant) within the required time period, then the requesting Owner may provide a second Response Request to the requested Owner (or applicable Major Tenant) stating in capitalized letters that failure to respond within the applicable time period will be deemed to constitute the giving of the requested approval, consent or other determination and, if no response to the second Response Request is given by the Owner (or applicable Major Tenant) within fifteen (15) days of receipt thereof, then the requested Owner (or applicable Major Tenant) shall be deemed to have given the requested approval, consent or other determination. Notwithstanding anything contained herein to the contrary, the provisions of this Section C do not apply in any manner or fashion to any request for or which may require an amendment to this Agreement, such requests being governed solely by the provisions of Section V.J. below.

III. MAINTENANCE AND OPERATION

A. Maintenance and Operation of Properties and Easement Areas.

(i) Except for such obligations that are otherwise specifically allocated between the Owners pursuant to this Agreement or another agreement of record affecting the Properties, each Owner shall be solely responsible for maintaining and operating the Exterior Elements of its respective Property in a slightly manner and, in any event, in keeping with the standards of a first class office, research and development and/or light manufacturing facility in the greater Boston, Massachusetts area. Each Owner shall bear the costs of such maintenance on the Owner's respective Property (the "Maintenance Costs"), including such maintenance of the Easement Areas within the Owner's respective Property, without right to charge the other Owner therefor (except as otherwise expressly set forth herein). Such maintenance will include, but not be limited to:

- (a) snow and ice removal from any driveways, walkways, stairways, parking areas and other paved areas (the "Paved Areas");
- (b) patching, repaving, or replacing pavement in Paved Areas;
- (c) illumination of Paved Areas;
- (d) landscaping; and
- (e) maintenance of the Stormwater System in accordance with all Governmental Approvals.

"Exterior Elements" shall mean all non-building outdoor areas (including without limitation all grounds, lawns, patios, landscaped areas, driveways, walkways, parking areas and open spaces within the Easement Areas).

(ii) Each Owner may itself perform its responsibilities hereunder or may contract with reputable and experienced contractors and service companies to provide any or all of such services.

(iii) Subject to the terms, requirements and conditions set forth herein, each Owner hereby grants to the other Owners an easement over the Property of such Owner to the extent necessary to allow each of the other Owners, its employees, contractors and representatives, to perform the work required or permitted to be performed by each such Owner hereunder and solely for such purposes. Each such Owner hereby covenants and agrees to exercise the foregoing easement rights in a manner so as not to unreasonably interfere with the use and enjoyment by any other Owner and its tenants (including any Major Tenant) of its respective Property and agrees that promptly following any work performed which involves excavation or otherwise disturbs any Property to restore said Property to at least as good a condition as that existing prior to the commencement of such work.

B. Notwithstanding anything to the contrary set forth in Section III.A., above, the 100 Owner shall reimburse the 144 Owner for ___ percent (_ %) of the 144 Owner's

Maintenance Costs within thirty (30) days of receiving an itemized statement of such costs (supported by reasonable evidence of such costs), any such statement to be delivered from time to time but not more frequently than once per calendar month.

C. **Self Help Rights.** In the event that an Owner (a "**non-performing Owner**") fails to perform any of the work or services required to be performed by such Owner hereunder in any Easement Area, and such failure continues for thirty (30) days following written notice thereof from any other Owner (a "**performing Owner**") to the non-performing Owner and its Major Tenant (if any) or, if said failure is not reasonably susceptible of cure within such 30 days, for such additional period as is reasonable under the circumstances so long as the non-performing Owner commenced cure within such 30 days and thereafter prosecuted such cure to completion with due diligence, (except in the case of emergency in which case no prior written notice and cure period shall be required so long as the performing Owner shall, within five (5) days following the taking of any action pursuant to this **Section C**, notify the non-performing Owner and its Major Tenant (if any) of the same), then any such performing Owner shall have the right, at its sole option, to perform or cause to be performed such obligations in the Easement Areas, at any time thereafter until the condition has been cured, and without waiving any claim for damages for breach of this Agreement, and any reasonable amount paid or contractual liability incurred by such performing Owner in so doing, shall be deemed paid or incurred for the account of the non-performing Owner, and the non-performing Owner shall reimburse the performing Owner therefor within twenty (20) days of demand (which demand shall include an itemized statement of the amounts claimed, supported by reasonable evidence thereof).

D. **Lien for Nonpayment.** In the event of a default in the payment by an Owner of any amounts due as and when required under **Section III.B.** or **Section III.C.**, such amounts, together with all reasonable costs of collection (including but not limited to attorneys' fees, whether suit be brought or not), shall accrue with interest thereon at the Interest Rate. All such unpaid amounts (including such costs of collection and interest) shall constitute a lien against the Property of the defaulting Owner in order to secure the payment thereof. The existence of said lien shall be evidenced upon recording with the Registry and filing with the Land Court of a notice or statement thereof by the Owner to whom the amounts are due. Such lien shall relate back to the date of this Agreement and be prior and superior to all liens and encumbrances of record against the Property of the defaulting Owner on or after the date of this Agreement; provided, however, that any such lien shall be subject and subordinate to the lien of any mortgage on such Property now or hereafter held by any Qualified Lender that is placed of record prior to the recording of any lien notice or statement as provided for in this **Section D**. As used herein, "**Interest Rate**" shall mean an annual rate equal to 4% per annum in excess of the prime rate of interest published from time to time in the Wall Street Journal-Eastern Edition (but in no event shall such rate of interest exceed the maximum rate of interest permitted to be charged by law). As used herein, "**Qualified Lender**" shall mean a bank, savings bank, savings and loan association, trust company, credit union or similar such institution, insurance company, pension plan, employee benefit plan, REIT, REMIC, or trustee under a commercial mortgage backed securities issue or similar conduit lender, or an entity directly or indirectly controlling, controlled by, or in common control with any of the foregoing.

IV. **INSURANCE AND INDEMNIFICATION**

A. Insurance.

(i) Each of the Owners covenants and agrees to maintain or cause to be maintained at all times during the term of this Agreement, with respect to all Easement Areas located on such Owner's Property, a policy of commercial general liability insurance in which the primary coverage per accident or occurrence is not less than \$1,000,000.00 of primary combined single limit and the umbrella coverage per accident or occurrence is not less than \$5,000,000.00 in the aggregate, with each such policy naming each of the other Owners (and, in the case where there is a Ground Lease (as defined herein) in effect, the fee owner of the ground leased Property), its Major Tenant (if any) and the mortgagees (if any) of any of the foregoing parties, as additional insureds.

(ii) All policies of insurance required to be maintained under this Agreement may be furnished under any blanket policy (provided the minimum limits set forth herein are specified) or under a separate policy therefor. The insurance shall be with carriers with a Best Insurance rating of "A-" or better and a financial size rating of "VIII" or better and with companies qualified to do business in the Commonwealth of Massachusetts and in good standing therein. Certificates of the insurers, on the ACORD standard or equivalent forms, evidencing the maintenance of such insurance policies shall be delivered to any party entitled to be named thereunder at the time such party is first entitled to be named thereunder and, upon renewals, not less than ten (10) days prior to the expiration of a coverage period. At any time after the third (3rd) anniversary of the date of this Agreement, any minimum dollar coverage requirements set forth herein shall be subject to increase to levels customarily required for similar risks at similar properties in eastern Massachusetts, upon an Owner's election by notice to another applicable Owner given from time to time (but not more than once in any given period of three (3) years).

B. Indemnification. Each Owner (an "**Indemnifying Owner**") hereby indemnifies and holds harmless the other Owners (and, in the case where there is a Ground Lease in effect, the fee owner of the ground leased Property), their respective Major Tenants (if any) and the respective mortgagees (if any) of any of the foregoing parties (each, an "**Indemnified Party**") from any and all losses, liabilities, claims, expenses and costs (including reasonable attorneys fees) arising out of (A) any accident, injury or damage whatsoever caused to any person, or to the property of any person, occurring in or about (i) the Property of the Indemnifying Owner except to the extent caused by the act or omission of the Indemnified Party and/or (ii) the Property of the Indemnified Owner to the extent such accident, injury or damage is caused by the act or omission of the Indemnifying Party, and (B) any default by an Indemnifying Party of its obligations under this Agreement.

V. MISCELLANEOUS

A. Ground Lessees and Major Tenants.

(i) The rights and obligations of any Owner hereunder may, at the Owner's election, be assigned, in whole (but not in part except as expressly set forth herein), to a Ground Lessee of such Owner's Property provided such Ground Lessee expressly assumes the rights and obligations of such Owner for the term of the Ground Lease. Such assignment and assumption shall be effected by (l) the execution by such Owner and Ground Lessee of a written instrument

memorializing the same and containing the name and address for notices of the Ground Lessee (the "**Assignment Instrument**"), (2) the recording with the Middlesex County North Registry of Deeds (the "**Registry**") and/or filing with the Middlesex County (North) Registry District of the Land Court (the "**Land Court**"), as applicable, of the Assignment Instrument and (3) the delivery of a copy of the Assignment Instrument to the other Owners (and their respective Major Tenants, if any); provided that if such assignment and assumption shall be set forth in the Ground Lease then the foregoing requirements of this sentence shall be deemed satisfied by (x) the recording with the Registry and/or filing with the Land Court, as applicable, of a notice of lease for the Ground Lease in accordance with Massachusetts General Laws Chapter 183, Section 4, which notice of lease shall contain a statement that the Ground Lease includes such assignment and assumption, and (y) the delivery of a copy of such notice of lease to the other Owners (and their respective Major Tenants, if any), and any such notice of lease shall be deemed to constitute an Assignment Instrument. Under no circumstances shall any such assignment of obligations to a Ground Lessee relieve the assigning Owner of its primary liability for such obligations. As used herein, "**Ground Lease**" shall mean, with respect to a particular Owner and its particular Property, a lease by the Owner of all of the land comprising such Property and any or all of the Owner's interests in any improvements located thereon, and "**Ground Lessee**" shall mean the lessee under a Ground Lease.

(ii) In addition to the rights afforded under the preceding clause (i), any Owner may, at the Owner's election, designate a Major Tenant on such Owner's Property to have the rights expressly set forth in this Agreement as being for the benefit of a Major Tenant, provided that in no event shall any such Major Tenant have any obligations under this Agreement (as opposed to under its respective Major Lease) except to the extent expressly set forth herein. Such designation shall be effected by (1) the execution by such Owner of a written instrument memorializing the same and containing the name and address for notices of the Major Tenant (the "**Designation Instrument**"), (2) the recording with the Registry and/or filing with the Land Court, as applicable, of the Designation Instrument and (3) the delivery of a copy of the Designation Instrument to the other Owners (and their respective Major Tenants, if any); provided that if such designation shall be set forth in the Major Lease then the foregoing requirements of this sentence shall be deemed satisfied by (x) the recording with the Registry and/or filing with the Land Court, as applicable, of a notice of lease for the Major Lease in accordance with Massachusetts General Laws Chapter 183, Section 4, which notice of lease shall contain a statement that the Major Lease includes such designation, and (y) the delivery of a copy of such notice of lease to the other Owners (and their respective Major Tenants, if any), and any such notice of lease shall be deemed to constitute an Assignment Instrument. As used herein, "**Major Lease**" shall mean, with respect to a particular Owner and its particular Property, a lease by the Owner of more than 50% of the gross floor area of all buildings located on such Property, and "**Major Tenant**" shall mean the tenant under a Major Lease. It is acknowledged that (AA) pursuant to the 144 Notice of Lease, the 144 Tenant has been designated as the Major Tenant of the 144 Property, (BB) pursuant to the 100 Notice of Lease, the 100 Tenant has been designated as the Major Tenant of the 100 Property, and (CC) pursuant to the Hale Notice of Lease, the Hale Tenant has been designated as the Major Tenant of the Hale Property. In no event shall there be more than one Major Lease in effect at any given time with respect to any particular Property.

B. Activity and Use Limitation. Reference is made to that certain Notice of Activity and Use Limitation dated March 6, 2008, recorded in in the Registry in Book 21997, Page 35 (the "AUL"). The Owners hereby acknowledge that the AUL may affect a portion of the Easement Areas and they hereby agree to abide by its terms and conditions in all material respects in the course of undertaking any work or conducting any activities on the Properties in accordance with this Agreement.

C. Permitting. The Owners agree to cooperate and coordinate with respect to future permitting efforts affecting one or more Properties as any Owner may reasonably request of the other Owners.

D. Compliance with Law. In connection with the exercise of their respective rights and obligations in the Easement Areas as set forth in this Agreement, each Owner shall fully comply with all applicable laws, rules, regulations and ordinances, including but not limited to all applicable environmental laws, rules, regulations and ordinances of all federal, state and local governments, including without limitation causing the issuance of all Governmental Approvals therefor. As used herein, "Governmental Approvals" shall mean, with respect to any particular action to be taken by a party with respect to a particular Property as contemplated under this Agreement, all permits, approvals, authorizations, consents or other actions required to be taken by any governmental or quasi-governmental agent or agency as a condition thereto, in each case final beyond appeal or the possibility of further appeal.

E. Notices. All notices and other communications authorized or required hereunder shall be in writing and shall be given (i) by hand delivery, (ii) by mailing the same by certified mail or registered mail, return receipt requested, postage prepaid, or (iii) by overnight air courier or express delivery service with proof of delivery acknowledged, and any such notice or other communication shall be deemed to have been given (x) when received by the party to whom such notice or other communication shall be addressed, or (y) on the date noted that the addressee has refused delivery, or (z) on the date that the notice is returned to sender due to the inability of the postal authorities to deliver. Such notices and other communications shall be given to the following parties at the following respective addresses:

100 Owner:

Attn: _____

With a copy to:

Attn: _____

144 Owner:

Attn: _____

With a copy to:

Attn: _____

Hale Owner:

Attn: _____

With a copy to:

Attn: _____

Notices or other communications to a Ground Lessee shall be given at the address of such party as set forth in the applicable Assignment Instrument, and notices or other communications to a Major Tenant shall be given at the address of such party as set forth in the applicable Designation Instrument. Any party hereto may change the address or addresses to which notices to it shall be sent by a notice sent in accordance with the requirements of this Section E.

F. Limitation of Liability. No partner, member, shareholder, trustee, beneficiary, director, officer, manager, or employee of any Owner, or any affiliate of such Owner, shall have any personal liability under this Agreement. In addition, no Owner shall have personal liability under this Agreement and, in the event any person obtains a judgment against any Owner in connection with this Agreement, such person's sole recourse shall be to such Owner's interest in the applicable Property; provided, however, that the foregoing limitation of liability shall not apply in the event of any fraud, intentional misrepresentation, or intentional misconduct by such Owner. In addition, each Owner shall be bound by this Agreement only during the period such Owner is the owner of the fee (or, in the case of a Ground Lessee, leasehold) of the Owner's respective Property, or portion of the Property; and, upon conveyance or transfer of such fee (or leasehold) interest, shall be released from liability hereunder. In no event shall any Owner be liable under this Agreement for any indirect, consequential, special or punitive damages incurred by another Owner under this Agreement. Any Major Tenant shall be entitled to the same

limitations of liability as are afforded to its respective Owner under this Section E, mutatis mutandis.

G. Severability. If any provision, including any phrase, sentence, clause, section or subsection, of this Agreement is determined by a court of competent jurisdiction to be invalid, inoperative or unenforceable for any reason, such circumstances shall not, if the rights and obligations of the parties hereto will not be materially and adversely affected thereby, have the effect of rendering such provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision herein contained invalid, inoperative or unenforceable to any extent whatsoever. Upon any such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

H. Headings. The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The words "party" or "parties" shall refer to any or all of the Owners and applicable Major Tenants. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Sections are to Sections of this Agreement unless otherwise specified. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any person include the successors and permitted assigns of that person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. Any reference to "days" means calendar days unless business days are expressly specified. If any action under this Agreement is required to be done or taken on a day that is not a business day, then such action shall be required to be done or taken not on such day but on the first succeeding business day thereafter.

I. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

J. Amendment and Termination. This Agreement may be amended, modified, or terminated at any time by a declaration in writing mutually agreed to, executed and acknowledged by each of the Owners and applicable Major Tenants, and thereafter duly filed in the Land Court and recorded with the Registry.

K. Benefit. The easements, rights and uses granted and reserved in this Agreement are not intended to create, nor shall they be construed as creating any rights for the benefit of the general public or any third party; rather, the easements, rights and uses granted and reserved in this Agreement shall be for the benefit of, and restricted solely to, the Owners from

time to time of the Properties and their tenants (including any Major Tenants) or other devisees as expressly authorized hereunder.

L. Limitations on Time. The Owners intend that the provisions of this Agreement shall not be subject to the Statutory Rule Against Perpetuities or any rule of law with respect to restriction on the alienation of property or remoteness of vesting of property interests, and each of the Owners hereby agrees that such Owner will not make any contrary assertion or seek the benefit of the Statutory Rule Against Perpetuities or other such rule of law, in any dispute arising under this Agreement. In the event, however, that the Statutory Rule Against Perpetuities, or similar rule of law shall limit the time within which any restriction in this Agreement may be valid or enforceable, such restriction is imposed for a period of ninety (90) years from the date of recording of this Agreement in the Registry and filing of this Agreement in the Land Court, and it is intended that the enforceability of any such restriction be extended beyond thirty (30) years from the date of recording of this Declaration in the Registry and filing in the Land Court. As provided under Massachusetts General Laws, Chapter 184, Section 27, as amended, the term of the restrictions under this Agreement may be extended, for additional periods not exceeding twenty (20) years each, by the recording in the Registry and the filing in the Land Court before the expiration of thirty (30) years and before the expiration of any subsequent twenty (20) year extension period, as applicable, of an instrument of extension executed by any of the Owners benefitting from such restriction(s) at the time such instrument of extension is recorded and filed, or for such longer periods and/or by such other lawful means to the fullest extent as may be available under applicable law.

M. Estoppel Certificates. Upon fifteen (15) days' prior written notice, given in connection with the transfer, financing and/or refinancing of any of the Properties and otherwise no more than once in any calendar year, each of the Owners (and any Major Tenant) agrees to provide to the requesting Owner, or its purchaser or lender, as the case may be, an estoppel certificate stating, to its actual knowledge: (a) whether the Owner (or Major Tenant) knows of any defaults or other sums owed under this Agreement on the part of the requesting Owner and, if so, the nature thereof; (b) whether this Agreement has been assigned by the Owner (or Major Tenant), or modified or amended in any way and, if so, the nature thereof; (c) that this Agreement is in full force and effect as of the date of such estoppel certificate and (d) any other information reasonably required by the requesting Owner (including without limitation whether any amounts are due and owing to an Owner under the provisions of Section III.B. or Section III.C. above).

N. Binding Obligations/Successors and Assigns; No Merger. All easements, rights and obligations under this Agreement shall run with the land and shall be binding upon, enforceable by and against, and inure to the benefit of the Owners and their respective successors and assigns in title. If at any time the interests under this Agreement of any two or more Owners are held by one and the same person or entity then, for all intents and purposes under this Agreement, such interests shall be deemed separate and distinct and shall not be deemed to have been thereby merged or extinguished, unless and only to the extent that the Owners expressly agree otherwise by an instrument recorded with the Registry and filed in the Land Court subsequent to the recording and filing hereof.

0. No Waiver. Failure on the part of one Owner (or Major Tenant) to complain of any action or non-action on the part of the other Owner, no matter how long the same may continue, shall never be a waiver by such Owner (or Major Tenant) of any of its rights hereunder. Further, no waiver at any time of any of the provisions hereof by one Owner (or Major Tenant) shall be construed as a waiver of any of the other provisions hereof, and a waiver at any time of any of the provisions hereof shall not be construed as a waiver of the same provisions at any subsequent time. The consent or approval of one Owner (or Major Tenant) to or of any action by the other Owner requiring such consent or approval shall not be construed to waive or render unnecessary such Owner's (or Major Tenant's) consent or approval to or of any subsequent similar act by such other Owner.

P. Governing Law. This Agreement shall be governed in all respects, including as to validity, interpretation and effect, by the laws of the Commonwealth of Massachusetts, without giving effect to its principles or rules of conflict of laws, to the extent such principles or rules are not mandatorily applicable by statute and would permit or require the application of the laws of another jurisdiction, except to the extent that certain matters are preempted by federal law or are governed by the law of the jurisdiction of organization of any party or other entity referred to herein. The parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the Commonwealth of Massachusetts and the federal courts of the United States of America located in the Commonwealth of Massachusetts, and the appropriate appellate courts thereof, solely in respect of the interpretation and enforcement of the provisions of this Agreement and in respect of the transactions contemplated hereby. The parties irrevocably agree that all claims in respect of the interpretation and enforcement of the provisions of this Agreement and in respect of the transactions contemplated hereby, or with respect to any such, claims, dispute action or proceeding, shall be heard and determined in such a Commonwealth of Massachusetts state or federal court, and that such jurisdiction of such courts with respect thereto shall be exclusive, except solely to the extent that all such courts shall lawfully decline to exercise such jurisdiction. The parties hereby waive, and agree not to assert, as a defense in any action, dispute, suit or proceeding for the interpretation or enforcement hereof or in respect of any such transaction, that it is not subject to such jurisdiction. The parties hereby waive, and agree not to assert, to the maximum extent permitted by law, as a defense in any action, dispute, suit or proceeding for the interpretation or enforcement hereof or in respect of any such transaction, that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of any such dispute. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Q. Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to enforce specifically the performance of the terms and provisions hereof in any court specified in Section V.P. The parties hereby waive, in any action for specific performance, the defense of adequacy of a remedy at law and the posting of any bond or other security in connection therewith.

R. Costs of Collection. Should any party hereto commence any legal action against another party hereto to enforce any obligation under this Agreement, the prevailing party (as determined in such action) shall be entitled to recover from the non-prevailing party reasonable attorneys' fees, costs and expenses incurred in contesting such dispute.

S. No Documentary Stamps. No documentary stamps are attached, none being required by law, as the consideration paid for this grant is less than One Hundred Dollars (\$100.00).

T. Further Assurances. The parties agree that at any time and from time to time after the execution and delivery of this Agreement, the parties shall, upon the request of the other of them, execute and deliver such further documents and do such further acts and things as the requesting party may reasonably request in order to more fully carry out the purposes of this Agreement.

[signatures commence on the following page]

IOOWNER:

By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____, ss

On this____ day of _____, 2016, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, as _____ of _____ a _____ limited liability company, and acknowledged to me that he/she signed it voluntarily for its stated purpose.

Notary Public
Print Name:
My Commission Expires: _____

[signatures continue on following page]

1440OWNER:

By:

_____ Name: _____

Title: _____

STATE OF _____

COUNTY OF _____, ss

On this____ day of _____, 2016, before me, the undersigned notary public, personally appeared _____, proved to me through _____ satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, as _____ of _____ a _____ limited liability company, and acknowledged to me that he/she signed it voluntarily for its stated purpose.

Notary Public
Print Name:
My Commission Expires: _____

[signatures continue on following page]

HALE OWNER:

By:

_____ Name: _____

Title: _____

STATE OF _____

COUNTY OF _____, ss

On this____ day of _____, 2016, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, as _____ of _____ a _____ limited liability company, and acknowledged to me that he/she signed it voluntarily for its stated purpose.

Notary Public

Print Name:

My Commission Expires: _____

Exhibit A-1

Legal Description of 100 Property

Exhibit A-1

Exhibit A-2

Legal Description of 144 Property

Exhibit A-2

Exhibit A-3

Legal Description of Hale Property

121 Hale Street, Lowell MA

Lot A-1 shown on a plan entitled, "Plan of Land in Lowell, MA for UAE Lowell Power LLC", dated January 18, 2000, by Robert M. Gill & Associates, Inc., Civil Engineers & Land Surveyors, recorded with the Middlesex North District Registry of Deeds in Plan Book 202, Plan 140.

Included within the bounds of said Lot A-1 is registered Lot 5 shown on Land Court Plan 6039-B, dated December 22, 1976, a copy of which is filed with Middlesex North Registry District of the Land Court, Certificate of Title No. 21963.

Together with a benefit of an easement over Lot A-2 reserved in a deed dated December 1, 2000 recorded with the Middlesex North District Registry of Deeds in Book 11207, Page 294.

Exhibit B

Site Plan

Exhibit B

Exhibit C

Easement Plan

Exhibit B

Exhibit D

(Permitted Encumbrances)

1. Easement from The City Development Authority to Massachusetts Electric Company dated March 24, 1977, recorded in Book 2241, Page 309, as affected by Easement Agreement dated July 19, 1982, recorded in Book 2547, Page 94.
2. Covenants set forth in Deed from City Development Authority to City of Lowell dated October 2, 1978, recorded in Book 2332, Page 534, at Page 549 and filed as Document No. 76121 to the extent in force and applicable.
3. Taking by the City of Lowell for layout of Chelmsford Street dated January 17, 1979, recorded in Book 2349, Page 216.
4. Covenants and easements contained in Deed from City of Lowell to Wang Laboratories dated December 31, 1980, recorded in Book 2459, Page 212 and filed as Document No. 81413.
5. Access and License Agreement by and between AMP Incorporated, M/A-Com, Division and L'Energia Limited Partnership, dated November 17, 1997, recorded in Book 8910, Page 285, and re-recorded in Book 9034, Page 184, as amended by Amendment Agreement dated February 25, 1999, recorded in Book 10461, Page 68.
6. Notice of Activity and Use Limitation dated March 6, 2008, recorded in Book 21997, Page 35.

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Exhibit B

SUBSIDIARIES OF THE REGISTRANT

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
MACOM Technology Solutions Inc.	Delaware
Mindspeed Technologies, LLC.	Delaware
Nitronex, LLC	Delaware
Photonic Controls, LLC	New York
BinOptics, LLC	Delaware
Aeroflex/Metelics, Inc.	California
FIBOC, LLC	Delaware
MACOM Technology Solutions (HK) Limited	Hong Kong
M/A-COM Technology Solutions International Limited	Ireland
M/A-COM Technology Solutions (UK) Limited	Northern Ireland
M/A-COM Technology Solutions (Holding) Company Limited	Ireland
MACOM Technology Solutions Limited	Ireland
M/A-COM Tech Asia, Inc.	Taiwan
MACOM Technology Solutions (Bangalore) Private Limited	India
M/A-COM Technology Solutions (Shanghai) Company Limited	China
MACOM Technology Solutions K.K.	Japan
MACOM Japan Limited	Japan
Mindspeed Technologies B.V.	Netherlands
MACOM Technology Solutions Canada Inc.	Canada
Mindspeed Technologies K.K.	Japan
Mindspeed Technologies U.K., Limited	United Kingdom
MACOM Technology Solutions S.A.S.	France
Mindspeed Technologies (Mauritius) Limited	Mauritius
Mindspeed Technologies GmbH	Germany
Mindspeed Technologies Ukraine, LLC	Ukraine
Mindspeed Development Malaysia Sdn Bhd	Malaysia
Mindspeed Telecommunications Technologies Development (Shenzhen) Company Limited	China
Mindspeed Technologies India Private Limited	India

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-209610, No. 333-193098, and No. 333-180219 on Form S-8 and Registration Statement No. 333-188728 and No. 333-201827 on Form S-3 of our reports dated November 17, 2016 , relating to the consolidated financial statements of MACOM Technology Solutions Holdings, Inc., and the effectiveness of MACOM Technology Solutions Holdings, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended September 30, 2016 .

/s/ Deloitte & Touche LLP

Boston, Massachusetts

November 17, 2016

CERTIFICATION OF THE CEO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Croteau, certify that:

1. I have reviewed this annual report on Form 10-K of MACOM Technology Solutions Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 11/17/2016

/s/ John Croteau

John Croteau
President and Chief Executive Officer
Director

CERTIFICATION OF THE CFO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. McMullan, certify that:

1. I have reviewed this annual report on Form 10-K of MACOM Technology Solutions Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 11/17/2016

/s/ Robert J. McMullan

Robert J. McMullan
Senior Vice President and
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of MACOM Technology Solutions Holdings, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John Croteau, as President and Chief Executive Officer of the Company, and Robert J. McMullan, as Senior Vice President and Chief Financial Officer, each hereby certifies, pursuant to and solely for the purpose of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

/s/ John Croteau

John Croteau
President and Chief Executive Officer
Director
11/17/2016

/s/ Robert J. McMullan

Robert J. McMullan
Senior Vice President and
Chief Financial Officer
11/17/2016